

**TREASURE VALLEY  
CHILDREN'S RELIEF NURSERY**

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FINANCIAL STATEMENTS

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Year Ended June 30, 2015

**TREASURE VALLEY  
CHILDREN'S RELIEF NURSERY**

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# Brian L. Richins, P.C.

*Certified Public Accountant*

## INDEPENDENT AUDITORS' REPORT

Owner:  
Brian L. Richins  
C.P.A.

To the Board of Trustees of  
Treasure Valley Children's Relief Nursery

We have audited the accompanying financial statements of Treasure Valley Children's Relief Nursery (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

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Financial Planning  
Estate Planning  
Computer Accounting

## INDEPENDENT AUDITOR'S REPORT - Continued

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Treasure Valley Children's Relief Nursery as of June 30, 2015; and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Brian L. Felt". The signature is fluid and cursive, with a large initial "B" and "F".

Ontario, Oregon  
December 21, 2015

**TREASURE VALLEY CHILDREN'S RELIEF NURSERY**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2015**

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$ 521,454
Accounts receivable	290,372
Prepays	540
<b>Total Current Assets</b>	<u>812,366</u>

Property, Plant and Equipment, Net of Depreciation	<u>155,065</u>
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<b>TOTAL ASSETS</b>	<u><u>\$ 967,431</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES:**

Accounts payable	\$ 2,045
Accrued payroll and related taxes	<u>12,492</u>
<b>Total Current Liabilities</b>	<u>14,537</u>

**NET ASSETS:**

Unrestricted	<u>403,804</u>
<b>Total Unrestricted</b>	<u>403,804</u>
<b>Temporarily restricted</b>	<u>549,090</u>
<b>Total net assets</b>	<u>952,894</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 967,431</u></u>
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See Accompanying Notes to Financial Statements

**TREASURE VALLEY CHILDREN'S RELIEF NURSERY**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenue, gains, and other support</b>			
Governmental grants	\$ -	\$ 393,408	\$ 393,408
Other grants	-	56,220	56,220
Building grants	-	225,000	225,000
Donations	-	12,569	12,569
In-kind donations	24,143	-	24,143
Fundraising	23,710	-	23,710
	<u>47,853</u>	<u>687,197</u>	<u>735,050</u>
<b>Net assets released from restrictions</b>			
Satisfaction of usage restrictions	507,582	(507,582)	-
<b>Expenses</b>			
Program costs	369,477	-	369,477
Fund-raising	11,572	-	11,572
Management and general	69,005	-	69,005
	<u>450,054</u>	<u>-</u>	<u>450,054</u>
<b>OTHER REVENUES (EXPENSE):</b>			
Interest and investment income	353	-	353
	<u>353</u>	<u>-</u>	<u>353</u>
<b>CHANGE IN NET ASSETS</b>	<u>105,734</u>	<u>179,615</u>	<u>285,349</u>
<b>NET ASSETS, July 1, 2014</b>	<u>298,070</u>	<u>369,475</u>	<u>667,545</u>
<b>NET ASSETS, June 30, 2015</b>	<u>\$ 403,804</u>	<u>\$ 549,090</u>	<u>\$ 952,894</u>

See Accompanying Notes to Financial Statements

**TREASURE VALLEY CHILDREN'S RELIEF NURSERY**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2015**

	<u>Program</u>	<u>Fund - Raising</u>	<u>Management and General</u>	<u>Total</u>
Payroll, taxes, and benefits	\$ 258,338	\$ -	\$ 60,033	\$ 318,371
Accounting	-	-	3,522	3,522
Outside contract services	4,500	-	4,775	9,275
Advertising	759	172	-	931
Office expenses	1,652	22	675	2,349
Information technology	7,636	-	-	7,636
Occupancy	17,648	-	-	17,648
Travel	8,776	24	-	8,800
Depreciation	5,125	-	-	5,125
Insurance	4,257	-	-	4,257
Supplies	16,407	2,758	-	19,165
Membership dues	3,195	-	-	3,195
Board meetings and training	2,465	-	-	2,465
Workers compensation	3,322	-	-	3,322
Food supplies	4,177	4	-	4,181
Telephone	3,186	-	-	3,186
Client assistance	2,890	-	-	2,890
In-kind expense	16,789	7,354	-	24,143
Other expenses	8,355	1,238	-	9,593
	<u>\$ 369,477</u>	<u>\$ 11,572</u>	<u>\$ 69,005</u>	<u>\$ 450,054</u>

See Accompanying Notes to Financial Statements

**TREASURE VALLEY CHILDREN'S RELIEF NURSERY  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2015**

**CASH PROVIDED (APPLIED):**

**OPERATING ACTIVITIES:**

Change in net assets	\$ 285,349
Adjustments to reconcile increase (decrease) in net assets to cash applied to operating activities:	
Depreciation	5,125
(Increase) decrease in accounts receivable	(267,587)
(Increase) decrease in prepaids	(540)
Increase (decrease) in accounts payable	1,366
Increase (decrease) in payroll liabilities	3,371
	<hr/>
Cash Applied to Operating Activities	<u>27,084</u>

