San Francisco Child Abuse Prevention Center

Financial Statements

Year Ended December 31, 2015
(with Summarized Information for the Year Ended December 31, 2014)

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San Francisco Child Abuse Prevention Center

Contents

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Independent Auditor's Report

To the Board of Directors
San Francisco Child Abuse Prevention Center

We have audited the accompanying financial statements of the San Francisco Child Abuse Prevention Center (the "Prevention Center"), a California non-profit benefit corporation, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and changes in net assets, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the San Francisco Child Abuse Prevention Center as of December 31, 2015 and 2014, and the changes in its net assets, its functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the San Francisco Child Abuse Prevention Center 2014 financial statements, and we have expressed an unmodified audit opinion on those audited financial statements in our report dated November 6, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

BDO USA, LLP

August 29, 2016

Financial Statements

San Francisco Child Abuse Prevention Center

Statements of Financial Position
(with comparative information as of December 31, 2014)

December 31,		**2015**		2014
Assets				
Cash and cash equivalents	**$**	**6,622,093**	$	2,147,188
Investments		**603,944**		585,266
Government contracts receivable		**636,917**		465,082
Pledges and grants receivable, net		**1,278,183**		1,147,869
Prepaid expenses and other assets		**631,712**		468,794
Property and equipment, net (Note 5)		**4,318,447**		4,637,741
Total Assets	**$**	**14,091,296**	$	9,451,940
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	**$**	**276,292**	$	370,115
Accrued vacation		**113,643**		120,830
Deferred revenue		**40,507**		26,508
Other liabilities		**21,553**		25,845
Total Liabilities		**451,995**		543,298
Net Assets:				
Unrestricted		**7,950,021**		7,076,907
Temporarily restricted (Note 6)		**5,679,280**		1,821,735
Permanently restricted (Note 7)		**10,000**		10,000
Total Net Assets		**13,639,301**		8,908,642
Total Liabilities and Net Assets	**$**	**14,091,296**	$	9,451,940

See accompanying notes to financial statements.

San Francisco Child Abuse Prevention Center

Statements of Activities and Changes in Net Assets
For the Year Ended December 31, 2015
with summarized information for the year ended December 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
Support & Revenue:					
Government grants	$ 1,623,116	$ -	$ -	$ 1,623,116	$ 1,358,577
Foundation and corporate grants	1,064,060	1,296,205	-	2,360,265	2,372,602
Donations	758,818	3,721,026	-	4,479,844	968,058
Fundraising events, net of direct donor benefits					
of $143,049 in 2015 and $139,108 in 2014	624,115	-	-	624,115	511,245
In-kind revenue	282,823	-	-	282,823	320,025
Program service fees	80,774	-	-	80,774	30,466
Rental income	568,439	-	-	568,439	545,384
Interest and dividends	13,489	310	-	13,799	13,310
Other income (loss)	(8,571)	22,915	-	14,344	11,696
Net assets released from restriction:					
Satisfaction of donor requirements	1,182,911	(1,182,911)	-	-	-
Total Support & Revenue	6,189,974	3,857,545	-	10,047,519	6,131,363
Expenses:					
Program services	4,140,757	-	-	4,140,757	4,171,710
Management and general	501,736	-	-	501,736	458,313
Fundraising	674,367	-	-	674,367	657,738
Total Expenses	5,316,860	-	-	5,316,860	5,287,761
Change in Net Assets	873,114	3,857,545	-	4,730,659	843,602
Net Assets, beginning of year	7,076,907	1,821,735	10,000	8,908,642	8,065,040
Net Assets, end of year	$ 7,950,021	$ 5,679,280	$ 10,000	$ 13,639,301	$ 8,908,642

See accompanying notes to financial statements.

