San Francisco Child Abuse Prevention Center

Financial Statements

Years Ended December 31, 2013 and 2012

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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
San Francisco, California

We have audited the accompanying financial statements of San Francisco Child Abuse Prevention Center (the "Prevention Center"), a California non-profit benefit corporation, which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Prevention Center's 2012 financial statements and, in our report dated September 30, 2013, we expressed an unqualified opinion on those 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 this financial statement 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 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 San Francisco Child Abuse Prevention Center as of December 31, 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

July 31, 2014

Financial Statements

San Francisco Child Abuse Prevention Center

Statements of Financial Position
December 31, 2013 and 2012

		2013		2012
Assets				
Cash and cash equivalents	$	**1,576,322**	$	4,085,575
Investments		**545,628**		525,897
Government contracts receivable		**348,414**		257,222
Grants receivable		**380,500**		590,300
Pledges receivable, net		**674,706**		97,698
Prepaid expenses and other assets		**193,154**		147,840
Other assets		**249,336**		183,616
Property and equipment, net (Note 6)		**4,939,489**		2,596,350
Total Assets	$	**8,907,549**	$	8,484,498
Liabilities and Net Assets				
Liabilities:				
Accounts payable and accrued expenses	$	**700,782**	$	181,147
Accrued vacation		**112,860**		94,434
Due to broker		**-**		510,000
Assets held for the benefit of others		**-**		17,831
Other liabilities		**28,867**		15,727
Total Liabilities		**842,509**		819,139
Net Assets:				
Unrestricted		**6,927,795**		5,183,794
Temporarily restricted (Note 7)		**1,127,245**		2,471,565
Permanently restricted (Note 8)		**10,000**		10,000
Total Net Assets		**8,065,040**		7,665,359
Total Liabilities and Net Assets	$	**8,907,549**	$	8,484,498

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, 2013
with Comparative Totals For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	2013 Total	2012 Total
Support & Revenue:					
Government grants	$ 1,739,082	$ -	$ -	$ 1,739,082	$ 1,387,914
Foundation and corporate grants	293,500	1,000,712	-	1,294,212	1,762,757
Donations	420,675	635,668	-	1,056,343	497,433
In-kind revenue	360,845	-	-	360,845	572,113
Fundraising events, net of direct donor benefits of $82,093 in 2013 and $122,078 in 2012	431,136	-	-	431,136	518,635
Program service fees	8,234	-	-	8,234	15,136
Rental Income	89,299	-	-	89,299	59,333
Interest and dividends	14,388	302	-	14,690	2,697
Other income (loss)	(25,582)	(23,385)	-	(48,967)	24,114
Net assets released from restriction:					
Satisfaction of donor requirements	2,957,617	(2,957,617)	-	-	-
Total Support & Revenue	6,289,194	(1,344,320)	-	4,944,874	4,840,132
Expenses:					
Program services	3,394,952	-	-	3,394,952	3,003,773
Management and general	484,939	-	-	484,939	590,362
Fundraising	665,302	-	-	665,302	522,773
Total Expenses	4,545,193	-	-	4,545,193	4,116,908
Change in Net Assets	1,744,001	(1,344,320)	-	399,681	723,224
Net Assets, beginning of year	5,183,794	2,471,565	10,000	7,665,359	6,942,135
Net Assets, end of year	$ 6,927,795	$ 1,127,245	$ 10,000	$ 8,065,040	$ 7,665,359

See accompanying notes to financial statements.

San Francisco Child Abuse Prevention Center

Statement of Functional Expenses for the Year Ended December 31, 2013
with Comparative Totals for the Year Ended December 31, 2012

