

***THE CHILD AND FAMILY NETWORK  
CENTERS***

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2017 AND 2016



**Halt Buzas &  
Powell, LTD**

CERTIFIED PUBLIC ACCOUNTANTS • MANAGEMENT CONSULTANTS

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
The Child and Family Network Centers  
Alexandria, Virginia

We have audited the accompanying financial statements of The Child and Family Network Centers (the Organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities 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.

### *Auditors' 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 auditors' 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 Organization as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matter*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses (pages 17 - 18) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Halt, Buzas & Powell, Ltd.*

Alexandria, Virginia  
December 14, 2017

**THE CHILD AND FAMILY NETWORK CENTERS**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

	2017	2016
<b>ASSETS</b>		
Cash	\$ 380,342	\$ 29,358
Contributions receivable	58,932	23,690
Capital Campaign contributions receivable, net	45,007	207,114
Prepaid expenses	27,253	27,861
Common stock	-	12
Property and equipment, net	2,164,405	2,207,571
 Total assets	 \$ 2,675,939	 \$ 2,495,606
<b>LIABILITIES AND NET ASSETS</b>		
Bank line of credit	\$ 199,384	\$ 199,384
Accounts payable	9,284	14,628
Accrued payroll and related compensation	69,796	54,492
Note payable	1,103,072	1,130,612
Deferred revenue	5,482	-
 Total liabilities	 1,387,018	 1,399,116
 Net assets:		
Unrestricted	1,264,550	1,096,490
Temporarily restricted	24,371	-
Total net assets	1,288,921	1,096,490
 Total liabilities and net assets	 \$ 2,675,939	 \$ 2,495,606

See accompanying notes to the financial statements.

**THE CHILD AND FAMILY NETWORK CENTERS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Total
Revenues:			
Government grants - Local	\$ 601,100	\$ -	\$ 601,100
Government grants - Commonwealth of Virginia	526,333	-	526,333
Foundation grants	364,064	24,371	388,435
Individual and community group contributions	357,881	-	357,881
Corporate contributions	119,737	-	119,737
In-kind contributions	62,633	-	62,633
Other income	31,455	-	31,455
Interest and dividend income	3	-	3
Realized loss	(4)	-	(4)
Total revenues	2,063,202	24,371	2,087,573
Expenses:			
Program services	1,429,798	-	1,429,798
Support services:			
Management and general	225,642	-	225,642
Development and fundraising	239,702	-	239,702
Total support services	465,344	-	465,344
Total expenses	1,895,142	-	1,895,142
Change in net assets	168,060	24,371	192,431
Net assets, beginning of year	1,096,490	-	1,096,490
Net assets, end of year	\$ 1,264,550	\$ 24,371	\$ 1,288,921

See accompanying notes to the financial statements.

**THE CHILD AND FAMILY NETWORK CENTERS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues:			
Government grants - Commonwealth of Virginia	\$ 578,009	\$ -	\$ 578,009
Government grants - Local	562,946	-	562,946
Individual and community group contributions	332,235	-	332,235
Foundation grants	276,886	-	276,886
In-kind contributions	84,704	-	84,704
Other income	56,826	-	56,826
Corporate contributions	25,695	-	25,695
Interest and dividend income	10	-	10
Unrealized loss	<u>(344)</u>	<u>-</u>	<u>(344)</u>
Total revenues	<u>1,916,967</u>	<u>-</u>	<u>1,916,967</u>
Expenses:			
Program services	<u>1,718,822</u>	<u>-</u>	<u>1,718,822</u>
Support services:			
Management and general	268,498	-	268,498
Development and fundraising	<u>252,219</u>	<u>-</u>	<u>252,219</u>
Total support services	<u>520,717</u>	<u>-</u>	<u>520,717</u>
Total expenses	<u>2,239,539</u>	<u>-</u>	<u>2,239,539</u>
Change in net assets	(322,572)	-	(322,572)
Net assets, beginning of year	<u>1,419,062</u>	<u>-</u>	<u>1,419,062</u>
Net assets, end of year	<u>\$ 1,096,490</u>	<u>\$ -</u>	<u>\$ 1,096,490</u>

See accompanying notes to the financial statements.