San Francisco Child Abuse Prevention Center

Statement of Functional Expenses

For the Year Ended December 31, 2015 with summarized information for the Year Ended December 31, 2014

	PROGRAM SERVICES				SUPPORTING ACTIVITIES			
	Children & Family Services	Community Education	Strategic Partnerships	Total Program Services	Management and General	Fundraising	2015 Total	2014 Total
Salaries and Stipends	$ 1,525,804	$ 215,924	$ 251,572	1,993,300	$ 345,506	$ 414,490	$ 2,753,296	$ 2,435,737
Payroll Taxes and Benefits	334,033	41,553	48,673	424,259	58,549	68,619	551,427	530,682
Recruitment and Professional Development	9,421	571	1,246	11,238	4,297	3,580	19,115	27,445
Staff Appreciation	14,911	1,939	2,345	19,195	3,087	3,317	25,599	25,058
Accounting and Payroll	8,816	1,270	1,513	11,599	1,908	2,454	15,961	51,516
Audit and Tax	600	-	-	600	35,061	-	35,661	23,130
Legal	33,924	1,010	105,745	140,679	-	-	140,679	279,797
Consultants	92,800	17,035	42,423	152,258	9,598	99,899	261,755	376,220
Subcontractors	325,883	-	-	325,883	-	-	325,883	372,775
Travel, Conferences, and Meetings	6,426	2,148	6,040	14,614	489	5,946	21,049	14,100
Utilities and Maintenance	30,689	17,995	198,397	247,081	6,665	8,523	262,269	243,801
Space Rental	3,222	18,884	207,756	229,862	70	86	230,018	224,909
Program Supplies	32,879	1,833	1,264	35,976	-	-	35,976	60,657
Client Support	59,504	-	-	59,504	-	-	59,504	35,698
Office Supplies, Postage, Printing, and Copying	19,987	2,304	10,474	32,765	4,270	29,364	66,399	58,745
Expendable Equipment	33,153	6,456	7,625	47,234	8,126	9,037	64,397	11,150
Dues & Subscriptions	22,163	1,725	903	24,791	1,777	5,437	32,005	25,968
Equipment Rental & Repair	616	65	939	1,620	129	172	1,921	37,670
Telephone & Communications	13,403	1,496	7,660	22,559	2,914	3,808	29,281	31,575
Insurance	14,952	2,206	16,083	33,241	2,992	3,914	40,147	34,146
Board Expenses	-	-	-	-	1,353	146	1,499	1,693
Bank Charges and Interest Expense	7,110	11	67	7,188	1,316	10,748	19,252	19,185
Bad Debt (Recoveries) Expense	-	-	-	-	-	(12,429)	(12,429)	30,712
Depreciation	61,472	39,136	201,187	301,795	13,199	17,100	332,094	329,562
Other	3,491	12	13	3,516	430	156	4,102	5,830
Total Expenses	$ 2,655,259	$ 373,573	$ 1,111,925	$ 4,140,757	$ 501,736	$ 674,367	$ 5,316,860	$ 5,287,761

See accompanying notes to financial statements.

San Francisco Child Abuse Prevention Center

Statements of Cash Flows
(with comparative information as of December 31, 2014)

For the Years Ended December 31,	**2015**	2014
Cash Flows from Operating Activities		
Change in net assets	**$ 4,730,659**	$ 843,602
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	**332,094**	329,562
(Recoveries of) provision for doubtful accounts	**(18,229)**	30,711
In-kind donated services	**(48,997)**	(32,547)
Net realized and change in unrealized loss (gain) on investments	**12,258**	(3,858)
Changes in assets and liabilities:		
Government contracts, pledges and grants receivable	**(283,920)**	(240,042)
Prepaid expenses and other assets	**(113,921)**	6,243
Accounts payable and accrued expenses	**(93,823)**	65,184
Accrued vacation	**(7,187)**	7,970
Deferred revenue	**13,999**	26,508
Other liabilities	**(4,292)**	(3,022)
Net Cash Provided by Operating Activities	**4,518,641**	1,030,311
Cash Flows from Investing Activities:		
Purchase of investments	**(30,936)**	(35,780)
Purchase of fixed assets	**(12,800)**	(423,665)
Net Cash Used in Investing Activities	**(43,736)**	(459,445)
Increase in Cash and Cash Equivalents	**4,474,905**	570,866
Cash and Cash Equivalents, beginning of year	**2,147,188**	1,576,322
Cash and Cash Equivalents, end of year	**$ 6,622,093**	$ 2,147,188
Supplemental Non-Cash Disclosures:		
Capitalized in-kind legal costs	**$ 48,997**	$ 36,492

See accompanying notes to financial statements.

