CENTER FOR YOUTH WELLNESS

San Francisco, California

FINANCIAL STATEMENTS

December 31, 2014 and 2013

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Crowe Horwath

Crowe Horwath LLP
Independent Member Crowe Horwath International

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Center for Youth Wellness
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Center for Youth Wellness, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center for Youth Wellness as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Crowe Horwath LLP

Crowe Horwath LLP

San Francisco, California
April 30, 2015

CENTER FOR YOUTH WELLNESS
STATEMENTS OF FINANCIAL POSITION
December 31, 2014 and 2013

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,982,796	$ 1,409,106
Grants and pledges receivable – due within one year (Note 2)	2,429,334	953,263
Prepaid expenses and other assets	29,444	11,997
Total current assets	5,441,574	2,374,366
Grants and pledges receivable – due after one year (Note 2)	1,996,250	1,022,083
Property, plant and equipment, net (Note 3)	1,054,370	1,212,650
Total assets	$ 8,492,194	$ 4,609,099
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 19,330	$ 62,461
Accrued expenses	104,009	148,699
Total current liabilities	123,339	211,160
Commitments (Note 4)		
Net assets:		
Unrestricted	2,217,327	1,889,372
Temporarily restricted (Note 6)	6,151,528	2,508,567
Total net assets	8,368,855	4,397,939
Total liabilities and net assets	$ 8,492,194	$ 4,609,099

See accompanying notes to financial statements.

CENTER FOR YOUTH WELLNESS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
For the year ended December 31, 2014 and 2013

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues and support:						
Foundation grants	$ 671,192	$ 5,460,000	$ 6,131,192	$ 421,552	$ 1,555,000	$ 1,976,552
Commercial and individual donations	589,011	50,000	639,011	324,561	74,287	398,848
Donated services, facilities and goods (Note 5)	48,218	-	48,218	183,775	-	183,775
Speech fees and other revenues	48,407	-	48,407	36,197		36,197
Net assets released from restrictions	1,867,039	(1,867,039)	-	1,849,898	(1,849,898)	-
Total revenues and support	3,223,867	3,642,961	6,866,828	2,815,983	(220,611)	2,595,372
Expenses:						
Program expenses	2,066,616	-	2,066,616	961,902	-	961,902
Fundraising	465,847	-	465,847	380,849	-	380,849
General and administrative	363,449	-	363,449	376,570	-	376,570
Total expenses	2,895,912	-	2,895,912	1,719,321	-	1,719,321
Change in net assets	327,955	3,642,961	3,970,916	1,096,662	(220,611)	876,051
Net assets, beginning of period	1,889,372	2,508,567	4,397,939	792,710	2,729,178	3,521,888
Net assets, end of period	$ 2,217,327	$ 6,151,528	$ 8,368,855	$ 1,889,372	$ 2,508,567	$ 4,397,939

See accompanying notes to financial statements.

CENTER FOR YOUTH WELLNESS
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2014

	Program Services								Support Services			
	Mental Health Services	Wellness Coor-dination	Holistic Health	Health Education	Community Engage-ment	Policy and Advocacy	Research and Evaluation	Total Program Services	Fund-raising	Manage-ment and General	Total Support Services	Total
Expenses:												
Salaries and wages	$ 190,881	$ 224,418	$ 23,012	$ 141,733	$ 49,375	$ 181,956	$ 235,674	$ 1,047,049	$ 284,529	$ 137,363	$ 421,892	$ 1,468,941
Payroll taxes and employee benefits	31,438	36,168	2,734	31,664	7,900	25,385	38,643	173,932	39,415	47,435	86,850	260,782
Program consultants	3,275	658	236	18,175	7,279	10,897	19,816	60,336	142	-	142	60,478
Professional services and legal fees	89,049	7,180	1,085	18,982	1,059	264,659	69,631	451,645	68,021	87,666	155,687	607,332
Utilities and telecommunications	8,770	10,553	828	4,924	1,428	4,188	7,409	38,100	7,048	5,709	12,757	50,857
Insurance	5,258	7,462	337	3,861	1,073	3,258	8,154	29,403	5,773	7,715	13,488	42,891
Office	7,483	5,701	269	4,079	1,475	22,721	11,129	52,857	7,296	7,663	14,959	67,816
Finance and Accounting	3,429	2,934	47	1,889	6	18,334	1,881	28,520	5,299	23,099	28,398	56,918
Rent	6,731	10,466	467	4,976	1,486	4,350	7,673	36,149	7,633	6,340	13,973	50,122
Travel and meals	1,770	1,380	574	2,067	2,729	16,607	5,298	30,425	14,687	6,661	21,348	51,773
Depreciation	19,464	33,837	1,533	16,383	4,894	15,911	24,594	116,616	25,614	18,844	44,458	161,074
Conferences	134	123	5	59	617	121	518	1,577	390	70	460	2,037
Miscellaneous	-	-	-	-	-	65	(58)	7	-	14,884	14,884	14,891
Total functional expenses	$ 367,682	$ 340,880	$ 31,127	$ 248,792	$ 79,321	$ 568,452	$ 430,362	$ 2,066,616	$ 465,847	$ 363,449	$ 829,296	$ 2,895,912