**THE CHILD AND FAMILY NETWORK CENTERS**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ <u>192,431</u>	\$ <u>(322,572)</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	54,753	56,063
Donated common stock	(19,755)	(15,742)
Unrealized loss on investments	-	344
Realized loss on investments	4	-
Decrease (increase) in assets:		
Contributions receivable	(35,242)	(23,365)
Capital Campaign contributions receivable, net	162,107	283,362
Prepaid expenses	608	(27,017)
Increase (decrease) in liabilities:		
Accounts payable	(5,344)	(12,222)
Accrued payroll and related compensation	15,304	(65,130)
Deferred revenue	<u>5,482</u>	<u>-</u>
Total adjustments	<u>177,917</u>	<u>196,293</u>
Net cash provided by (used in) operating activities	<u>370,348</u>	<u>(126,279)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(11,587)	-
Purchases of investments	(100)	-
Proceeds from sales of donated common stock	<u>19,863</u>	<u>17,956</u>
Net cash provided by investing activities	<u>8,176</u>	<u>17,956</u>
Cash flows from financing activities:		
Principal payments on note payable	(27,540)	(26,428)
Proceeds from related party loan	-	35,000
Principal payments on loan from related party	<u>-</u>	<u>(35,000)</u>
Net cash used in financing activities	<u>(27,540)</u>	<u>(26,428)</u>
Net increase (decrease) in cash	350,984	(134,751)
Cash, beginning of year	<u>29,358</u>	<u>164,109</u>
Cash, end of year	<u>\$ 380,342</u>	<u>\$ 29,358</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 67,415</u>	<u>\$ 68,132</u>

See accompanying notes to the financial statements.



**THE CHILD AND FAMILY NETWORK CENTERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**1. Organization**

Based in Alexandria, Virginia, The Child and Family Network Centers (the Organization) provides bilingual, high-quality, free education and intensive social services to at-risk children and families, the working poor with no benefits, to prepare and empower them for success in school and life. The Organization changes the trajectory of poverty by decreasing key risk factors. Over 125 children and families are on the Organization's waiting list. For the years ended June 30, 2017 and 2016, the Organization offered preschool and comprehensive services at five sites - eight classrooms.

The Organization was started in 1984 by a group of mothers living in a public housing community after they learned that 17 of their children failed kindergarten. From that modest beginning, the Organization has continuously expanded both the reach and depth of its services to address community needs. The Organization's health, comprehensive social services and full-day preschool offer a blueprint for stabilization and success. The Organization decreases key risk factors of poverty for Alexandria's most vulnerable children and families. Currently, nearly 150 children and their families benefit from the Organization's comprehensive programs, which are all designed to support its mission to provide caring, high-quality, free education and related services to at-risk children and their families in their own neighborhoods in order to prepare them for success in school and life.

**2. Summary of significant accounting policies**

Basis of accounting

The Organization's financial statements are prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when obligations are incurred.

Basis of presentation

The Organization's financial statements are presented in accordance with generally accepted accounting principles for nonprofit organizations. Under those principles, the Organization is required to report information regarding its financial position and activities according to three classes of net assets:

**THE CHILD AND FAMILY NETWORK CENTERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

*Unrestricted Net Assets* represent resources that are not subject to donor imposed stipulations and are available for operations at management's discretion.

*Temporarily Restricted Net Assets* represent resources restricted by donors as to purpose or by the passage of time.

*Permanently Restricted Net Assets* represent resources whose use by the Organization is limited by donor imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by action of the Organization. Income from the assets held is available for either general operations or specific purposes, in accordance with donor stipulations.

The Organization has no permanently restricted net assets at June 30, 2017 and 2016.

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 of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses and their functional allocation during the reporting period. Actual results could differ from those estimates.

Fair value measurements

The Organization reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs used to measure fair value are categorized as follows:

**THE CHILD AND FAMILY NETWORK CENTERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

- Level 1 - quoted prices in active markets for identical assets or liabilities.
- Level 2 - inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.
- Level 3 - unobservable inputs which are typically based on the Organization's own assumptions, as there is little, if any, related market activity.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are subject to the standard. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no assets held by the Organization at June 30, 2017 that were subject to the standard. There were no Level 2 or 3 Inputs for any assets held by the Organization at June 30, 2016.