1. Organization

Nature of Activities

San Francisco Child Abuse Prevention Center (the Prevention Center) is a community-based nonprofit organization established in 1973 dedicated to ending child abuse and neglect. Exempt from income taxes under Internal Revenue Code Section 501(c)(3) and section 23701(d) of the California Revenue and Taxation Code, the Prevention Center is governed by a 22-member Board of Directors. The Prevention Center implements a three-pronged strategy: (1) provide services directly to children and families; (2) educate the community; and, (3) coordinate strategic partnerships. Detailed information is available at www.sfcapc.org. Our programs include:

Children & Family Services

Integrated Family Services (IFS) - Our innovative new, evidence-informed IFS program serves parents and children in families with multiple risk factors such as poverty, domestic violence and mental illness. Using a groundbreaking assessment model, staff measure the level of protective factors shown to reduce the risk of child abuse in families — parental resilience, parenting knowledge, social connections, access to basic needs, and children's social/emotional learning — and then provide targeted intervention to strengthen these factors and thereby reduce the risk of abuse occurring within that family in the future.

Counseling and Crisis Support – Our counselors provide supportive individual counseling, crisis counseling, support groups, and educational workshops to families whose risk factors do not warrant the intensive support of IFS and to families that are transitioning out of IFS services.

Therapeutic Children's Playroom - Our Playroom provides free therapeutic childcare, assessments, and early interventions to children and their parents, as well as scheduled activities such as an early literacy group, parenting education, family dinners, and other parent-child activities.

SafeStart Program – The Prevention Center leads a citywide collaborative effort to reduce the effects of violence on young children and to foster their ability to overcome adverse childhood experiences and thrive.

TALK Line (415.441.KIDS) – Operating 24 hours a day, 365 days a year, trained staff and volunteers handle approximately 14,000 calls a year from parents and caregivers needing help or in crisis.

Community Education

The Prevention Center provides Mandated Reporter training to instruct child-serving professionals to identify and report suspected abuse and neglect. The Child Safety Awareness program educates elementary school children and their parents in safety issues and how to avoid and report abduction and abuse. The Prevention Center conducts local and regional efforts to raise awareness around issues of child abuse and abuse prevention.

Strategic Partnerships

The Prevention Center coordinates partnerships with government, community and other nonprofit partners to prevent or respond to child abuse and to reduce its devastating effects.

The Prevention Center's role as the state-mandated Child Abuse Council puts us in a unique position to partner with public and private agencies to identify gaps and improve the abuse response system, while at the same time providing on-the-ground support to children who have disclosed abuse. Our staff serve on or advise task forces and committees including: the Bay Area Coalition of Child Abuse Councils, Child Death Review, the Family Violence Council, and the Task Force on the Commercial Sexual Exploitation of Children (CSEC).

Based on this history and expertise, the Prevention Center serves as the lead agency for the Children's Advocacy Center of San Francisco (CAC) which is a public-private partnership in which multidisciplinary teams respond to incidents of child sexual abuse, physical abuse, and exposure to violence in a modern, child-friendly facility. The CAC provides forensic interviews and care to children who disclose abuse in San Francisco. It also serves as the base for our strategic partnership and community education programs.

Funding and Revenue Concentration

The Prevention Center receives approximately 26% of its unrestricted income from government grants awarded by various departments within the City & County of San Francisco. Should these grantors reduce their level of support, the Prevention Center could be required to reduce the level of activity of some of its programs.

