

CHILD FIND OF AMERICA, INC.
"Bringing Missing Children Home"

FINANCIAL STATEMENTS

Year Ended May 31, 2017
With Comparative Totals for 2016

Prepared by:

FOSTER & SCHMALKUCHE, P.C.
Certified Public Accountants

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Schedule of Functional Expenses	6
Notes to Financial Statements	8

FOSTER & SCHMALKUCHE, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

2135 ROUTE 44-55

P.O BOX 300

GARDINER, NEW YORK 12525

(845) 255-1813

FAX (845) 255-4507

EMAIL: info@fandscpa.com

www.fandscpa.com

FREDERICK W. SCHMALKUCHE, CPA/PFS, CFP®

PATRICIA A. PHILIPP, CPA/ABV/CFE, CVA

MILDRED M. CIARLANTO, CPA/PFS

SONIA H. SMITH, CPA

DALE MANCE, CPA

DEBORAH PITT, CPA

HOWARD FOSTER, RETIRED

MEMBER:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

NEW YORK STATE SOCIETY OF
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CHILD FIND OF AMERICA, INC.

We have audited the accompanying financial statements of Child Find of America, Inc. (a non-profit organization), which comprise the statement of financial position as of May 31, 2017, and the related statements of activities, functional expenses and cash flows for the year 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 audit. 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Find of America, Inc. as of May 31, 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Child Find of America, Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 8, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.


Frederick W. Schmalkuche
Foster & Schmalkuche, P.C.
Gardiner, New York

September 27, 2017

CHILD FIND OF AMERICA, INC.
"Bringing Missing Children Home"
Statement of Financial Position
May 31, 2017
With Comparative Totals for 2016

<u>ASSETS</u>	<u>TOTAL ALL FUNDS</u>				
CURRENT ASSETS	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2017</u>	<u>2016</u>
Cash	\$ 115,164	\$ 18,279	\$ -	\$ 133,443	\$ 43,967
Contributions Receivable	5,842	-	-	5,842	3,901
Grant/Contract Receivable	30,846	-	-	30,846	14,830
Marketable Securities	36,148	-	-	36,148	4,821
Prepaid Expenses	2,115	-	-	2,115	1,201
TOTAL CURRENT ASSETS	190,115	18,279	-	208,394	68,720
PROPERTY AND EQUIPMENT					
Furniture and Equipment, net of accumulated depreciation	-	-	-	-	38
Donated Equipment, net of accumulated depreciation	2,422	-	-	2,422	4,241
TOTAL PROPERTY AND EQUIPMENT	2,422	-	-	2,422	4,279
OTHER ASSETS					
Security Deposit	1,300	-	-	1,300	1,300
Trademark	11,209	-	-	11,209	12,228
TOTAL OTHER ASSETS	12,509	-	-	12,509	13,528
TOTAL ASSETS	\$ 205,046	\$ 18,279	\$ -	\$ 223,325	\$ 86,527
 <u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES					
Accounts Payable	\$ 666	\$ -	\$ -	\$ 666	\$ 9,276
Accrued Salaries and Payroll Taxes	24,363	-	-	24,363	17,278
TOTAL CURRENT LIABILITIES	25,029	-	-	25,029	26,554
NET ASSETS	180,017	18,279	-	198,296	59,973
TOTAL LIABILITIES AND NET ASSETS	\$ 205,046	\$ 18,279	\$ -	\$ 223,325	\$ 86,527

The accompanying notes are an integral part of the financial statements.

CHILD FIND OF AMERICA, INC.
"Bringing Missing Children Home"
Statement of Activities
Year Ended May 31, 2017
With Comparative Totals for 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	TOTAL ALL FUNDS	
				2017	2016
REVENUE, GAINS AND OTHER SUPPORT					
Contributions - Cash	\$ 266,826	\$ 18,250	\$ -	\$ 285,076	\$ 251,159
Contributions - Non-Cash	31,787	-	-	31,787	1,001
Grant/Contract Income	227,333	-	-	227,333	181,188
Conference Income	22,441	-	-	22,441	12,552
Interest and Dividends	119	-	-	119	98
Unrealized Gain on Securities	1,065	-	-	1,065	330
Assets Released from Restrictions	971	(971)	-	-	-
TOTAL REVENUE, GAINS AND OTHER SUPPORT	550,542	17,279	-	567,821	446,328
EXPENSES AND LOSSES					
Program Services	391,403	-	-	391,403	428,638
Supporting Services	38,095	-	-	38,095	36,931
TOTAL EXPENSES AND LOSSES	429,498	-	-	429,498	465,569
Change in Net Assets	121,044	17,279	-	138,323	(19,241)
NET ASSETS - BEGINNING OF YEAR	58,973	1,000	-	59,973	79,214
NET ASSETS - END OF YEAR	\$ 180,017	\$ 18,279	\$ -	\$ 198,296	\$ 59,973

