

NATIONAL CENTER FOR VICTIMS OF CRIME
FINANCIAL STATEMENTS
FIFTEEN MONTHS ENDED DECEMBER 31, 2011

**NATIONAL CENTER FOR VICTIMS OF CRIME
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FIFTEEN MONTHS ENDED DECEMBER 31, 2011**

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CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT

Board of Directors
National Center for Victims of Crime
Washington, DC

We have audited the accompanying statement of financial position of National Center for Victims of Crime as of December 31, 2011, and the related statements of activities, functional expense, and cash flow for the fifteen months then ended. These financial statements are the responsibility of the National Center for Victims of Crime management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the National Center for Victims of Crime at December 31, 2011, and the changes in its net assets and its cash flows for the fifteen months then ended in conformity with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
May 8, 2012

**NATIONAL CENTER FOR VICTIMS OF CRIME
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011**

ASSETS

CURRENT ASSETS

| | |
|---------------------------------|----------------|
| Cash and Cash Equivalents | \$ 94,579 |
| Pledges Receivable | 7,500 |
| Grants and Contracts Receivable | 685,619 |
| Other Receivable | 66,200 |
| Prepaid Expenses | 36,580 |
| Total Current Assets | <u>890,478</u> |

PROPERTY AND EQUIPMENT, NET

58,753

DEPOSITS

100,000

Total Assets

\$ 1,049,231

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | |
|--|------------------|
| Accounts Payable and Accrued Expenses | \$ 704,167 |
| Accrued Vacation | 89,714 |
| Line of Credit | 140,000 |
| Capital Lease Payable, Current Portion | 5,218 |
| Deferred Rent, Current Portion | - |
| Deferred Revenue | 154,323 |
| Total Current Liabilities | <u>1,093,422</u> |

CAPITAL LEASE PAYABLE, NET OF CURRENT PORTION

25,587

DEFERRED RENT, NET OF CURRENT PORTION

55,690

Total Liabilities

1,174,699

NET ASSETS

| | |
|----------------------------|------------------|
| Unrestricted (Deficit) | (161,433) |
| Temporarily Restricted | 35,965 |
| Total Net Assets (Deficit) | <u>(125,468)</u> |

Total Liabilities and Net Assets

\$ 1,049,231

See accompanying Notes to Financial Statements.

**NATIONAL CENTER FOR VICTIMS OF CRIME
STATEMENT OF ACTIVITIES
FIFTEEN MONTHS ENDED DECEMBER 31, 2011**

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|----------------------------|-----------------------------------|----------------------------|
| REVENUE AND OTHER SUPPORT | | | |
| Federal Grants | \$ 3,671,346 | \$ - | \$ 3,671,346 |
| Contributions and Other Grants | 799,817 | 25,965 | 825,782 |
| Special Events | 115,200 | - | 115,200 |
| Membership Dues | 174,249 | - | 174,249 |
| Conferences | 288,732 | - | 288,732 |
| Interest Income | 2,126 | - | 2,126 |
| Publications | 9,317 | - | 9,317 |
| Services Revenue | 25,047 | - | 25,047 |
| Total Revenue and Other Support | <u>5,085,834</u> | <u>25,965</u> | <u>5,111,799</u> |
| EXPENSES | | | |
| Program Services: | | | |
| Victim Services | 99,420 | - | 99,420 |
| Training and Technical Assistance | 2,400,566 | - | 2,400,566 |
| Public Policy | 279,994 | - | 279,994 |
| Public Education | 642,101 | - | 642,101 |
| Civil Justice | 173,787 | - | 173,787 |
| Research | 225,398 | - | 225,398 |
| Total Program Services | <u>3,821,266</u> | <u>-</u> | <u>3,821,266</u> |
| Supporting Services: | | | |
| Management and General | 989,675 | - | 989,675 |
| Fundraising | 200,156 | - | 200,156 |
| Total Supporting Services | <u>1,189,831</u> | <u>-</u> | <u>1,189,831</u> |
| Total Expenses | <u>5,011,097</u> | <u>-</u> | <u>5,011,097</u> |
| CHANGE IN NET ASSETS | 74,737 | 25,965 | 100,702 |
| Net Assets (Deficit) - October 1, 2010 | <u>(236,170)</u> | <u>10,000</u> | <u>(226,170)</u> |
| NET ASSETS (DEFICIT) - DECEMBER 31, 2011 | <u><u>\$ (161,433)</u></u> | <u><u>\$ 35,965</u></u> | <u><u>\$ (125,468)</u></u> |