2. Summary of Significant Accounting Policies

Method of Accounting

The financial statements of the Prevention Center are prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Basis of Presentation

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

Unrestricted net assets, which includes resources not subject to donor-imposed restrictions.

Temporarily restricted net assets, which includes resources subject to donor-imposed stipulations that may or will be met either by actions of the Prevention Center and/or the passage of time.

Permanently restricted net assets, which includes resources subject to donor-imposed restrictions that require permanent investment by the Prevention Center. Generally, the principal must be maintained as only the income earned can be used for either general or donor-specified purposes.

Revenue Recognition and Accounting for Restricted Support

Contracts, grants and contributions are recognized at fair value as revenue when received or unconditionally promised and collection is deemed to be reasonably certain.

The Prevention Center 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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets are released from restriction.

The Prevention Center reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those assets must be maintained, the Prevention Center reports expirations of donor restrictions when the donated or acquired assets are placed in service.

The Prevention Center does not recognize conditional contracts, grants or contributions until the conditions are met. The Prevention Center recognizes program revenues and rental income when earned. Rental income is recorded on a straight-line basis over the lease terms.

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates made by the Prevention Center include useful lives of property and equipment, valuation of pledges receivable and in-kind revenues and the allocation of functional expenses.

Comparative Totals

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 US GAAP. Accordingly, such information should be read in conjunction with the Prevention Center's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents consist of highly liquid investments with maturities of three months or less at date of acquisition, including money market accounts.

Investments

Investments in marketable securities are recorded on their trade date and are stated at fair value in the statements of financial position. Realized and unrealized gains and losses are included in the statement of activities and changes in net assets in other income (loss).

Government Contracts Receivable

Government contracts receivable include amounts billed and unbilled under various governmental contracts for program services performed during the year. Management periodically reviews the collectability of government contracts receivable and provides a provision at the time it is determined that they are uncollectable.

Pledges and Grants Receivable

Pledges and grants receivable include amounts committed by donors but which have not yet been received by the Prevention Center. Pledges and grants receivable are measured at fair value upon receipt. If a pledge or grant is not expected to be collected within one year, it is discounted to its estimated fair value using a present value technique. The fair value of a pledge that is collectable within one year is recognized at its net realizable value. Management periodically reviews the collectability of pledges and grants receivable and provides a provision at the time it is determined that they are uncollectable.

Unconditional pledges and grants receivable are due as follows:

December 31,	**2015**	2014
Less than one year	**$ 1,135,634**	$ 847,944
1 – 5 years	**194,467**	393,433
Pledges and grants receivable	**1,330,101**	1,241,377
Less: Discount on long-term pledges and grants	**(2,304)**	(25,665)
Less: Reserve for uncollectable pledges and grants	**(49,614)**	(67,843)
Pledges and grants receivable, net	**$ 1,278,183**	$ 1,147,869

The amounts presented above have been discounted to present value using various discount rates ranging between 0.65% and 1.06% during 2015 and rates ranging between 3.13% and 3.67% during 2014.

During 2015, the Prevention Center received a $50,000 conditional grant from a private foundation which will be payable when the Prevention Center is able to find a matching grant amount, subject to a one-year maximum time limit. Subsequent to year end the Prevention Center satisfied the condition of finding a matching grant.

Property and Equipment

Property and equipment are reported at cost if purchased, or at fair value at the date of gift if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 5 to 30 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Long-Lived Assets

Long-lived assets, such as land, building and other property, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Prevention Center first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds its fair value. The Prevention Center determines fair value of long-lived assets held and used by reference to independent appraisals, quoted market prices (e.g. an offer to purchase) and other factors. There were no impairment charges recorded in the periods presented.

