

**THE EXCHANGE CLUB CENTER FOR THE
PREVENTION OF CHILD ABUSE OF DFW, INC.
d/b/a CHILD ABUSE PREVENTION CENTER**

FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

**THE EXCHANGE CLUB CENTER FOR THE
PREVENTION OF CHILD ABUSE OF DFW, INC.
d/b/a CHILD ABUSE PREVENTION CENTER**

FINANCIAL STATEMENTS

DECEMBER 31, 2007 AND 2006

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
The Exchange Club Center for the
Prevention of Child Abuse of DFW, Inc.
d/b/a Child Abuse Prevention Center
Dallas, Texas**

We have audited the accompanying statement of financial position of The Exchange Club Center for the Prevention of Child Abuse of DFW, Inc. d/b/a Child Abuse Prevention Center as of December 31, 2007, and the related statement of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the management of The Exchange Club Center for the Prevention of Child Abuse of DFW, Inc. d/b/a Child Abuse Prevention Center. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2006 financial statements and, in our report dated July 6, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Exchange Club Center for the Prevention of Child Abuse of DFW, Inc. d/b/a Child Abuse Prevention Center as of December 31, 2007, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

PHILIP VOGEL & CO. PC

Certified Public Accountants

Dallas, Texas

July 9, 2008

**THE EXCHANGE CLUB CENTER FOR THE
PREVENTION OF CHILD ABUSE OF DFW, INC.
d/b/a CHILD ABUSE PREVENTION CENTER**

**STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 400,563	\$ 391,211
Investments	119,478	140,362
Accounts receivable	8,900	4,300
Grants receivable	62,500	50,000
Pledges receivable, current	72,586	91,255
Prepaid expenses	<u>8,750</u>	<u>14,215</u>
Total current assets	<u>\$ 672,777</u>	<u>\$ 691,343</u>
Property and equipment, at cost	\$ 75,545	\$ 60,766
Less accumulated depreciation	<u>53,094</u>	<u>44,887</u>
Net property and equipment	<u>\$ 22,451</u>	<u>\$ 15,879</u>
Non-current assets:		
Pledges receivable, long-term	<u>\$ 23,638</u>	<u>\$ 41,350</u>
Total non-current assets	<u>\$ 23,638</u>	<u>\$ 41,350</u>
	<u>\$ 718,866</u>	<u>\$ 748,572</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued liabilities	<u>\$ -</u>	<u>\$ -</u>
Total current liabilities	<u>\$ -</u>	<u>\$ -</u>
Commitments and contingencies (Notes E and F)		
Net assets:		
Unrestricted	\$ 547,425	\$ 526,856
Temporarily restricted	<u>171,441</u>	<u>221,716</u>
Total net assets	<u>\$ 718,866</u>	<u>\$ 748,572</u>
	<u>\$ 718,866</u>	<u>\$ 748,572</u>

The accompanying notes are an integral part of these statements.

**THE EXCHANGE CLUB CENTER FOR THE
PREVENTION OF CHILD ABUSE OF DFW, INC.
d/b/a CHILD ABUSE PREVENTION CENTER**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2007
WITH
SUMMARIZED FINANCIAL INFORMATION FOR 2006**