See accompanying Notes to Financial Statements.

**NATIONAL CENTER FOR VICTIMS OF CRIME
STATEMENT OF FUNCTIONAL EXPENSE
FIFTEEN MONTHS ENDED DECEMBER 31, 2011**

| | Program Services | | | | | | Supporting Services | | | | |
|-------------------------------|--------------------|---|-------------------|---------------------|-------------------|----------------------------|---------------------|------------------------------|-------------------|---------------------|---------------------|
| | Victim Services | Training and Technical Assistance | Public Policy | Public Education | Civil Justice | Research and Evaluation | Total | Management and General | Fundraising | Total | Total |
| Salaries and Benefits | \$ 71,965 | \$ 1,026,892 | \$ 187,506 | \$ 386,313 | \$ 100,558 | \$ 141,798 | \$ 1,915,032 | \$ 710,655 | \$ 91,144 | \$ 801,799 | \$ 2,716,831 |
| Professional Services | 2,883 | 298,501 | 19,281 | 27,065 | 1,744 | 6,378 | 355,852 | 113,381 | 20,317 | 133,698 | 489,550 |
| Occupancy | 12,645 | 180,427 | 32,945 | 67,876 | 17,668 | 24,915 | 336,476 | 124,864 | 16,014 | 140,878 | 477,354 |
| Printing and Supplies | 4,256 | 377,379 | 20,500 | 124,748 | 12,135 | 769 | 539,787 | 73,456 | 27,296 | 100,752 | 640,539 |
| Meetings and Travel | 1,026 | 422,551 | 2,448 | 429 | 32,397 | 38,445 | 497,296 | 7,465 | 36,969 | 44,434 | 541,730 |
| Depreciation and Amortization | 197 | 2,806 | 513 | 1,056 | 275 | 388 | 5,235 | 1,942 | 249 | 2,191 | 7,426 |
| Other | - | - | - | - | - | - | - | 137,667 | - | 137,667 | 137,667 |
| Allocation of Indirect Costs | 6,448 | 92,010 | 16,801 | 34,614 | 9,010 | 12,705 | 171,588 | (179,755) | 8,167 | (171,588) | - |
| Total | \$ 99,420 | \$ 2,400,566 | \$ 279,994 | \$ 642,101 | \$ 173,787 | \$ 225,398 | \$ 3,821,266 | \$ 989,675 | \$ 200,156 | \$ 1,189,831 | \$ 5,011,097 |

See accompanying Notes to Financial Statements.

**NATIONAL CENTER FOR VICTIMS OF CRIME
STATEMENT OF CASH FLOWS
FIFTEEN MONTHS ENDED DECEMBER 31, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|------------|
| Change in Net Assets | \$ 100,702 |
| Adjustments to Reconcile Changes in Net Assets to Net Cash | |
| Provided by Operating Activities: | |
| Depreciation and Amortization | 7,426 |
| Changes in Assets and Liabilities: | |
| Pledges Receivable | 2,200 |
| Grants and Contracts Receivable | (433,619) |
| Other Receivables | 240,133 |
| Prepaid Expenses | 5,296 |
| Deposits | (45,691) |
| Accounts Payable and Accrued Expenses | 178,394 |
| Accrued Vacation | 731 |
| Deferred Revenue | (32,084) |
| Deferred Rent | 20,964 |
| Net Cash Provided by Operating Activities | 44,452 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|-------------------------------------|----------|
| Purchases of Property and Equipment | (28,214) |
|-------------------------------------|----------|