Fair Value Measurements

The Prevention Center considers fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Valuation techniques used to measure fair value are either observable or unobservable. Observable inputs reflect assumptions that market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity’s pricing based on their own market assumptions. The Prevention Center utilizes the following three-level fair value hierarchy to establish the priorities of the inputs used to measure fair value:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents the fair value hierarchy for the financial assets and liabilities held by the Prevention Center measured at fair value on a recurring basis as of December 31, 2015 and 2014:

As of December 31, 2015	**Level 1**	**Level 2**	**Level 3**
Assets:			
Cash Equivalents (Money Market)	**$ 188,956**	**$ -**	**$ -**
Investments [(a)]	**603,944**	**-**	**-**
Total	**$ 792,900**	**$ -**	**$ -**

As of December 31, 2014	**Level 1**	**Level 2**	**Level 3**
Assets:			
Cash Equivalents (Money Market)	$ 188,918	$ -	$ -
Investments [(a)]	585,266	-	-
Total	$ 774,184	$ -	$ -

[(a)] Investments are in mutual funds whose underlying investments consist principally of intermediate and short term bond funds and securities.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. For the years ended December 31, 2015 and 2014, there were no significant transfers in or out of levels 1, 2 or 3.

The carrying amounts of the Prevention Center's other financial instruments, which include accounts receivable, accounts payable and other accrued expenses, approximate their fair values due to their short-term maturities.

Functional Expenses

The Prevention Center allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly. Indirect expenses are allocated based on the ratio of each function's salary expense to total salary expense, with the exception of certain Third Street building expenses (inclusive of utilities and maintenance, space rental, and insurance), which are considered costs of the Strategic Partnerships function.

Reclassifications

Certain prior year balances have been reclassified to conform to current year presentation. These reclassifications had no impact on previously reported change in net assets or cash flows.

Recent Accounting Pronouncements

On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14 (ASU 2016-14) *Presentation of Financial Statements for Not-for-Profit Entitles* to improve the presentation of financial statements for not-for-profit entities. ASU 2016-14 replaces the current presentation of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) with two classes of net assets (net assets with donor restrictions and net assets without donor restrictions). In addition, ASU 2016-14 requires investment returns to be presented net of all related external and direct internal expenses. It eliminates the current requirement to disclose the amount of such netted expenses. ASU 2016-14 also introduces a requirement to present expenses by nature and function, as well as enhanced disclosures about the methods used to allocate costs among program and support functions. Disclosures on qualitative information that communicates how a nonprofit entity manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date is also required along with quantitative information that communicates the availability of a nonprofit's financial assets to meet cash needs for general expenditures within one year of the balance sheet date. ASU 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017 and is applied retrospectively. Early adoption is permitted. The Prevention Center is currently assessing what impact the standard will have on the financial statements.

3. Tax Status

The Prevention Center is exempt from federal and California state income taxes under Section 501 (c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, respectively. The Prevention Center had no sources of unrelated business income during the years ended December 31, 2015 and 2014.

The Prevention Center follows the authoritative guidance for accounting for uncertainty in income taxes. The Prevention Center does not believe there are any material uncertain tax positions and; accordingly, has not recognized any liability for unrecognized tax benefits. The Prevention Center has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Prevention Center has filed IRS Form 990 tax returns as required and all applicable returns in those jurisdictions where it is required. The Prevention Center believes that it is no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2012. However, the Prevention Center is still open to examinations by tax authorities from fiscal year 2012 forward. For the year ended December 31, 2015, there were no penalties or interest recorded in the statements of activities.

4. Concentrations of Credit Risk

Financial instruments that potentially subject the Prevention Center to concentrations of credit risk consist of cash deposits with a commercial bank and a brokerage firm. The Prevention Center maintains its cash accounts with two commercial banks. The accounts at the commercial banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to a maximum of $250,000 for FDIC insured accounts. As of December 31, 2015, the Prevention Center held cash balances in excess of insured amounts. The risk is managed by maintaining all deposits in high quality financial institutions.