	<u>2007</u>			<u>Total 2006</u>
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>	
Support and revenue:				
Exchange Club donations	\$ 13,000	\$ -	\$ 13,000	\$ 33,851
Other donations	255,786	253,309	509,095	526,124
Service fees	31,256	-	31,256	41,359
Special events	258,205	-	258,205	246,989
Investment income	26,034	-	26,034	37,753
	<u>\$ 584,281</u>	<u>\$ 253,309</u>	<u>\$ 837,590</u>	<u>\$ 886,076</u>
Net assets released from restrictions:				
Restrictions satisfied by payments and passage of time	<u>\$ 303,584</u>	<u>\$ (303,584)</u>	<u>\$ -</u>	<u>\$ -</u>
Total support and revenue	<u>\$ 887,865</u>	<u>\$ (50,275)</u>	<u>\$ 837,590</u>	<u>\$ 886,076</u>
Expenses:				
Program services	\$ 683,824	\$ -	\$ 683,824	\$ 587,426
General and administrative	35,839	-	35,839	43,236
Fundraising	147,633	-	147,633	128,376
Total expenses	<u>\$ 867,296</u>	<u>\$ -</u>	<u>\$ 867,296</u>	<u>\$ 759,038</u>
Excess (deficit) of support and revenue over expenses	\$ 20,569	\$ (50,275)	\$ (29,706)	\$ 127,038
Net assets:				
Beginning of year	<u>526,856</u>	<u>221,716</u>	<u>748,572</u>	<u>621,534</u>
End of year	<u>\$ 547,425</u>	<u>\$ 171,441</u>	<u>\$ 718,866</u>	<u>\$ 748,572</u>

The accompanying notes are an integral part of these statements.

**THE EXCHANGE CLUB CENTER FOR THE
PREVENTION OF CHILD ABUSE OF DFW, INC.
d/b/a CHILD ABUSE PREVENTION CENTER**

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2007
WITH
SUMMARIZED FINANCIAL INFORMATION FOR 2006**

	2007				Total 2006	
	Program services	General and administrative	Fundraising	Special event fundraising		Total
Compensation and related expenses:						
Salaries	\$ 237,869	\$ 19,833	\$ 46,780	\$ -	\$ 304,482	\$ 274,898
Temporary staff	136	-	-	-	136	7,050
Payroll taxes	24,791	1,790	3,654	-	30,235	23,991
Retirement plan contributions	10,232	-	-	-	10,232	2,672
Total compensation and related expenses	<u>\$ 273,028</u>	<u>\$ 21,623</u>	<u>\$ 50,434</u>	<u>\$ -</u>	<u>\$ 345,085</u>	<u>\$ 308,611</u>
Advertising	\$ 549	\$ -	\$ -	\$ -	\$ 549	\$ 987
Bad debts	10,601	-	-	-	10,601	-
Bank charges	1,122	-	-	-	1,122	1,378
Client	7,720	-	-	-	7,720	4,768
Credit card fees	4,119	-	-	-	4,119	6,853
Depreciation	4,104	4,103	-	-	8,207	6,568
Dues and subscriptions	446	13	-	-	459	471
Equipment	7,483	944	-	-	8,427	6,426
Families First	22,004	-	-	-	22,004	21,632
Grant program expenses	210,324	-	-	-	210,324	165,540
Insurance	39,133	2,577	-	-	41,710	38,341
Mileage	11,463	-	308	-	11,771	7,731
Miscellaneous expenses	5,881	1,154	-	-	7,035	3,399
Newsletter	3,407	727	-	-	4,134	3,197
Postage	2,068	402	-	-	2,470	2,188
Printing	-	136	-	-	136	-
Professional fees	9,102	2,481	15,750	-	27,333	23,776
Rent	56,196	-	-	-	56,196	56,196
Special events	-	-	-	81,116	81,116	84,118
Supplies	5,204	-	-	-	5,204	4,711
Telephone	2,117	529	-	-	2,646	2,416
Training seminar	2,665	76	-	-	2,741	496
Transportation	1,551	182	25	-	1,758	3,592
Utilities	3,537	892	-	-	4,429	5,643
Total expenses other than compensation and related expenses	<u>\$ 410,796</u>	<u>\$ 14,216</u>	<u>\$ 16,083</u>	<u>\$ 81,116</u>	<u>\$ 522,211</u>	<u>\$ 450,427</u>
Total expenses	<u>\$ 683,824</u>	<u>\$ 35,839</u>	<u>\$ 66,517</u>	<u>\$ 81,116</u>	<u>\$ 867,296</u>	<u>\$ 759,038</u>

The accompanying notes are an integral part of these statements.