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|--|----------|
| Payments on Capital Lease Payable | (4,195) |
| Payments Advances on Line of Credit, Net | (33,274) |
| Net Cash Used in Financing Activities | (37,469) |

NET DECREASE IN CASH AND CASH EQUIVALENTS

(21,231)

Cash and Cash Equivalents - October 1, 2010

115,810

CASH AND CASH EQUIVALENTS - DECEMBER 31, 2011

\$ 94,579

SUPPLEMENTAL CASH FLOW INFORMATION

| | |
|-----------------------|----------|
| Interest Paid in Cash | \$ 9,582 |
|-----------------------|----------|

SUPPLEMENTAL INFORMATION

| | |
|--|-----------|
| Equipment Acquired through a Capital Lease | \$ 35,000 |
|--|-----------|

**NATIONAL CENTER FOR VICTIMS OF CRIME
NOTES TO FINANCIAL STATEMENTS
FIFTEEN MONTHS ENDED DECEMBER 31, 2011**

NOTE 1 ORGANIZATION

Founded in 1985, the National Center for Victims of Crime, a not-for-profit organization incorporated in Virginia, is the nation's leading resource and advocacy organization for victims of crime. The National Center for Victims of Crime's mission is to forge a national commitment to help victims of crime rebuild their lives. The National Center for Victims of Crime is dedicated to serving individuals, families and communities harmed by crime and works with grassroots and criminal justice organizations nationwide to assist victims, create resources, change public attitudes, and reform laws.

Through collaboration with local, state and federal partners, the National Center for Victims of Crime:

- Provides direct services and resources;
- Advocates for public policies that create resources and secure rights and protections for crime victims;
- Delivers training and technical assistance to victim service organizations, counselors, attorneys, criminal justice agencies and allied professionals serving victims of crime; and
- Fosters cutting-edge thinking about the impact of crime and the way in which each of us can help victims regain control of their lives.

The National Center for Victims of Crime operates through six program divisions:

Victim Services – The National Center for Victims of Crime maintains a comprehensive collection of online resources and an extensive database of service providers for referrals.

Training and Technical Assistance – The National Center for Victims of Crime provides victim assistance and allied service professionals with regional and national training opportunities led by national experts that include basic, advanced, and skill-building instruction on a variety of issues and cutting-edge topics to help professionals and volunteers support victims of crime more effectively.

Public Policy – The National Center for Victims of Crime advocates for passage of laws and public policies that create resources and secure rights and protections for crime victims.

Public Education – The National Center for Victims of Crime creates and distributes, online and in print, unique information products, including fact books, directories, training manuals, research reports, policy briefs, and victim service materials to the public.

Civil Justice – The National Center for Victims of Crime's National Crime Victim Bar Association is an organization of attorneys and expert witnesses dedicated to helping victims seek justice for the harms they have suffered and hold third parties accountable through the civil justice system.

Research and Evaluation – the National Center for Victims of Crime undertakes grant-funded research projects that advance the knowledge of victim issues.

**NATIONAL CENTER FOR VICTIMS OF CRIME
NOTES TO FINANCIAL STATEMENTS
FIFTEEN MONTHS ENDED DECEMBER 31, 2011**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the National Center for Victims of Crime are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

Accounting Reporting Period

The 2011 financial statements of the National Center for Victims of Crime are changed from September 30 to December 31, and are presented for 15 months of activities.

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 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 during the reporting period. Actual results may differ from those estimates.

Cash and Cash Equivalents

For financial statement purposes, the National Center for Victims of Crime considers cash and cash equivalents to include cash in the bank and liquid investments with an original maturity of three months or less.

Grants, Contracts and Pledges Receivable

Receivables are stated at net realizable value. Accounts are individually analyzed for collectability. A receivable is written off when all collection efforts have been exhausted or certain conditions or forgiveness has been reached. All receivables are deemed collectible by management at December 31, 2011.