	PROGRAM SERVICES							SUPPORTING ACTIVITIES			
	TALK Line	SafeStart	Family Support	Education & Training	Children's Advocacy Center	Partners in Prevention	Total Program Services	Administration	Fundraising	2013 Total	2012 Total
Salaries	$ 233,959	$ 142,554	$ 630,961	$ 225,279	$ 213,785	$ -	$ 1,446,538	$ 299,751	$ 307,699	$ 2,053,988	$ 1,989,726
Stipends	-	-	39,690	-	-	-	39,690	-	-	39,690	43,320
Payroll Taxes	19,496	12,129	57,518	18,042	17,751	-	124,936	23,828	24,739	173,503	173,061
Benefits	51,934	16,541	111,151	26,753	21,159	-	227,538	31,088	23,917	282,543	275,350
Recruitment & Prof Development	1,218	695	1,875	221	5,894	-	9,903	2,915	13,545	26,363	14,905
Staff Appreciation	1,427	850	5,801	1,475	1,190	-	10,743	1,794	1,840	14,377	9,873
Accounting & Payroll	-	-	-	-	-	1,100	1,100	38,988	-	40,088	41,579
Audit	-	-	-	-	-	-	-	20,450	-	20,450	18,980
Legal	-	-	-	-	12,881		12,881	-	-	12,881	130,504
Consultants	42,538	17,820	98,032	22,228	100,300	4,263	285,181	7,328	167,058	459,567	476,572
Subcontractors	-	396,872	-	-	-	-	396,872	-	-	396,872	415,692
Travel	309	351	1,152	1,017	1,459	-	4,288	1,302	493	6,083	4,088
Conferences & Meetings	119	3,906	337	531	141	-	5,034	160	2,817	8,011	8,668
Utilities	1,694	1,097	4,612	1,628	9,781	-	18,812	2,190	2,201	23,203	19,364
Maintenance & Janitorial	4,454	2,630	12,196	4,228	21,845	-	45,353	5,711	5,857	56,921	31,865
Rental	4,925	3,543	13,141	4,641	252,752	-	279,002	6,363	6,439	291,804	170,074
Program Supplies	4,490	15,734	13,104	5,702	689	12,275	51,994	-	-	51,994	56,701
Client Support	1,220	16	33,404	-	-	-	34,640	-	-	34,640	34,558
Volunteer Recognition	2,236	16	1,226	7	5	-	3,490	9	313	3,812	3,345
Office Supplies	2,472	1,549	6,193	2,177	2,570	-	14,961	3,007	3,006	20,974	11,249
Expendable Equipment	8,329	5,602	23,427	7,862	200,418	-	245,638	11,320	12,197	269,155	12,197
Dues & Subscriptions	1,186	7,371	4,882	1,972	4,093	-	19,504	1,920	4,662	26,086	32,050
Equipment Rental & Repairs	100	61	271	96	98	-	626	134	268	1,028	1,587
Telephone & Communications	9,062	3,039	9,826	3,437	3,348	-	28,712	4,756	4,608	38,076	22,486
Postage & Delivery	280	172	861	331	266	-	1,910	407	5,541	7,858	6,281
Insurance	1,364	826	3,733	1,336	1,208	-	8,467	4,023	1,806	14,296	19,177
Printing & Copying	378	228	1,048	579	485	-	2,718	518	17,768	21,004	13,620
Depreciation	11,442	7,355	31,230	10,846	10,722	-	71,595	14,125	15,763	101,483	62,842
Other	461	275	1,224	437	417	15	2,829	2,854	42,760	48,443	17,194
Total Expenses	$ 405,093	$ 641,232	$ 1,106,895	$ 340,825	$ 883,257	$ 17,653	$ 3,394,955	$ 484,941	$ 665,297	$ 4,545,193	$ 4,116,908

See accompanying notes to financial statements.

San Francisco Child Abuse Prevention Center

Statements of Cash Flows
For the Years Ended December 31, 2013 and 2012

		2013		2012
Cash Flows from Operating Activities				
Change in net assets	**$**	**399,681**	$	723,224
Adjustments to reconcile change in net assets				
to net cash (used in) provided by operating activities:				
Depreciation expense		**101,483**		62,842
Donated property		**(199,592)**		(142,293)
In-kind donated services		**(119,517)**		(183,617)
Loss on disposal of fixed assets		**15,999**		2,463
Loss from investments		**9,238**		1,217
Changes in assets and liabilities:				
Grants, pledges and contracts receivable		**(458,400)**		508,851
Prepaid expenses and other assets		**8,483**		(31,093)
Accounts payable and other accrued expenses		**136,924**		(13,261)
Accrued vacation		**18,426**		(3,531)
Assets due to or held for others		**(527,831)**		(66,934)
Cash (Used in) Provided by Operating Activities		**(615,106)**		857,868
Cash Flows from Investing Activities:				
Purchase of investments		**(28,969)**		(33,028)
Purchase of fixed assets		**(1,865,178)**		(206,887)
Proceeds from sale of investments		**-**		15,914
Cash Used in Investing Activities		**(1,894,147)**		(224,001)
(Decrease) Increase in Cash and Cash Equivalents		**(2,509,253)**		633,867
Cash and Cash Equivalents, beginning of year		**4,085,575**		3,451,708
Cash and Cash Equivalents, end of year	**$**	**1,576,322**	$	4,085,575
Supplemental Non-Cash Disclosures:				
Donated capitalized property	**$**	**199,592**	$	142,293
Capitalized deferred lease costs	**$**	**119,517**	$	183,617
Purchases of property in accounts payable at year-end	**$**	**395,851**	$	-

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 in crisis; (2) educate the community; and, (3) coordinate strategic partnerships; detailed information is available at www.sfcapc.org. Programs include:

Children & Family Services – The Prevention Center's direct services include a parent and child crisis drop-in program, parent and child counseling and therapy, case management, parent-child education, family activities, and a pilot program to provide outcomes-based intensive services to high-needs families. The Therapeutic Children's Playroom provides care for children and supports the Prevention Center's other programs by offering no-cost childcare while parents are on-site receiving services.