5. Property and Equipment, net

Property and equipment, net at December 31, 2015 and 2014 are as follows:

		2015		2014
Land	$	847,300	$	847,300
Building and building improvements		2,264,445		2,251,645
Furnishings and equipment		148,511		148,511
Leasehold improvements		2,117,067		2,117,067
		5,377,323		5,364,523
Less: accumulated depreciation		(1,058,876)		(726,782)
Property and equipment, net	$	4,318,447	$	4,637,741

Depreciation expense for years ended December 31, 2015 and 2014 was $332,094 and $329,562, respectively.

6. Temporarily Restricted Net Assets

Temporarily restricted net assets represent pledges and grants to the Prevention Center that have been restricted for a specific purpose or time period. Temporarily restricted net assets at December 31, 2015 and 2014 were as follows:

		2015		2014
Children & Family Services	$	710,560	$	695,540
Community Education		40,453		50,453
Strategic Partnerships		430,869		571,883
Third Street Building Purchase		3,837,200		-
Time Restricted		639,698		461,409
Other Specific Purposes		20,500		42,450
Total temporarily restricted net assets	$	5,679,280	$	1,821,735

7. Permanently Restricted Net Assets – Endowment Fund

In the past, the Prevention Center planned to establish an endowment fund. $10,000 was raised, but the effort was subsequently discontinued. The Prevention Center has no plans to increase such funds in the foreseeable future.

8. Retirement Plan

The Prevention Center sponsors a 403(b) defined contribution retirement plan (the Plan) covering employees who have been employed by the Prevention Center for at least one year and who regularly work at least 30 hours per week. Employees may elect to make contributions to the Plan. Employer contributions made on behalf of eligible employees are discretionary. The Prevention Center contributed $32,271 and $26,506 to the Plan for the years ended December 31, 2015 and December 31, 2014, respectively.

9. Commitments and Contingencies

Operating Leases

In March 2012, the Prevention Center entered into a 10-year lease to provide space for the CAC (as described above in Note 1). Contemporaneously with the exercise of the lease, the Prevention Center entered into sublease agreements with both Sutter Health/CPMC and the Center for Youth Wellness through the end of the 10-year lease option. In June 2014, the Prevention Center signed a nine-year sub-lease for space in the CAC with the Human Services Agency of the City and County of San Francisco. Total rental expense for leased facilities for the years ended December 31, 2015 and 2014 was $224,749 and $219,780, respectively.

The Prevention Center's future minimum rental commitments under its non-cancelable operating lease, net of guaranteed sublease income, as of December 31, 2015 are as follows:

Year Ending December 31,	Operating Lease	Sublease Income	Total
2016	$ 228,097	$ (390,920)	$ (162,823)
2017	232,659	(401,540)	(168,881)
2018	237,314	(412,456)	(175,142)
2019	242,061	(423,677)	(181,616)
2020	246,903	(435,211)	(188,308)
Thereafter	573,254	(1,021,900)	(448,646)
	$ 1,760,288	$ (3,085,704)	$ (1,325,416)

10. Acquisition of Kids' Turn

On August 29, 2014, the Prevention Center acquired Kids' Turn, a non-profit 501(c)3 community-based organization. Kids' Turn helps children and parents cope with the turmoil of divorce and separation by helping children to understand and express their emotions and helping parents to develop co-parenting and parallel parenting skills.

The Prevention Center did not pay any consideration to acquire the Kids' Turn program. Kids' Turn assets comprised of $6,769 in cash and no liabilities. The 2014 Statement of Activity incorporated $253,658 of in-kind legal fees donated by Latham & Watkins LLP during the acquisition. These fees are included both in revenues and expenses in 2014 and net to zero in the overall financial statements.

11. Subsequent Events

On June 28, 2016, the Prevention Center acquired 3450 Third Street, Building 2, which is home to the CAC. The purchase price was $4,000,000 plus closing costs of approximately $130,000.

Subsequent events have been evaluated through August 29, 2016, the date the financial statements were available to be issued. Where applicable, such events are appropriately reflected and/or disclosed in these financial statements.