Property and Equipment

All acquisitions of furniture and equipment greater than \$1,000 are capitalized at cost and are depreciated using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years. Leasehold improvements are amortized over the remaining life of the lease.

Net Assets

The National Center for Victims of Crime's resources are classified for accounting and reporting purposes into net asset groups based on the existence or absence of donor-imposed restrictions. The net asset groups are as follows:

Unrestricted

Unrestricted net assets represent resources available for support of the operations of the National Center for Victims of Crime.

Temporarily Restricted

Temporarily restricted net assets represent resources received by the National Center for Victims of Crime from contributors that are purpose- or time-restricted by the donors.

**NATIONAL CENTER FOR VICTIMS OF CRIME
NOTES TO FINANCIAL STATEMENTS
FIFTEEN MONTHS ENDED DECEMBER 31, 2011**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Government Grants and Contracts

Government grants and contracts are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined by each grant or agreement, are made. Funds received but not earned are shown as deferred revenue. Expenditures under government grants and contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these grants and contracts, the National Center for Victims of Crime will record such disallowance at the time the final assessment is made.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Temporarily restricted net assets are contributions with temporary donor-imposed time and/or program restrictions. These temporary restrictions require that resources be used for specific purposes and/or in future periods. Temporarily restricted net assets become unrestricted when time restrictions expire or the funds are used for their restricted purpose and are reported in the statements of activities as "net assets released from restriction." However, restricted contributions are recognized as unrestricted revenue if the restrictions are satisfied in the same period as revenue recognition.

Membership Dues and Publication Income

Revenue from membership dues and publications are recognized in the year in which earned. Unearned receipts are reflected as deferred revenue in the statements of financial position.

Income Taxes

The National Center for Victims of Crime is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code (IRC). The Internal Revenue Service determined that the National Center for Victims of Crime is not a private foundation as defined in Section 509(a) of the IRC.

The National Center for Victims of Crime's tax returns are subject to review and examination by federal, state and local authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes. The tax returns for the fiscal years 2008, 2009, and 2010 are open to examination by federal, local and state authorities.

Allocation of Expenses

The National Center for Victims of Crime's expenses are summarized on a functional basis in the statements of activities. Accordingly, certain costs are allocated among the programs and supporting services benefited.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 8, 2012, the date the financial statements were available to be issued.

**NATIONAL CENTER FOR VICTIMS OF CRIME
NOTES TO FINANCIAL STATEMENTS
FIFTEEN MONTHS ENDED DECEMBER 31, 2011**

NOTE 3 PROPERTY AND EQUIPMENT

At December 31, 2011, property and equipment, recorded at cost, and related accumulated depreciation and amortization consisted of the following:

| | | |
|--|----|-----------|
| Computer Equipment | \$ | 57,347 |
| Furniture and Fixtures | | 37,561 |
| Office Equipment | | 7,050 |
| Capital Leased Equipment | | 35,000 |
| Leasehold Improvements | | 30,037 |
| | | 166,995 |
| Less Accumulated Depreciation and Amortization | | (108,242) |
| Total | | \$ 58,753 |

NOTE 4 LINE OF CREDIT

The National Center for Victims of Crime has a \$200,000 line of credit with a financial institution that was renewed on September 9, 2011 and will expire on September 5, 2018. Interest accrues at 1.75% over the prime rate. The interest rate as of December 31, 2011 was 5.50%. Borrowings are secured by receivables and property and equipment. Total outstanding amount as of December 31, 2011 was \$140,000.

NOTE 5 CAPITAL LEASE

The National Center for Victims of Crime acquired equipment under a capital lease in 2011. The fair value of the equipment is \$35,000 and is being depreciated over a five-year life. Accumulated depreciation on equipment as of December 31, 2011 was \$4,167.