SafeStart Program – As part of its Children & Family Services, the Prevention Center leads a citywide collaborative effort to reduce the effects of violence on young children, and foster their ability to overcome negative experiences and thrive.

TALK Line (415.441.KIDS) - As part of its Children & Family Services, trained volunteers handle approximately 14,000 calls every year from parents and caregivers in crisis. The TALK Line operates 24 hours a day, 7 days a week, 365 days a year, and has provided service virtually uninterrupted for 39 years.

Education and Training – The Prevention Center provides Mandated Reporter training to professionals serving children, instructing them how 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 also participates in the "Enough Abuse" regional public awareness campaign dedicated to recognizing and preventing child sexual abuse.

Children's Advocacy Center – The Prevention Center coordinates partnerships throughout the community to prevent child abuse. A key initiative is the creation and leadership of the Children's Advocacy Center of San Francisco (CAC). Based upon a national best-practice model, the CAC is a public-private partnership where multidisciplinary teams respond to incidents of child sexual abuse, physical abuse, and exposure to violence in a newly built, child-friendly facility. The Prevention Center opened the doors of the CAC in October 2013, with interviews beginning in February 2014.

Funding and Revenue Concentration

The Prevention Center receives approximately 28% of its unrestricted income from government grants awarded by various departments within the City & County of San Francisco. Should this grantor reduce its 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 have been 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.

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 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. As of December 31, 2013, the Prevention Center is the named recipient of one conditional grant totaling $300,000. This conditional grant is contingent on achievements of CAC and will be recorded as revenue when and if stipulated conditions are met.

The Prevention Center recognized program revenues and rental income when earned. Rental income is recorded on a straight-line basis of the lease terms.

Use of 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 those estimates. Significant estimates made by the Prevention Center include useful lives of property and equipment, valuation of pledge 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Prevention Center's financial statements for the year ended December 31, 2012, 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 as net realized and unrealized gains (losses) on investments.

Contracts Receivable

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

Grants Receivable

Grants receivable include amounts committed by donors but which have not yet been received by the Prevention Center. Management periodically reviews the collectability of grants receivable and provides a provision at the time it is determined that they are uncollectable.

In 2012 the Prevention Center received a $400,000 conditional grant from the Horace W. Goldsmith Foundation payable in four installments, which is dependent upon meeting various benchmarks in the development of the Children's Advocacy Center. During 2013, the Prevention Center recorded revenue of $100,000 upon meeting the established benchmarks. $300,000 of conditional grants are outstanding as of December 31, 2013 to be recorded upon meeting the established benchmarks.

Pledges Receivable

Pledges receivable are measured at fair value upon receipt. If a pledge is not expected to be collected within one year, it is discounted to it estimated fair value using a present value technique. The fair value of a pledge that is collectible within one year is recognized at its net realizable value.

Unconditional pledges and grants receivable are due as follows:

December 31,	**2013**	2012
Less than one year	**$ 770,766**	$ 693,140
1 – 5 years	**344,717**	-
Pledges receivable	**1,115,483**	693,140
Less: Discount on long-term pledges	**(23,146)**	-
Less: Reserve for uncollectible pledges	**(37,131)**	(5,142)
Pledges receivable, net	**$ 1,055,206**	$ 687,998

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.

Assets held for the Benefit of Others

At December 31, 2012, the Prevention Center was the intermediary between a donor and a recipient organization and was holding $17,831 for the benefit of the recipient organization. At December 31, 2013, the Prevention Center did not hold any funds for the benefit of others.

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.

Assets and Liabilities Measured and Recorded at Fair Value on a Recurring Basis

The following table represents 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, 2013:

As of December 31, 2013	**Level 1**	**Level 2**	**Level 3**
Assets:			
Investments [a]	$ 545,628	$ -	$ -
Total	$ 545,628	$ -	$ -

[a] Investments consist principally of an intermediate bond fund and a short term bond fund.

The following table represents 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, 2012:

As of December 31, 2012	**Level 1**	**Level 2**	**Level 3**
Assets:			
Investments [b]	$ 525,897	$ -	$ -
Total	$ 525,897	$ -	$ -

[b] Investments consist principally of an intermediate bond fund and a short term bond fund with a cost basis of $525,897.

Fair Value of Other Financial Instruments

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.