(Continued)

CENTER FOR YOUTH WELLNESS
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2013

	Program Services								Support Services			
	Mental Health Services	Wellness Coor-dination	Holistic Health	Health Education	Community Engage-ment	Policy and Advocacy	Research and Evaluation	Total Program Services	Fund-raising	Manage-ment and General	Total Support Services	Total
Expenses:												
Salaries and wages	$ 121,152	$ 141,055	$ 14,529	$ 72,309	$ 38,381	$ 117,573	$ 102,583	$ 607,582	$ 232,532	$ 125,054	$ 357,586	$ 965,168
Payroll taxes and employee benefits	18,122	23,618	2,064	12,685	3,603	12,454	15,398	87,944	23,893	16,710	40,603	128,547
Program consultants	6,505	-	-	-	28,101	8,674	1,020	44,300	-	-	-	44,300
Professional services and legal fees	88,617	6,898	365	2,678	850	14,288	3,436	117,132	88,342	140,749	229,091	346,223
Utilities and telecommunications	2,216	2,359	150	916	476	1,324	1,413	8,854	2,645	3,244	5,889	14,743
Insurance	2,256	1,895	109	745	301	725	1,155	7,186	2,675	1,183	3,858	11,044
Office	7,131	4,438	228	1,781	2,208	1,490	6,384	23,660	8,285	13,416	21,701	45,361
Finance and Accounting	-	-	-	-	-	-	-	-	-	64,173	64,173	64,173
Rent	5,129	6,038	352	2,280	925	2,203	3,392	20,319	5,484	3,654	9,138	29,457
Travel and meals	1,195	225	6	2,352	3,191	10,014	1,758	18,741	8,269	4,452	12,721	31,462
Depreciation	6,177	7,185	346	1,939	1,183	2,898	4,829	24,557	7,178	3,907	11,085	35,642
Conferences	-	-	-	-	405	-	1,222	1,627	1,546	28	1,576	3,201
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-	-
Total functional expenses	$ 258,500	$ 193,711	$ 18,149	$ 97,685	$ 79,624	$ 171,643	$ 142,590	$ 961,902	$ 380,849	$ 376,570	$ 757,421	$ 1,719,321

See accompanying notes to financial statements.

CENTER FOR YOUTH WELLNESS
STATEMENTS OF CASH FLOWS
For the year ended December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Change in net assets	$ 3,970,916	$ 876,051
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	161,074	35,642
Effect of changes in:		
Grants and pledges receivable	(2,450,238)	471,243
Prepaid expenses and other assets	(17,447)	(3,246)
Accounts payable	(43,131)	55,323
Accrued expenses	(44,690)	97,320
Net cash provided by operating activities	1,576,484	1,532,333
Cash flows used in investing activities:		
Purchases of property and equipment	(2,794)	(1,128,248)
Net increase in cash and cash equivalents	1,573,690	404,085
Cash and cash equivalents at beginning of period	1,409,106	1,005,021
Cash and cash equivalents at end of period	$ 2,982,796	$ 1,409,106
Supplemental cash flow disclosures:		
Income taxes paid	$ -	$ -

See accompanying notes to financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Center for Youth Wellness (the "Organization") is a not-for-profit organization whose primary purpose is to operate a child and family wellness center offering comprehensive social services to the community in the San Francisco Bay Area of California. The Organization provides public education regarding youth wellness locally, statewide, and nationally, by developing and disseminating best practices research, evaluation and policies.

Basis of Presentation: The Organization presents its financial statements on the basis of unrestricted, temporarily restricted and permanently restricted net assets. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Accounting Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accrual for accounts payable and other accrued liabilities are particularly subject to change.

Cash and Cash Equivalents: Cash and cash equivalents includes highly liquid investments with remaining terms to maturity of three months or less at the date of acquisition. As of December 31, 2014, the Organization had deposits with a carrying amount of $2,982,796 and bank balance of $2,926,506, of which $2,676,506 was uninsured.

Grants and Pledges Receivable: Grants and pledges receivable represent unconditional promises to contribute specified amounts to the Organization in the future. The grants and pledges are recognized as donations when made or the grant agreement is executed. Discounts related to pledges receivable are insignificant and have not been recorded.

Grants and pledges received are measured at their fair value and reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction is satisfied, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restriction.