**THE EXCHANGE CLUB CENTER FOR THE
PREVENTION OF CHILD ABUSE OF DFW, INC.
d/b/a CHILD ABUSE PREVENTION CENTER**

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
Cash flows from operating activities:		
Cash received from support	\$ 568,825	\$ 614,285
Cash received from revenues	258,205	246,989
Cash paid to suppliers and employees	(858,023)	(762,320)
Interest received	<u>15,538</u>	<u>16,579</u>
Net cash provided (used) by operating activities	\$ (15,455)	\$ 115,533
Cash flows from investing activities:		
Acquisition of investments	\$ (104,646)	\$ (100,000)
Proceeds from sale of investments	144,232	18,838
Acquisition of property and equipment	<u>(14,779)</u>	<u>(1,347)</u>
Net cash provided (used) by investing activities	<u>24,807</u>	<u>(82,509)</u>
Net increase (decrease) in cash and cash equivalents	\$ 9,352	\$ 33,024
Cash and cash equivalents		
Beginning of year	<u>391,211</u>	<u>358,187</u>
End of year	<u><u>\$ 400,563</u></u>	<u><u>\$ 391,211</u></u>

The accompanying notes are an integral part of these statements.

	<u>2007</u>	<u>2006</u>
Reconciliation of excess (deficit) of support and revenue over expenses to net cash provided (used) by operating activities:		
Excess (deficit) of support and revenue over expenses	\$ (29,706)	\$ 127,038
Adjustments to reconcile excess (deficit) of support and revenue over expenses to net cash provided (used) by operating activities:		
Depreciation	\$ 8,207	\$ 6,568
Provision for bad debts	10,601	-
Donated stock	-	-
Realized and unrealized gains on investments	(4,178)	(16,570)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(4,600)	(500)
(Increase) decrease in grants receivable	(12,500)	20,000
(Increase) decrease in pledges receivable	11,256	(11,153)
(Increase) decrease in prepaid expenses	<u>5,465</u>	<u>(9,850)</u>
Total adjustments	<u>14,251</u>	<u>(11,505)</u>
Net cash provided (used) by operating activities	<u>\$ (15,455)</u>	<u>\$ 115,533</u>
Schedule of noncash operating and investing activities:		
Pledge receivable paid with donated stock	<u>\$ 14,524</u>	<u>\$ 10,578</u>

**THE EXCHANGE CLUB CENTER FOR THE
PREVENTION OF CHILD ABUSE OF DFW, INC.
d/b/a CHILD ABUSE PREVENTION CENTER**

NOTES TO FINANCIAL STATEMENTS

Note A - Summary of general organization and significant accounting policies:

General organization

The Exchange Club Center for the Prevention of Child Abuse of DFW, Inc. d/b/a Child Abuse Prevention Center (the "Center") was incorporated in 1991 as a nonprofit organization. The Center's purpose is to break the cycle of child abuse by equipping parents for success. Programs include: (i) the provision of intensive in-home support services to families at risk of abuse and victims of abuse through the Parent Aide Program, (ii) community education of child abuse prevention through the Families First divorce education, (iii) the Shaken Baby Syndrome education program and (iv) the provision of the nationally affiliated Healthy Families program to pregnant teens and parenting teens in high poverty zip codes of Dallas County.

The Center is qualified as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Basis of accounting

The financial statements of the Center are prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of presentation and contributions

The Center has adopted the Financial Accounting Standards Board pronouncements; Statement of Financial Accounting Standards No. 116, *Accounting for Contributions Received and Contributions Made* (SFAS 116) and Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* (SFAS 117).

In accordance with SFAS 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restriction. Unconditional promises to give cash are recognized as receivables in the period that the promises are received and as contribution income or liabilities depending on the terms of the promise. Unconditional promises to give in future periods are recognized as temporarily restricted support based on donor-imposed stipulations. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a time restriction expires, or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended December 31, 2006, from which the summarized information was derived.

