

**PUBLIC CITIZENS FOR  
CHILDREN AND YOUTH**

**Financial Statement**

**May 31, 2014**

*O'Hara, Ward and Associates*  
*Certified Public Accountants*

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH**

**MAY 31, 2014**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Public Citizens for  
Children and Youth  
Philadelphia, Pennsylvania

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Public Citizens for Children and Youth, which comprise the statement of financial position as of May 31, 2014 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 Public Citizens for Children and Youth, as of May 31, 2014, 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 Public Citizens for Children and Youth's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 13, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*O'Hara, Ward & Associates*  
*Feasterville, PA*

October 29, 2014

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
STATEMENTS OF FINANCIAL POSITION  
MAY 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and Cash Equivalents (includes restricted cash of \$ 147,099 in 2014 and \$ 94,476 in 2013)	\$ 583,818	\$ 418,843
Marketable Securities (includes restricted marketable securities of \$399,048 in 2014 and \$425,393 in 2013)	680,807	702,458
Contracts and Other Receivables	8,892	43,511
Prepaid Expenses	<u>-0-</u>	<u>8,000</u>
<b>TOTAL CURRENT ASSETS</b>	<u>1,273,517</u>	<u>1,172,812</u>
Property and Equipment, net of accumulated depreciation	-0-	1,205
Security Deposits	<u>2,846</u>	<u>2,846</u>
<b>TOTAL OTHER ASSETS</b>	<u>2,846</u>	<u>4,051</u>
<b>TOTAL ASSETS</b>	<u>\$1,276,363</u>	<u>\$ 1,176,863</u>
<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 125,294	\$ 8,044
Custodial Funds	734	906
Accrued Salaries and Vacation	<u>32,144</u>	<u>22,468</u>
<b>TOTAL LIABILITIES</b>	<u>158,172</u>	<u>31,418</u>
<b>NET ASSETS</b>		
Unrestricted	138,633	327,576
Temporarily Restricted	<u>979,558</u>	<u>817,869</u>
<b>TOTAL NET ASSETS</b>	<u>1,118,191</u>	<u>1,145,445</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,276,363</u>	<u>\$ 1,176,863</u>

See Accompanying Notes to Financial Statements

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED MAY 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>UNRESTRICTED NET ASSETS</b>		
Support and Revenue		
Foundations and Corporations	\$ 702,278	\$ 584,151
Individuals	254,971	224,975
Contracts	45,943	233,318
United Way & Federated Organizations	101,589	31,825
Special Events	161,002	4,248
Investment Return	<u>43,330</u>	<u>45,345</u>
<b>TOTAL UNRESTRICTED SUPPORT</b>	1,309,113	1,123,862
Net Assets Released from Restrictions		
Restrictions Satisfied by Payments	<u>318,003</u>	<u>180,617</u>
<b>TOTAL UNRESTRICTED SUPPORT AND RECLASSIFICATIONS</b>	1,627,116	1,304,479
<b>EXPENSES</b>		
Program Services	1,483,096	1,137,363
Management and General	<u>332,963</u>	<u>275,841</u>
<b>TOTAL EXPENSES</b>	<u>1,816,059</u>	<u>1,413,204</u>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</b>	(188,943)	(108,725)
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Support Designated for Future Period	433,411	298,000
Support for Term Endowment	-0-	-0-
Investment Income	46,281	56,043
Net Assets Released from Restrictions		
Restrictions Satisfied by Payments	<u>(318,003)</u>	<u>(180,617)</u>
<b>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</b>	<u>161,689</u>	<u>173,426</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(27,254)	64,701
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>1,145,445</u>	<u>1,080,744</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 1,118,191</u>	<u>\$ 1,145,445</u>

See Accompanying Notes to Financial Statements

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MAY 31, 2014**

	<b>Public Awareness/ Outreach</b>	<b>Child Health/ Child Care</b>	<b>Campaign/ Public Education</b>	<b>TOTAL PROGRAM</b>	<b>Management &amp; Fundraising</b>	<b>2014 TOTAL</b>	<b>Memorandum Only 2013 TOTAL</b>
Salaries and Wages	\$138,011	\$295,205	\$348,649	\$781,865	\$149,766	\$931,631	\$848,505
Taxes and Fringes	33,083	70,764	83,575	187,422	35,899	223,321	225,962
Outside Services	31,773	54,931	198,740	285,444	54,235	339,679	66,262
Audit	1,275	1,275	1,275	3,825	2,425	6,250	6,250
Supplies	1,558	3,332	3,935	8,825	1,690	10,515	17,155
Telephone	3,646	7,799	9,211	20,656	3,956	24,612	26,876
Postage	2,142	2,142	2,142	6,426	2,141	8,567	9,756
Rent	10,082	21,566	25,471	57,119	10,941	68,060	73,626
Equipment	3,268	6,990	8,255	18,513	5,653	24,166	26,142
Printing and Copier	10,874	974	10,260	22,108	13,410	35,518	15,938
Travel	0	2,066	2,294	4,360	2,166	6,526	2,833
Meetings and Conferences	560	1,904	2,233	4,697	5,779	10,476	26,558
Insurance	0	0	994	994	5,241	6,235	4,229
Special Projects	21,000	0	57,329	78,329	0	78,329	50,781
Event Expenses	0	0	0	0	34,040	34,040	2,625
Miscellaneous	0	70	1,540	1,610	5,319	6,929	7,597
Depreciation	301	301	301	903	302	1,205	2,109
	<u>\$257,573</u>	<u>\$469,319</u>	<u>\$756,204</u>	<u>\$1,483,096</u>	<u>\$332,963</u>	<u>\$1,816,059</u>	<u>\$1,413,204</u>