Income taxes

The Organization is exempt from federal and local income taxes under Section 501(c)(3) of the Internal Revenue Code on income derived from activities related to its exempt purpose. This code section enables the Organization to accept donations that qualify as charitable contributions to the donor. The Organization is subject to income taxes on taxable income from unrelated business activities. For the years ended June 30, 2017 and 2016, the Organization did not recognize income tax expense in the accompanying financial statements as there was no unrelated business taxable income.

The Organization is not aware of any activities that would jeopardize their tax-exempt status that would require recognition in the accompanying financial statements. Generally, tax returns are subject to examination by taxing authorities for up to three years from the date a completed return is filed. If there are material omissions of income, tax returns may be subject to examination for up to six years. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in the accompanying financial statements. As of June 30, 2017 and 2016, the Organization had no uncertain tax positions which should be recognized as a liability.

**THE CHILD AND FAMILY NETWORK CENTERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

Contributions receivable, net

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at their net realizable value. Amounts that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. The cash flows are discounted at a discount rate commensurate with the risk involved. Amortization of the resulting discount is recognized as additional contribution revenue. Reserves are established for contributions receivable that are delinquent and considered uncollectible based on periodic reviews by management. At June 30, 2017 and 2016, the allowance for doubtful accounts totaled \$126 for each year.

Property and equipment, net

Property and equipment acquisitions are recorded in the financial statements at cost, net of accumulated depreciation and amortization. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets as follows:

Building	39 years
Computer equipment and software	5 years
Furniture and fixtures	5 - 12 years
Building improvements	39 years
Playground	10 years

The Organization's policy is to capitalize major additions and improvements over \$1,000. Repairs and maintenance which do not significantly add to the value of assets are expensed as incurred.

**THE CHILD AND FAMILY NETWORK CENTERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

Revenue recognition

*Contributions*

Contributions and certain foundation grants are recognized as revenue when received or promised and are recorded net of any current year allowance or discount activity. The Organization reports gifts of cash and other assets as temporarily restricted support if they are received or promised with donor stipulations that limit the use of the donated assets to the Organization's programs or to a future year. When a donor restriction expires, that is, when a purpose restriction is accomplished or time restriction has elapsed, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as unrestricted if the restriction expires in the same reporting period in which the contribution is recognized.

*Grants*

Grant revenue that is considered an exchange transaction is recognized as earned when the qualifying costs are incurred. Amounts received in advance are recorded as deferred revenue in the accompanying statements of financial position.

*In-kind contributions*

Donated services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense charged to programs and supporting services based on the program or support services directly benefited.

**THE CHILD AND FAMILY NETWORK CENTERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

Functional allocation of expenses

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

Reclassification

For comparative purposes, certain 2016 amounts have been reclassified to conform to the 2017 presentation.

**3. Concentrations of credit risk**

The Organization maintains bank deposits that, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) limits. At June 30, 2017, the Organization had bank deposits in excess of FDIC limits of \$130,618. There were no deposits in excess of FDIC limits at June 30, 2016.

**4. Capital Campaign contributions, net**

Contributions receivable consist of unconditional promises to give principally for the Organization's Capital Campaign and are summarized as follows:

	<u>2017</u>	<u>2016</u>
Unconditional promises to give expected to be collected in:		
Less than one year	\$ 42,174	\$ 188,884
One to five years	<u>3,000</u>	<u>20,885</u>
Total	45,174	209,769
Less:		
Allowance for uncollectible amounts	(126)	(126)
Discount to present value (1.38% and .58% interest rate)	<u>(41)</u>	<u>(2,529)</u>
Capital Campaign contributions receivable, net	<u>\$ 45,007</u>	<u>\$ 207,114</u>

**THE CHILD AND FAMILY NETWORK CENTERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**5. Common stock**

The Organization occasionally receives unrestricted donated common stock and records the donation at fair value based on quoted market prices at the time of receipt. Fair value is measured using Level 1 inputs and, at June 30, 2016, had a fair value of \$12. There were no unrestricted donations of common stock held by the Organization at June 30, 2017.