**THE EXCHANGE CLUB CENTER FOR THE
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NOTES TO FINANCIAL STATEMENTS

Note A - Summary of general organization and significant accounting policies (continued):

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include all highly liquid debt instruments purchased with an original maturity of three months or less.

Investments

The Center has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are recorded at acquisition cost if not donated. Property and equipment consist primarily of furniture and office and computer equipment, and are depreciated using the straight-line method over the estimated service lives, which is 5 years.

Functional allocation of expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on applicable units of measure and management's best estimates. Management and general and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center.

Net assets

- (a) **Unrestricted net assets:** The part of the net assets of the Center that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations is classified as unrestricted net assets.
- (b) **Temporarily restricted net assets:** The part of the net assets of the Center that is restricted by specific donor-imposed stipulations and is available in future periods is classified as temporarily restricted net assets. Temporarily restricted net assets are available for the following purposes or periods:

	<u>2007</u>	<u>2006</u>
Emergency	\$ 11,368	\$ 8,416
Healthy Families	35,000	53,060
Website development/Software	18,850	2,635
Parent Aid	-	10,000
Pledges due in following years	106,223	147,605
	<u>\$ 171,441</u>	<u>\$ 221,716</u>

**THE EXCHANGE CLUB CENTER FOR THE
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NOTES TO FINANCIAL STATEMENTS

Note A - Summary of significant accounting policies (continued):

Use of estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

Note B - Pledges receivable:

The Center accepts pledges on an ongoing basis and from time to time has pledge drives to specifically solicit additional pledges. At December 31, 2007 and 2006, the Center's expectations for the fulfillment of pledges are as follows:

	<u>2007</u>	<u>2006</u>
Pledges receivable before		
unamortized discount, less allowance for doubtful accounts	\$ 99,473	\$ 138,226
Less unamortized discount	<u>3,249</u>	<u>5,621</u>
Net pledges receivable	<u>\$ 96,224</u>	<u>\$ 132,605</u>
Amounts:		
Receivable in less than one year	\$ 72,586	\$ 91,255
Receivable in one to five years	<u>23,638</u>	<u>41,350</u>
Total pledges receivable	<u>\$ 96,224</u>	<u>\$ 132,605</u>

Pledges receivable in more than one year are discounted at 5%.

The Center uses the allowance method to determine uncollectible pledges receivable. The allowance is based on management's expectation of future cash flows. As of December 31, 2007 and 2006, allowance for uncollectible pledges was \$11,053 and \$15,452, respectively.

Note C - Investments:

Investments at December 31, 2007 and 2006 consist of the following:

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Certificates of deposit	\$ 104,646	\$ 104,646	\$ 100,000	\$ 100,000
Equities	<u>14,524</u>	<u>14,832</u>	<u>33,350</u>	<u>40,362</u>
Total investments	<u>\$ 119,170</u>	<u>\$ 119,478</u>	<u>\$ 133,350</u>	<u>\$ 140,362</u>

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NOTES TO FINANCIAL STATEMENTS

Note D - Donated services:

A large number of volunteers have donated significant amounts of their time to the Center's program services. No amounts have been reflected in the statements for donated services since no objective basis is available to measure the value of such services.

Note E - Commitments and contingencies:

The Center occupies certain office space, at no cost, under an operating lease. The Center has estimated the value of this free rental at \$56,196 and included this amount as unrestricted revenue. The term of the agreement expires in August 2009.

Note F - Concentration of credit risk:

The Center's financial instruments that are exposed to concentration of credit risk consist principally of cash and short-term investments. At December 31, 2007, the Center had cash balances of \$420,963 in two banking institutions, which is in excess of the federally insured amount of \$100,000 per institution. This balance is before considering outstanding items.

Note G - Simple retirement plan:

The Organization provides retirement benefits to its employees through a defined contribution plan covering all full-time employees with one year of eligible experience. The organization contributes up to 3% percent of gross wages for participants. Contributions to the plan during the year ended December 31, 2007 were \$7,570.