See Accompanying Notes to Financial Statements

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED MAY 31, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ ( 27,254)	\$ 64,701
Adjustments to Reconcile Increase in Net Assets to Net Cash From Operating Activities:		
Depreciation	1,205	2,109
Realized and Unrealized Loss (Gain) on Marketable Securities	(59,096)	(79,182)
(Increase) Decrease in Operating Assets		
Contracts and Other Receivables	34,619	( 9,270)
Decrease in Prepaid Expenses	8,000	(800)
Increase (Decrease) in Operating Liabilities		
Accounts Payable and Accrued Expenses	117,250	(30,730)
Custodial Funds	(172)	342
Accrued Salaries and Vacations	<u>9,676</u>	<u>5,234</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<u>84,228</u>	<u>(47,596)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales of Marketable Securities, Net	<u>80,747</u>	<u>67,440</u>
<b>NET CASH FROM INVESTING ACTIVITIES</b>	80,747	67,440
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-0-</u>	<u>-0-</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	164,975	19,844
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>418,843</u>	<u>398,999</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$583,818</u>	<u>\$ 418,843</u>

See Accompanying Notes to Financial Statements



**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2014 AND 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Purpose of the Organization

The mission of Public Citizens for Children and Youth (the Organization) is to improve the quality and efficiency of the service delivery systems for children and youth in Pennsylvania. The Organization seeks to carry out its mission by: a) Educating governmental leaders, professional workers, members of the Organization's Board and Network and citizens at large, on the needs of children and youth in the city and surrounding suburbs; b) Developing strategies for achieving improved services and providing city-wide leadership in carrying out those strategies. The primary source of support is contributions.

Financial Statement Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2014 AND 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

**Fair Values of Financial Instruments**

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

Cash in Checking and Money Market accounts are carried at cost, which approximates fair market value due to their short term maturity.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage or time or by use) in the reporting period in which the income and gains are recognized.

**Contracts and Other Receivables**

Other receivables amounted to \$8,833 and \$8,077 for the years ended May 31, 2014 and 2013, respectively.

Contracts receivable amounted to \$59 and \$35,434 for the years ended May 31, 2014 and 2013, respectively.

Receivables are recorded at the un-discounted amounts of earned support and revenue and are collectible in less than one year.

A provision for doubtful accounts has not been established as management considers all accounts to be collectible based upon a favorable history over a substantial period of time.

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2014 AND 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

Property, Equipment and Depreciation

It is the Organization's policy to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Property and equipment are recorded at acquisition cost, including costs necessary to get the asset ready for its intended use. Depreciation expense is provided on a straight-line basis over the estimated useful lives of the respective assets.

Promises To Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, 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 restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Services and Materials

The value of contributed services meeting the requirements for recognition in the financial statements during the years ended May 31, 2014 and May 31, 2013 were \$ -0- and \$-0-, respectively. A substantial number of volunteers have made significant contributions of their time to the Organization's program and supporting services, however, but these services do not meet the criteria for recognition as contributed services.

Advertising

Advertising costs are expenses as incurred. Advertising costs totaled \$275 and \$ -0- for the years ended May 31, 2014 and 2013, respectively.

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2014 AND 2013**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
(Continued)

Income Taxes

The Organization is a non-profit organization that is exempt from income taxes under the provisions of Internal Revenue Code Section 501 (c) (3), and is exempt from state income taxes under the provision of Pennsylvania Corporation Law.

The Organization has adopted current accounting principals for uncertain income tax provisions that require evaluation of tax positions taken on its income tax returns and recognizing a tax asset or liability if the position would not be sustained under audit. The Organization's policy is to record interest and penalties from tax examinations as income taxes. For federal income tax purposes, the returns remain open for possible examination three years after they are filed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Subsequent Events

The Organization's policy is to review and evaluate subsequent events for disclosure or recognition during the period after its year-end until the date the financial statements are available to be issued, the report date of October 29, 2014.