**6. Property and equipment, net**

The following is a summary of property and equipment held at June 30:

	<u>2017</u>	<u>2016</u>
Building	\$ 998,243	\$ 998,243
Computer equipment and software	35,289	23,702
Furniture and fixtures	32,600	32,600
Building improvements	1,090,102	1,090,102
Playground	25,163	25,163
Land	<u>240,000</u>	<u>240,000</u>
Property and equipment	2,421,397	2,409,810
Accumulated depreciation and amortization	<u>(256,992)</u>	<u>(202,239)</u>
Total property and equipment, net	<u>\$ 2,164,405</u>	<u>\$ 2,207,571</u>

Depreciation and amortization expense for the years ended June 30, 2017 and 2016 was \$54,753 and \$56,063, respectively.

**7. Commitments**

Operating leases

During the year ended June 30, 2014, the Organization entered into a lease for classroom space in Alexandria, Virginia. The lease term ended in August 2017 and the Company renewed the lease for a term of three years. The lease calls for monthly rental payment of \$1,459 and will expire in August 2020.

**THE CHILD AND FAMILY NETWORK CENTERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

During the year ended June 30, 2016, the Organization entered into two single year agreements for classroom space in Alexandria, Virginia. The lease terms ended and were extended during the year ended June 30, 2017. The annual rent payments are \$20,000 and \$7,500.

Rent expense for the year ended June 30, 2017 and 2016 was \$126,528 and \$153,455, respectively.

Aggregate future minimum lease payments are as follows for the years ending June 30:

2018	\$ 44,899
2019	17,503
2020	17,503
2021	<u>2,188</u>
Total	\$ <u>82,093</u>

Bank line of credit

The Organization maintains a \$200,000 line of credit that carries an interest rate equal to the prime rate announced by the bank plus 1.25%, which was at 5.50% and 4.75% at June 30, 2017 and 2016, respectively. The line of credit is automatically renewed annually and is secured by all funds held in the same institution. At June 30, 2017 and 2016, the Organization had a balance due in the amount of \$199,384 for each year. On August 30, 2017, the Organization replaced its line of credit with a term note from the same bank, payable in equal monthly installments of \$2,194 over ten years. The interest rate is fixed at 5.65% and the loan is secured by all deposits held by the bank.

Loans from related parties

During the year ended June 30, 2016, one board member advanced funds to the Organization for operational purposes. The loan was unsecured and interest on the loan was donated as in-kind to the Organization. The loan was paid in full in March 2016.



**THE CHILD AND FAMILY NETWORK CENTERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

Note payable

The Organization entered into a \$1,200,000 note payable in connection with the acquisition and construction of a new facility during the year ended June 30, 2013. The note carries an interest rate of 5.05%, is secured by the facility, and matures on September 30, 2038. Monthly interest only payments for the note began on July 1, 2013, which changed to monthly payments of principal and interest on November 1, 2013 in the amount of \$7,102. At June 30, 2017 and 2016, the note payable had a balance due of \$1,103,072 and \$1,130,612, respectively.

Aggregate future maturities of the note payable are as follows for the years ending June 30:

2018	\$ 29,474
2019	31,019
2020	32,498
2021	34,348
2022	36,148
2023 and thereafter	<u>939,585</u>
Total	<u>\$ 1,103,072</u>

**8. Temporarily restricted net assets**

No net assets were released from donor restrictions for the years ended June 30, 2017 and 2016.

At June 30, 2017, temporarily restricted net assets were available for information technology improvements in the amount of \$24,371. There were no temporarily restricted net assets available at June 30, 2016.

**THE CHILD AND FAMILY NETWORK CENTERS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2017 AND 2016**

**9. In-kind contributions**

The Organization has entered into lease agreements with the City of Alexandria for classroom space. The classrooms used at the Cora Kelly Recreation Center were leased to the Organization for \$10 per year until August 1, 2015 when the Organization started to pay an annual rent of \$20,000. The fair value of the donated space was estimated at \$20,000 for the years ended June 30, 2017 and 2016. The classrooms used at the Charles Houston Recreation Center were leased to the Organization for \$10 per year until August 1, 2015 when the Organization started to pay an annual rent of \$20,000. As of June 30, 2016, the Organization discontinued their use of the Charles Houston classrooms. As such there was no in-kind revenue or expense recorded for the year ended June 30, 2017. The fair value of the donated space was estimated at \$20,000 for year ended 2016. The classroom used at the Cora Kelly Elementary School is provided to the Organization at no cost. The fair value of the donated space is estimated at \$20,000 for the years ended June 30, 2017 and 2016. The classroom used at the Arlandria - Chirilagua Housing Cooperative is provided to the Organization at no cost. The fair value of the space is estimated at \$14,400 for the years ended June 30, 2017 and 2016.