The following is a schedule of future minimum payments required under the lease:

| <u>Year Ending December 31:</u> | <u>Amount</u> |
|---|---------------|
| 2012 | \$ 11,040 |
| 2013 | 11,040 |
| 2014 | 11,040 |
| 2015 | 11,040 |
| 2016 | 1,840 |
| Total | 46,000 |
| Less Amount Representing Interest | 15,195 |
| Present Value of Minimum Lease Payments | \$ 30,805 |

**NATIONAL CENTER FOR VICTIMS OF CRIME
NOTES TO FINANCIAL STATEMENTS
FIFTEEN MONTHS ENDED DECEMBER 31, 2011**

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2011 as following:

| | |
|-----------------------------------|-------------------------|
| Training and Technical Assistance | \$ 10,000 |
| Research and Evaluation | 24,965 |
| Other | <u>1,000</u> |
| Total | <u><u>\$ 35,965</u></u> |

NOTE 7 RETIREMENT PLAN

The National Center for Victims of Crime sponsors a 401(k) defined contribution plan covering substantially all of its employees. Participants under the 401(k) plan may contribute any amount within statutory limits. In addition, the National Center for Victims of Crime will contribute a match of up to 4% of employees' salaries, which is fully vested after the employee has completed four years of employment. For employees who have completed 1,000 hours of service within their first 12 months under the plan, the National Center for Victims of Crime also contributes an additional 3% of employees' salaries, which is fully vested immediately. The National Center for Victims of Crime's contributions to the Plan for the year ended December 31, 2011 was approximately \$117,000.

NOTE 8 CONCENTRATION OF REVENUE RISK

The National Center for Victims of Crime is primarily supported by federal funding sources (approximately 72 for the fifteen months ended December 31, 2011) and is subject to availability of funds from these sources.

**NATIONAL CENTER FOR VICTIMS OF CRIME
NOTES TO FINANCIAL STATEMENTS
FIFTEEN MONTHS ENDED DECEMBER 31, 2011**

NOTE 9 COMMITMENTS

Office Lease

The National Center for Victims of Crime renewed its leased office space in 2011 under a noncancelable operating lease expiring in September 2018 with rent escalation of 2.75% per year. The lease also requires payment for a proportionate share of building operating expenses. Occupancy expense for the year ended December 31, 2011 was \$477,354.

Future minimum annual rental payments under the office lease are:

| <u>Year Ending December 31:</u> | <u>Amount</u> |
|---------------------------------|---------------------|
| 2012 | \$ 291,863 |
| 2013 | 299,889 |
| 2014 | 308,136 |
| 2015 | 316,610 |
| 2016 | 325,316 |
| Thereafter | <u>590,095</u> |
| | <u>\$ 2,131,909</u> |

Hotel Commitments

The National Center for Victims of Crime has a contract for room rental and food and beverage costs associated with a meeting. The contract contains a provision for cancellation fees should the National Center for Victims of Crime cancel the event. The maximum cancellation fee that the National Center for Victims of Crime could incur is approximately \$125,000 as of December 31, 2011, of which, \$38,000 is related with unpaid amount related to a 2010 event. The amount will be waived upon the successful execution of the meeting in September 2012. In April 2012, the National Center for Victims of Crime signed another hotel commitment with cancellation fee of approximately \$48,000 as of May 8, 2012.

NOTE 10 GOING CONCERN

As of December 31, 2011, the National Center for Victims of Crime had deficits in unrestricted net assets of \$161,000 compared to a deficit of \$236,000 as of September 30, 2010. This factor creates an uncertainty about the National Center for Victims of Crime's ability to continue as a going concern. The ability of the National Center for Victims of Crime to continue as a going concern is dependent on management to increase revenue for general operating support. Management believes that its current progress will support its ongoing operations and both the Board and management are committed to continue to work toward building a healthy unrestricted net asset balance. If needed support is not obtained, management will reduce the size of staff, to ensure the National Center for Victims of Crime does not increase the current deficit position. The financial statements do not include any adjustments that might be necessary if the National Center for Victims of Crime is unable to continue as a going concern.