Assets Measured and Recorded at Fair Value on a Nonrecurring Basis

The Prevention Center determines fair value of long-lived assets held and used, such as fixed assets, by reference to independent appraisals, quoted market prices (e.g. an offer to purchase) and other factors. An impairment charge is recorded when the carrying value of the asset exceeds its fair value. There were no impairment charges recorded in the periods presented.

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 according to a formula based on the relative amount of staff time spent on the particular 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

In October 2012, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No 2012-05 – *Statement of Cash Flows (Topic 230) Not-for-Profit Organizations – Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*. The update requires a not-for-profit entity to classify sale proceeds of donated financial assets consistent with cash donations as an operating activity, if such assets were converted nearly immediately into cash, unless the donor restricted the use of the proceeds to long-term purposes, in which case those cash receipts should be classifies as a financing activity. If those assets were no immediately converted to cash, the proceeds upon sale should be classified as an investing activity. This guidance is effective prospectively for annual periods, beginning after June 15, 2013. The adoption of this guidance is not expected to have a material effect on the Prevention Center's 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, 2013 and 2012.

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 2009. However, the Prevention Center is still open to examinations by tax authorities from fiscal year 2009 forward. For the year ended December 31, 2013, 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, 2013, 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. Building Maintenance Fund

Until 2007, the Prevention Center leased its Waller Street facility from the San Francisco Child Abuse Prevention Society (the Society). In 2007, the Society donated this building and land to the Prevention Center. As part of the agreement, the Prevention Center was required to establish a $400,000 Building Maintenance Fund. The fund was to remain intact for at least three years from the time of property transfer (until January 2010) and was intended to be used solely for building repairs, maintenance and capital improvements, and should be replenished from time to time. From January 2010, the required term for the Building Maintenance Fund, through December 31, 2013, the Prevention Center maintained $400,000 of cash and cash equivalents segregated for future building maintenance and capital improvements. In the year ended December 31, 2013, the Prevention Center used the $400,000 on capital improvements for the Waller Street facility.

6. Property and Equipment, net

Property and equipment, net at December 31, 2013 and 2012 were as follows:

		2013		2012
Land	**$**	**847,300**	$	847,300
Building and building improvements		**2,248,645**		1,458,312
Furnishings and equipment		**146,358**		93,513
Leasehold improvements		**2,094,406**		500,805
		5,336,709		2,899,930
Less: accumulated depreciation		**(397,220)**		(303,580)
Property and equipment, net	**$**	**4,939,489**	$	2,596,350

Depreciation expense for years ended December 31, 2013 and 2012 was $101,483 and $62,842, respectively.

7. Temporarily Restricted Net Assets

Temporarily restricted net assets represent grants and donations to the Prevention Center that have been restricted for a specific purpose or time period at December 31, 2013 and 2012 were as follows:

	2013	2012
Children's Advocacy Center	$ 502,799	$ 2,155,952
Education and training	33,258	77,593
General support for next year	558,688	55,000
Family support	-	30,879
Playroom	32,500	75,659
Other	-	76,482
Total temporarily restricted net assets	$ 1,127,245	$ 2,471,565

8. 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.

9. 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 20 hours per week. The Board of Directors determines annually the employer discretionary contribution, if any, to be made on behalf of eligible employees. Employees may also elect to make additional contributions to the Plan. For 2013, the Board determined an annual contribution of 1.5% of gross eligible salaries. The Prevention Center contributed $22,955 to the Plan for the year ended December 31, 2013.

10. Commitments and Contingencies

Operating Leases

At the end of March 2012, the Prevention Center entered into a 10-year lease to provide space for the newly created CAC (as described above in the Nature of Activities). Contemporaneously with the exercise of the lease option, the Prevention Center entered into sublease agreements with both Sutter Health/CPMC and CYW through the end of the 10-year lease option. Total rental expense for both leased and month-to-month facilities the years ended December 31, 2013 and 2012 was $291,804 and $162,000, respectively.

The Prevention Center's future minimum rental commitments under its non-cancelable operating lease, net of guaranteed sublease income, as of December 31, 2013 are as follows (exclusive of the sublease disclose in Note 10):

Year Ending December 31,	Operating Lease	Sublease Income	Total
2014	$ 173,880	$ (86,171)	$ 87,709
2015	223,625	(109,261)	114,364
2016	228,097	(111,453)	116,645
2017	232,659	(113,688)	118,971
2018	217,831	(115,969)	101,862
Thereafter	1,040,706	(519,148)	521,558
	$ 2,116,798	$ (1,055,690)	$ 1,061,108

11. Subsequent Events

In June 2014, the 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.

Subsequent events have been evaluated through July 31, 2014, the date the financial statements were available to be issued. Where applicable, such events are appropriately reflected and/or disclosed in these financial statements.