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2014 AND 2013**

**NOTE 2. MARKETABLE SECURITIES**

Marketable securities are stated at market value and consist of the following at May 31, 2014 and 2013:

	<u>2014</u>		<u>Unrealized Appreciation (Depreciation)</u>
	<u>Fair Value</u>	<u>Cost</u>	
Mutual Funds	\$532,754	\$385,106	\$ 147,648
Stock and Bonds	<u>148,053</u>	<u>141,968</u>	<u>6,085</u>
	<u>\$680,807</u>	<u>\$527,074</u>	<u>\$ 153,733</u>
	<u>2013</u>		<u>Unrealized Appreciation (Depreciation)</u>
	<u>Fair Value</u>	<u>Cost</u>	
Mutual Funds	\$452,466	\$364,697	\$ 87,769
Stock and Bonds	<u>249,992</u>	<u>243,124</u>	<u>6,868</u>
	<u>\$702,458</u>	<u>\$607,821</u>	<u>\$ 94,637</u>

Investment return includes unrealized gain of \$59,096 and \$79,182, realized gain of \$ -0- and \$ -0-, and \$30,515 and \$22,206 of interest and dividend income for the years ended May 31, 2014 and 2013, respectively.

Investment Income:

	<u>2014</u>	<u>2013</u>
Unrestricted	\$43,330	\$ 45,345
Temporarily Restricted	<u>46,281</u>	<u>56,043</u>
Total	<u>\$89,611</u>	<u>\$101,388</u>

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2014 AND 2013**

**NOTE 3. PROPERTY AND EQUIPMENT**

Property and Equipment consist of the following:

	<u>2014</u>	<u>2013</u>
Furniture and Equipment	\$126,817	\$126,817
Less: Accumulated Depreciation	<u>(126,817)</u>	<u>(125,612)</u>
	<u>\$ -0-</u>	<u>\$ 1,205</u>

Depreciation charged to earnings for the years ended May 31, 2014 and 2013 amounted to \$ 1,205 and \$2,109, respectively.

**NOTE 4. LEASE COMMITMENTS**

PCCY had a monthly operating lease for office space. Occupancy expenses charged to operations for May 31, 2014 and 2013 amounted to \$68,060 and \$73,626, respectively.

As of June 1, 2014, the office space is rented on a month-to-month basis.

**NOTE 5. CONCENTRATIONS**

From time to time, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation. The organization deposits its Cash with credit worthy institutions and has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

During the year's ended May 31, 2014 and May 31, 2013 the Organization received approximately 23% and 24 % respectively in support and revenue from one contributor.

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2014 AND 2013**

**NOTE 6. FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The statement of functional expenses includes summarized information for the year ended May 31, 2013 to facilitate comparability to the current year. Such information does not include sufficient detail to constitute a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in accordance with the Organization's financial statements for the year ended May 31, 2013, from which the summarized information was derived.

**NOTE 7. RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets consist of the following:

	<u>2014</u>	<u>2013</u>
Designated for Future Periods	\$433,411	\$298,000
Term Endowment	<u>546,147</u>	<u>519,869</u>
	<u>\$979,558</u>	<u>\$817,869</u>

\$318,003 and \$180,617 of temporarily restricted net assets Designated for Future Periods were released during the years ended May 31, 2014 and 2013, respectively.

**NOTE 8. UNRESTRICTED NET ASSETS**

PCCY's Board of Directors has designated a portion of its unrestricted net assets in an effort to assure the long-term stability of the Organization. The remainder of unrestricted net assets is available for general operations.

**PUBLIC CITIZENS FOR CHILDREN AND YOUTH  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED MAY 31, 2014 AND 2013**

**NOTE 9. FUNDRAISING EXPENSES**

Total fundraising expenses for the years ended May 31, 2014 and 2013 were approximately \$157,000 and \$87,000, respectively, representing 9% and 6% of total support revenue. The ratio of expenses to amounts raised is computed using actual expenses and related support on an accrual basis.

**NOTE 10. FAIR VALUE MEASUREMENTS**

FAS ASC 820 establishes a fair value market hierarchy that prioritizes the valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 inputs consist of unadjusted quote prices in active markets for identical assets and have the highest priority.

Level 2 inputs consist of quoted prices in markets that are not active and have the second highest priority.

Level 3 inputs consist of unobservable inputs that have little or no market activity, and are the lowest priority.

When available, the Organization measures fair value using Level 1 valuation techniques because they generally provide the most reliable evidence of fair value.

As of May 31, 2014 and 2013, marketable securities were valued using a level one technique.

**NOTE 11. RETIREMENT PLAN**

All employees with at least one year of service are covered under the Organization's 403(b) Defined Contribution Plan. The Organization can make contributions to the Plan each fiscal year. Total contributions made to the Plan for the years ended May 31, 2014 and May 31, 2013 were \$19,717 and \$27,388, respectively.