The accompanying notes are an integral part of the financial statements.

CHILD FIND OF AMERICA, INC.
"Bringing Missing Children Home"
Statement of Cash Flows
Year Ended May 31, 2017
With Comparative Totals for 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 138,323	\$ (19,241)
Adjustments to reconcile change in net assets to net cash provided/(used) by operating activities:		
Depreciation	3,033	2,874
Amortization	1,019	1,019
Contributions - Non-Cash	(31,787)	(1,001)
Non-Cash Portion of Expenses	349	-
Unrealized Gain on Marketable Securities	(1,065)	(330)
Changes in Assets and Liabilities:		
Contributions Receivable	(1,941)	(1,329)
Grant/Contract Receivable	(16,016)	4,488
Prepaid Expenses	(914)	762
Accounts Payable	(8,610)	8,148
Accrued Salaries and Payroll Taxes Payable	7,085	(1,978)
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	89,476	(6,588)
 CASH AT BEGINNING OF YEAR	 43,967	 50,555
 CASH AT END OF YEAR	 \$ 133,443	 \$ 43,967

The accompanying notes are an integral part of the financial statements.

CHILD FIND OF AMERICA, INC.
"Bringing Missing Children Home"
Schedule of Functional Expenses
Year Ended May 31, 2017
With Comparative Totals for 2016

	PROGRAM SERVICES			
	Location	Public Education	Parent Help	Total
Salaries	\$ 59,476	\$ 79,058	\$ 122,408	\$ 260,942
Payroll Taxes and Benefits	9,305	12,368	19,150	40,823
Total Payroll Related Expenses	68,781	91,426	141,558	301,765
Professional Services	2,103	3,295	4,329	9,727
Consulting Fees	510	-	1,810	2,320
Training	-	401	-	401
Travel	-	4,899	-	4,899
Entertainment	-	21	-	21
Telephone	1,625	693	4,846	7,164
Postage	110	856	364	1,330
Office Supplies	528	10,363	1,071	11,962
Media Production	158	4,423	158	4,739
Computers	347	766	715	1,828
Rent	5,508	7,322	11,337	24,167
Insurance	739	982	1,521	3,242
Office Maintenance	383	509	788	1,680
Filing Fees	514	684	1,058	2,256
Dues and Subscriptions	748	2,491	1,538	4,777
Bank Charges	826	1,098	1,701	3,625
Storage	1,328	-	443	1,771
Total Expenses Before Depreciation and Amortization	84,208	130,229	173,237	387,674
Depreciation	607	940	1,244	2,791
Amortization	204	316	418	938
Total Depreciation and Amortization	811	1,256	1,662	3,729
TOTAL EXPENSES	\$ 85,019	\$ 131,485	\$ 174,899	\$ 391,403

The accompanying notes are an integral part of the financial statements.

SUPPORTING SERVICES			TOTAL EXPENSES	
Management and General	Fundraising	Total	2017	2016
\$ 13,514	\$ 6,490	\$ 20,004	\$ 280,946	\$ 292,684
2,114	1,015	3,129	43,952	49,877
15,628	7,505	23,133	324,898	342,561
478	229	707	10,434	11,278
-	-	-	2,320	2,940
68	-	68	469	11,218
111	352	463	5,362	12,058
382	-	382	403	582
699	-	699	7,863	8,781
449	1,738	2,187	3,517	3,592
130	-	130	12,092	3,332
-	6,153	6,153	10,892	14,276
79	38	117	1,945	1,930
1,252	601	1,853	26,020	29,193
168	81	249	3,491	3,896
87	42	129	1,809	1,168
117	56	173	2,429	2,332
291	760	1,051	5,828	7,203
188	90	278	3,903	3,416
-	-	-	1,771	1,920
20,127	17,645	37,772	425,446	461,676
152	90	242	3,033	2,874
51	30	81	1,019	1,019
203	120	323	4,052	3,893
<u>\$ 20,330</u>	<u>\$ 17,765</u>	<u>\$ 38,095</u>	<u>\$ 429,498</u>	<u>\$ 465,569</u>