Allowance for Uncollectible Pledges: An allowance is maintained to provide for uncollectible pledges that can be expected to occur in the normal course of operations. The allowance is based on management's analysis of the outstanding pledges and general business and economic conditions in the community. The allowance is established through a provision for pledge losses which reduces gross revenue. Management has determined that no allowance for uncollectible pledges was necessary as of December 31, 2014 or 2013.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Plant and Equipment: Property, plant and equipment is stated at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful life of the asset, generally 3 to 10 years. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life of the improvement. The Organization performs a review of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to undiscounted future net cash flows, excluding interest, expected to be generated by the asset. If such assets are considered to be impaired, the impairment is recognized on an asset-by-asset basis. The impairment is measured as the amount by which the carrying amount of the asset exceeds the fair value of the asset. There was no impairment recognized for the year ended December 31, 2014 and 2013.

Income Taxes: The Organization is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code, and California Revenue and Tax Code 23701(d).

The Organization has accounted for uncertainty in income taxes as required by the *Accounting for Uncertainty in Income Taxes* Topic of the FASB Accounting Standards Codification. The Organization uses a comprehensive model for recognizing, measuring, presenting and disclosing in the financial statements tax positions taken or expected to be taken on a tax return. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. The effect of applying this model and the resulting identification of uncertain tax positions, if any, were not considered significant for financial reporting purposes.

The Organization is currently not subject to examination by taxing authorities for the years before 2011, the year in which operations commenced. The Organization does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at December 31, 2014 and 2013.

Revenue Recognition: Contributions of cash and other assets are reported as temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as amounts released from restrictions. The Organization has no permanently restricted net assets at December 31, 2014 and 2013.

Donor-restricted contributions, whose restrictions are met in the same reporting period as the contributions, are included as temporarily restricted contributions and net assets released from restrictions in that period.

Temporarily Restricted Net Assets: Temporarily restricted net assets represent contributions whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. At December 31, 2014, and 2013, $6,151,528 and $2,508,567, respectively, in temporarily restricted net assets were available for use by the Organization in future years.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses: Allocations of general and administrative expenses are made to the various Organization activities based upon employee service hours and program utilization.

Subsequent Events: The Organization has evaluated subsequent events for recognition and disclosure through April 30, 2015, which is the date the financial statements were available to be issued.

NOTE 2 – GRANTS AND PLEDGES RECEIVABLE

As of December 31, 2014, grants and pledges receivable are expected to be collected as follows:

Years Ending December 31,	Amount
2015	2,429,334
2016	1,796,250
2017	200,000
	$ 4,425,584

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2014 and 2013 consisted of the following:

	2014	2013
Leasehold improvements	$ 1,011,370	$ 1,022,295
Furniture and equipment	119,317	110,908
Software	120,399	115,089
	1,251,086	1,248,292
Less accumulated depreciation and amortization	(196,716)	(35,642)
	$ 1,054,370	$ 1,212,650

Depreciation and amortization expense for the year ended December 31, 2014 amounted to $161,074. Depreciation and amortization expense for the year ended December 31, 2013 amounted to $35,642.

NOTE 4 – LEASES

The Organization leases office space under certain non-cancellable operating lease agreements. The operating leases expire through March 27, 2023. Lease expense under this agreement totaled $50,122 and $29,457 for the year ended December 31, 2014 and 2013, respectively.

(Continued)

NOTE 4 – LEASES (Continued)

As of December 31, 2014, the Organization's future minimum lease payments are as follows:

Years Ending December 31,	Amount
2015	88,220
2016	90,441
2017	47,945
2018	48,969
2019	50,013
2020-2023	169,902
	$ 495,490

NOTE 5 – IN KIND DONATIONS

For the years ended December 31, 2014 and 2013, in-kind donations totaled $48,281 and $183,775, respectively. Donations included services and supplies.

The valuation of such services and supplies was determined based upon fair value of services and of supplies. Donated expenses are included in professional services and legal fees and office expense on the Organization's statement of functional expenses with corresponding offset to donated services, facilities and goods.

NOTE 6 – TEMPORARILY RESTRICTED ASSETS

Temporarily restricted net assets are available for the following purposes or future periods at December 31, 2014 and 2013:

	2014	2013
Restricted for specific uses and future periods:		
Clinical services	$ 2,911,402	$ 1,421,680
Research/Organization learning/Data	756,203	348,741
Policy and advocacy/communications	1,315,000	145,021
Health education & training	70,000	493,125
Total restricted for uses	5,052,605	2,408,567
Restricted for future periods:		
2014	-	50,000
2015	428,923	50,000
2016	385,000	-
2017	285,000	-
Total restricted for future periods	1,098,923	100,000
Total	$ 6,151,528	$ 2,508,567

Net assets of $1,867,039 and $1,849,898 were released during 2014 and 2013, respectively, in accordance with the donors' intent.