

**CORNERHOUSE-INTERAGENCY  
CHILD ABUSE EVALUATION CENTER**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2009**





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To the Board of Directors of CornerHouse-Interagency  
Child Abuse Evaluation Center  
Minneapolis, Minnesota

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying statement of financial position of CornerHouse-Interagency Child Abuse Evaluation Center (CornerHouse) as of December 31, 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of CornerHouse's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from CornerHouse's 2008 financial statements and, in our report dated May 7, 2009, we expressed an unqualified opinion on those financial statements.

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 CornerHouse-Interagency Child Abuse Evaluation Center as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Saint Paul, Minnesota  
May 6, 2010

(Continued)

CORNERHOUSE-INTERAGENCY  
CHILD ABUSE EVALUATION CENTER

STATEMENT OF FINANCIAL POSITION

December 31, 2009  
(With Comparative Totals for 2008)

	2009	2008
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	470,419	\$ 229,507
Certificates of deposit	50,463	202,564
Accounts receivable	42,248	40,748
Contributions receivable	-	15,055
Prepaid expenses	9,526	15,032
Total current assets	572,656	502,906
Land lease, net	20,400	21,600
Property and equipment, net	677,036	730,861
Total assets	\$ 1,270,092	\$ 1,255,367
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 7,509	\$ 12,192
Accrued payroll and related costs	68,228	86,527
Refundable advances	165,536	57,235
Total current liabilities	241,273	155,954
Net assets:		
Unrestricted:		
Board designated - facility replacement reserve	225,000	225,000
Invested in property and equipment	677,036	730,861
Other	98,948	67,982
Total unrestricted	1,000,984	1,023,843
Temporarily restricted	27,835	75,570
Total net assets	1,028,819	1,099,413
Total liabilities and net assets	\$ 1,270,092	\$ 1,255,367

See accompanying notes to financial statements.

CORNERHOUSE-INTERAGENCY  
CHILD ABUSE EVALUATION CENTER

STATEMENT OF ACTIVITIES  
AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2009  
(With Comparative Totals for 2008)

	2009			2008
	Unrestricted	Temporarily Restricted	Total	
Support and revenue:				
Foundations and corporations	\$ 34,000	\$ -	\$ 34,000	\$ 102,930
Contributions - cash	31,280	-	31,280	22,863
Contributions - in-kind	29,023	-	29,023	41,538
Special fundraising events	110,778	-	110,778	192,694
Less: costs of direct benefits to donors	(21,100)	-	(21,100)	(34,592)
Contracts	562,025	-	562,025	578,079
Fees	209,295	-	209,295	273,005
Government grants	88,046	-	88,046	107,515
Investment income	7,709	-	7,709	7,338
Other	2,938	-	2,938	3,387
Net assets released from restrictions upon expiration of time and purpose restrictions	47,735	(47,735)	-	-
Total support and revenue	<u>1,101,729</u>	<u>(47,735)</u>	<u>1,053,994</u>	<u>1,294,757</u>
Expenses other than depreciation:				
Program services	930,497	-	930,497	1,097,827
Management and general	90,442	-	90,442	87,854
Fundraising	43,415	-	43,415	22,915
Total expenses other than depreciation	<u>1,064,354</u>	<u>-</u>	<u>1,064,354</u>	<u>1,208,596</u>
Change in net assets before depreciation	37,375	(47,735)	(10,360)	86,161
Depreciation expense:				
Program services	55,064	-	55,064	55,766
Management and general	4,212	-	4,212	3,422
Fundraising	958	-	958	856
Total depreciation	<u>60,234</u>	<u>-</u>	<u>60,234</u>	<u>60,044</u>
Change in net assets	(22,859)	(47,735)	(70,594)	26,117
Net assets, beginning of year	<u>1,023,843</u>	<u>75,570</u>	<u>1,099,413</u>	<u>1,073,296</u>
Net assets, end of year	<u>\$ 1,000,984</u>	<u>\$ 27,835</u>	<u>\$ 1,028,819</u>	<u>\$ 1,099,413</u>

See accompanying notes to financial statements.