CHILD FIND OF AMERICA, INC.
"Bringing Missing Children Home"
Notes to Financial Statements
May 31, 2017

Note 1: Summary of Significant Accounting Policies

- (A) Child Find of America, Inc. is a national not-for-profit organization that provides professional services designed to prevent and resolve child abduction and the family conflicts that can lead to abduction and abuse.
- (B) The financial statements of Child Find of America, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.
- (C) Child Find of America, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made on the accompanying financial statements.
- (D) Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is 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 restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.
- (E) Non-cash donations are recorded as contributions at their fair values at the date of donation.
- (F) The Organization capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using the straight-line method.
- (G) Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.
- (H) The Organization 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.

Note 1: Summary of Significant Accounting Policies (cont'd.)

- (I) The financial statements include certain prior-year summarized comparative information in total but not by net asset class. 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 Organization's financial statements for the year ended May 31, 2016, from which the summarized information was derived.
- (J) Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Note 2: Investment in Property and Equipment

Property and equipment are summarized as follows:

	<u>May 31, 2017</u>	<u>May 31, 2016</u>
Furniture and Equipment	\$ 1,815	\$ 1,965
Donated Equipment	<u>27,742</u>	<u>26,567</u>
	29,557	28,532
Less: Accumulated Depreciation	<u>(27,135)</u>	<u>(24,253)</u>
Net Property and Equipment	<u>\$ 2,422</u>	<u>\$ 4,279</u>

Note 3: Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Note 4: Trademark

During fiscal years 1988 and 1989, expenses were incurred to protect the trade name against an Organization located in the state of Missouri. Trademark and trade name expenditures are currently being amortized over 40 years.

	<u>May 31, 2017</u>	<u>May 31, 2016</u>
Original Total	\$ 40,761	\$ 40,761
Accumulated Amortization	<u>(29,552)</u>	<u>(28,533)</u>
Net Trademark	<u>\$ 11,209</u>	<u>\$ 12,228</u>

Note 5: Contributions Receivable

Contributions receivable have been deemed by management to be fully collectible.

Note 6: Marketable Securities

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statement of financial position. Unrealized gains are included in the change in net assets. Marketable securities of the Organization are summarized as follows:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Appreciation</u>
Stocks	\$ 4,522	\$ 5,279	\$ 757
Mutual Funds	<u>30,261</u>	<u>30,869</u>	<u>608</u>
Total	<u>\$ 34,783</u>	<u>\$ 36,148</u>	<u>\$ 1,365</u>

Investment return is summarized as follows:

Dividend income	\$ 119
Net unrealized gain	<u>1,065</u>
Total investment income	<u>\$ 1,184</u>

Note 7: Fair Value Measurements

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at May 31, 2017 are as follows:

	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Stocks	\$ 5,279
Mutual Funds	<u>30,869</u>
Total	<u>\$ 36,148</u>

Note 8: Temporarily Restricted Net Assets

During the year ended May 31, 2017, Child Find of America, Inc. received grants and donations restricted for various programs. At May 31, 2017, all amounts received had been spent for the intended purpose with the exception of \$18,279 of which \$29 is restricted to be used for children 18 years and under in certain geographic areas and \$18,250 is restricted for the *Child Find of America's 'In Safe Hands' Information Kits* project.

Note 9: Rent

The Organization has a rental lease agreement with Southeastern NY Library Resources Council which is in effect until September 30, 2018. Per the lease agreement, the Organization is obligated to pay monthly payments of \$2,147 per month until September 30, 2017 and then \$2,188 until the end of the lease agreement.

Note 10: Subsequent Events

The Organization has evaluated subsequent events through September 27, 2017, the date the financial statements were available to be issued.