**INVESTING ACTIVITIES:**

Capital expenditures	<u>(71,666)</u>
Cash Applied to Investing Activities	<u>(71,666)</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS** (44,582)

**CASH AND CASH EQUIVALENTS, Beginning of year** 566,036

**CASH AND CASH EQUIVALENTS, End of year** \$ 521,454

See Accompanying Notes to Financial Statements



**TREASURE VALLEY CHILDREN'S RELIEF NURSERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1. Summary of Significant Accounting Policies**

**Nature of Activities**

Treasure Valley Children's Relief Nursery is a nonprofit organization incorporated under the laws of the State of Oregon that provides a home-based services, parent support, and a therapeutic classroom for families with children from birth to five years old at risk of child abuse and child neglect. These children come from families with multiple risk factors for child abuse and neglect, including low income/proverty, substance abuse, mental health issues, domestic violence, single parenting, and other adversities. Some of the children they serve have lived in or currently live in foster care and struggle with the aftermath of early childhood adversities. Treasure Valley Children's Relief Nursery's mission is to prevent child abuse and neglect by strengthening struggling families by providing wraparound services to keep children safe, help parents be successful, and help keep families together.

**Basis of Accounting**

Financial statements of Treasure Valley Children's Relief Nursery follow the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958, financial statements of Not-for-Profit Entities. Under ASC Subtopic 205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: Unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

The financial statements of Treasure Valley Children's Relief Nursery have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Treasure Valley Children's Relief Nursery and changes therein are classified and reported as follows:

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

*Temporarily restricted net assets* – net assets subject to donor-imposed stipulations that may or will be met either by actions of Treasure Valley Children's Relief Nursery and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At June 30, 2015, the temporarily restricted net assets is comprised of the following:

Grants carryover to 2015-16	\$ 2,045
Building fund carryover to 2015-16	<u>547,045</u>
Total	<u>\$ 549,090</u>

**TREASURE VALLEY CHILDREN'S RELIEF NURSERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 - Summary of Significant Accounting Policies, continued**

**Program Services**

The following paragraphs describe the programs provided by Treasure Valley Children's Relief Nursery.

Clients are referred to Treasure Valley Children's Relief Nursery by a variety of agencies and organizations in the community who serve at-risk families, including local health care providers, child protective services, drug and alcohol treatment services, local judges and the district attorney's office, schools and early intervention services, and clergy, among others. Clients also are self-referred. Prior to receiving services, all clients undergo an initial intake that includes an assessment of their child's and family's needs, risk factors, and goals. At the conclusion of this assessment, a child may be enrolled in TVCRN's therapeutic classroom, or the family may be referred to another organization for services. The program provides 300 hours of service annually, which includes receives regularly scheduled home visits for each child. TVCRN, as a certified Relief Nursery and member of the Oregon Association of Relief Nurseries, strives for fidelity to the Relief Nursery model in all areas of service, governance, and compliance.

*Therapeutic Classroom* - Children attend the therapeutic classroom for a three-hour session twice each week which focus on social-emotional skills. Here, staff help toddlers and young children achieve specific goals established with the parents. Through consistent modeling of positive behaviors, a child learns that adults often give directions in order to keep him/her safe. Children are helped to develop a strong sense of self and learn to use words to express feelings. The class curriculum is highly individualized so each child is working on addressing his or her specific issues, developmental delays and the dynamics in his or her familial situation.

*Parent Education and Home Visits* - These visits are scheduled monthly, and in some cases, more frequently. Each visit focuses on an individual child's development, goals set for the child, as well as family goals. Interventionists are certified to conduct home visits using an evidence-based curriculum. Additionally, interventionists share low-cost or no-cost activities with parents so they can positively engage with their little ones while helping ready them for school. These visits are also a time to listen to parents' concerns and answer questions about parenting.

*Basic Needs Support* - Treasure Valley Children's Relief Nursery provides USDA meals for children enrolled in therapeutic classes, supplementary food boxes to client families, and new and used clothing. Helping parents access resources to meet their family's basic needs is a key to reducing stress – and the risk of child abuse and neglect.

**TREASURE VALLEY CHILDREN'S RELIEF NURSERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 - Summary of Significant Accounting Policies, continued**

**Program Services**

*Parent Support and Referral* - TVCRN staff receive ongoing training about resources and programs in the community so they provide additional support to families. Interventionists build trusting relationships with parents so referrals, when needed, for confronting and dealing with issues of depression, anger management, drug or alcohol abuse, domestic violence, the consequences of neglecting children, and other behaviors detrimental to the health and well-being of young children, have a greater likelihood of acceptance. These staff members then help connect parents with appropriate community resources, and provide continued support.