Total fair value of donated space, which is recognized as in-kind contributions in the accompanying statements of activities, was \$54,400 and \$74,400 for the years ended June 30, 2017 and 2016. Also included as in-kind contributions are school supplies totaling \$8,233 and \$10,304, for the years ended June 30, 2017 and 2016, respectively.

**10. Subsequent events**

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 14, 2017, which is the date the financial statements were available to be issued. Except as noted in Note 7, there were no other subsequent events that require recognition of, or disclosure in, these financial statements.

SUPPLEMENTAL INFORMATION

**THE CHILD AND FAMILY NETWORK CENTERS**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Program services</u>	<u>Management and general</u>	<u>Development and fundraising</u>	<u>Total support services</u>	<u>Total expenses</u>
Payroll expenses	\$ 894,054	\$ 78,490	\$ 118,718	\$ 197,208	\$ 1,091,262
Operating expenses	11,269	22,519	6,654	29,173	40,442
Fringe benefits	101,846	9,273	13,524	22,797	124,643
Consultants and professional fees	31,438	71,456	29,947	101,403	132,841
Interest	50,561	8,427	8,427	16,854	67,415
Travel	1,784	259	-	259	2,043
Facilities and equipment	87,290	5,716	8,336	14,052	101,342
Classroom meals	117,761	-	-	-	117,761
Taxes and licenses	957	1,523	838	2,361	3,318
Training and development	958	675	4,402	5,077	6,035
In-kind expenses	54,400	8,233	-	8,233	62,633
Insurance	14,113	3,495	5,096	8,591	22,704
Depreciation and amortization	41,065	5,568	8,120	13,688	54,753
Computer and IT expenses	18,607	3,811	3,400	7,211	25,818
Bank fees and charges	-	4,643	1,251	5,894	5,894
Field trips	1,750	-	-	-	1,750
Fundraising expenses	-	-	30,937	30,937	30,937
Licenses and fees	1,498	1,162	-	1,162	2,660
Moving expenses	22	149	-	149	171
Gifts	425	211	52	263	688
Miscellaneous	-	21	-	21	21
Cleaning supplies	-	11	-	11	11
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 1,429,798</u>	<u>\$ 225,642</u>	<u>\$ 239,702</u>	<u>\$ 465,344</u>	<u>\$ 1,895,142</u>

**THE CHILD AND FAMILY NETWORK CENTERS**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Program services</u>	<u>Management and general</u>	<u>Development and fundraising</u>	<u>Total support services</u>	<u>Total expenses</u>
Payroll expenses	\$ 1,060,348	\$ 130,221	\$ 112,941	\$ 243,162	\$ 1,303,510
Operating expenses	9,023	13,879	12,098	25,977	35,000
Fringe benefits	97,771	12,007	10,414	22,421	120,192
Consultants and professional fees	117,686	69,908	58,065	127,973	245,659
Interest	51,098	8,517	8,517	17,034	68,132
Travel	892	166	365	531	1,423
Facilities and equipment	97,097	9,163	9,163	18,326	115,423
Classroom meals	122,657	-	-	-	122,657
Taxes and licenses	2,851	1,543	-	1,543	4,394
Training and development	67	545	-	545	612
In-kind expenses	84,704	-	-	-	84,704
Advertising	86	102	1,658	1,760	1,846
Insurance	14,858	5,087	4,412	9,499	24,357
Depreciation and amortization	42,047	7,569	6,447	14,016	56,063
Computer and IT expenses	13,411	2,747	-	2,747	16,158
Bank fees and charges	1,765	6,838	153	6,991	8,756
Field trips	1,400	-	-	-	1,400
Fundraising expenses	-	-	27,986	27,986	27,986
Licenses and fees	675	-	-	-	675
Moving expenses	336	-	-	-	336
Gifts	50	146	-	146	196
Donations	-	60	-	60	60
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 1,718,822</u>	<u>\$ 268,498</u>	<u>\$ 252,219</u>	<u>\$ 520,717</u>	<u>\$ 2,239,539</u>