**Fair Value of Financial Instruments**

The Fair Value of Financial Instruments and Disclosures Topic of FASB Accounting Standards Codification (FASB ASC) defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. The Organization's financial instruments are cash equivalents and accounts payable. The recorded values of these financial instruments approximate their fair values based on their short-term nature.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, Treasure Valley Children's Relief Nursery considers all cash and other highly liquid debt instruments purchased with an original maturity date of three months or less to be cash equivalents.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**TREASURE VALLEY CHILDREN'S RELIEF NURSERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 - Summary of Significant Accounting Principles, continued**

**Property and Equipment**

Property and equipment are stated at cost or at the fair market value of the donated assets. Expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of an asset are expensed in the period in which the costs are incurred. Assets with a cost greater than \$2,000 are capitalized and depreciated on the straight-line method over the estimated useful life of the asset; 5 to 7 years for furniture and equipment, 10 years for vehicles, 15 years for leasehold improvements, 40 years for buildings.

**Unearned Revenue**

Unearned revenue arises from the receipt of grant monies for grants which have monitoring and compliance requirements beyond the date of receipt. These monitoring and compliance requirements must be fulfilled prior to recognizing the revenue under generally accepted accounting principles.

**Contributions**

Contributions are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor.

**Functional Allocation of Expense**

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Treasure Valley Children's Relief Nursery utilized a simplified cost allocation method whereby specifically identifiable costs are charged directly to the grant of project and indirect costs are allocated among programs and grants through an allocation base. Treasure Valley Children's Relief Nursery uses salary and benefit expense as the allocation base.

**Income Tax Status**

The Organization is exempt from income taxes as defined by Section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision has been made for income taxes in the accompanying financial statements

The Organization has adopted the provisions of FASB Accounting Standards Codification Topic ASC 740-10 (previously Financial Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*), on January 1, 2009. The implementation of this standard had no impact on the financial statements. As of both the date of adoption and as of June 30, 2015, the unrecognized tax benefit accrual was zero.

The Organization will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The Organization is subject to examinations by tax authorities for years 2012 through 2014.

**Economic Dependence**

The Organization received approximately 43% from State funding.

**TREASURE VALLEY CHILDREN'S RELIEF NURSERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 1 - Summary of Significant Accounting Principles, continued**

**Advertising**

Treasure Valley Children's Relief Nursery expenses advertising costs as they are incurred. Advertising costs for the year ended June 30, 2015, were \$931.

**Note 2 - Cash**

At June 30, 2015, the Organization's cash consist of the following:

Petty Cash	\$	23
ICB - Checking Account		36,697
Umpqua Bank – Building Acct		335,548
Umpqua – Money Market		149,186
Total	\$	<u>521,454</u>

**Note 3 – Accounts Receivable**

At June 30, 2015, the Organization's accounts receivable consist of the following:

Dept. of Human Services	\$	43,282
Early Learning Division		17,839
The Ford Family Foundation		225,000
Miscellaneous		4,251
Total	\$	<u>290,372</u>

**Note 4 - Property and Equipment**

Fixed assets for the year ended June 30, 2015, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Land	\$ 54,833	\$ -	\$ -	\$ 54,833
Construction In Progress	33,691	20,419	-	54,110
Equipment	-	51,247	-	51,247
	<u>88,524</u>	<u>71,666</u>	-	160,190
Accumulated Depreciation	-	(5,125)	-	(5,125)
	<u>\$ 88,524</u>	<u>\$ 66,541</u>	<u>\$ -</u>	<u>\$155,065</u>

Depreciation expense for the year ended June 30, 2015 was \$5,125.

**TREASURE VALLEY CHILDREN'S RELIEF NURSERY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**Note 5 - Concentrations of Credit Risk**

Cash Deposited with Financial Institutions

The Organization maintains its operating cash balances at one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. During the normal course of business, the Organization may have balances that exceed the insured amount. At June 30, 2015 cash in the building bank account exceeds the federally insured amount by \$85,548.

Revenue Sources

The Organization receives its part of its funding from the state of Oregon. This funding is subject to change and the Organization is economically dependent on these funds.

**Note 6 - Donated Services**

The Organization receives a significant amount of donated services from unpaid volunteers who assist in the Relief Nursery program. No amounts have been recognized in the statement of activities because the criteria for recognition under FASB ASC 958-605-50-1 have not been satisfied.

**Note 7 – Commitments and Contingencies**

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. Although that is a possibility, the Board and management deem the contingency remote.

Treasure Valley Children's Relief Nursery leases office space with a monthly rent of \$900 on a month to month basis. Total office rent expense for the year ended June 30, 2015, was \$10,800.

Grant receipts from funding agencies and related expenditures may be audited by state government representatives to determine if the monies are expended in accordance with the appropriate statutes, grant terms, and regulations. Management believes the Organization has been in compliance with all grant requirements and that any expenditure which may be disallowed would be immaterial in the event that an audit by federal or state representatives is conducted.

**Note 8 – Concentration of Credit Risk**

The Organization maintains bank accounts at two different banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At one bank institution the Organization bank balance exceeds the FDIC insurance by the amount of \$85,548.

**Note 9 – Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through December 21, 2015, date which the financial statements were available to be issued.