CORNERHOUSE-INTERAGENCY  
CHILD ABUSE EVALUATION CENTER

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2009  
(With Comparative Totals for 2008)

	2009						2008
	Program services			Management and general	Fundraising	Total	
	Forensic	Training	Total				
Salaries	\$ 457,692	\$ 168,614	\$ 626,306	\$ 46,904	\$ 10,626	\$ 683,836	\$ 769,265
Payroll taxes	39,957	14,779	54,736	4,098	931	59,765	64,889
Employee benefits	51,687	19,117	70,804	11,251	1,205	83,260	97,819
<b>Total personnel expense</b>	<b>549,336</b>	<b>202,510</b>	<b>751,846</b>	<b>62,253</b>	<b>12,762</b>	<b>826,861</b>	<b>931,973</b>
Postage	1,663	4,011	5,674	187	38	5,899	7,023
Printing design	2,215	1,499	3,714	1,475	144	5,333	9,653
Supplies	5,827	4,838	10,665	-	6,256	16,921	39,948
Documentary DVD	-	-	-	-	18,450	18,450	-
Office supplies	5,268	2,720	7,988	185	42	8,215	14,084
Consultants	19,862	18,532	38,394	-	4,441	42,835	27,834
Staff development	4,197	1,903	6,100	2,499	-	8,599	19,201
Food	2,368	5,063	7,431	354	35	7,820	7,319
Training travel	-	20,624	20,624	-	-	20,624	33,691
Accounting, audit and other fees	-	-	-	16,753	-	16,753	19,376
Legal fees	1,373	-	1,373	1,250	-	2,623	19,538
Insurance	13,997	5,177	19,174	1,435	326	20,935	15,878
Building and grounds maintenance	10,847	4,012	14,859	1,112	252	16,223	22,211
Equipment repairs and maintenance	6,893	2,140	9,033	517	118	9,668	8,251
Rent	1,200	-	1,200	-	-	1,200	1,200
Utilities	23,687	8,735	32,422	2,422	551	35,395	31,416
<b>Total expenses other than depreciation and direct donor benefits</b>	<b>648,733</b>	<b>281,764</b>	<b>930,497</b>	<b>90,442</b>	<b>43,415</b>	<b>1,064,354</b>	<b>1,208,596</b>
Depreciation	39,873	15,191	55,064	4,212	958	60,234	60,044
<b>Total expenses</b>	<b>\$ 688,606</b>	<b>\$ 296,955</b>	<b>\$ 985,561</b>	<b>\$ 94,654</b>	<b>\$ 44,373</b>	<b>\$1,124,588</b>	<b>\$ 1,268,640</b>
Direct donor benefits:							
Twins event						14,986	28,884
Gala event						6,114	5,708
<b>Total expenses</b>						<b>\$1,145,688</b>	<b>\$ 1,303,232</b>

See accompanying notes to financial statements.

CORNERHOUSE-INTERAGENCY  
CHILD ABUSE EVALUATION CENTER

STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2009  
(With Comparative Totals for 2008)

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ (70,594)	\$ 26,117
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	60,234	60,044
Amortization of land lease	1,200	1,200
Changes in certain assets and liabilities:		
Accounts receivable	(1,500)	75,592
Contributions receivable	15,055	(11,525)
Prepaid expenses	5,506	(3,767)
Accounts payable	(4,683)	(1,078)
Accrued payroll and related costs	(18,299)	7,533
Refundable advances	108,301	(3,488)
Net cash from operating activities	95,220	150,628
Cash flows from investing activities:		
Purchase of property and equipment	(6,409)	(24,239)
Redemption of certificates of deposit	202,101	-
Purchase of certificates of deposit	(50,000)	(202,564)
Net cash from investing activities	145,692	(226,803)
Net increase (decrease) in cash and cash equivalents	240,912	(76,175)
Beginning cash and cash equivalents	229,507	305,682
Ending cash and cash equivalents	\$ 470,419	\$ 229,507

See accompanying notes to financial statements.

CORNERHOUSE-INTERAGENCY  
CHILD ABUSE EVALUATION CENTER

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2009  
(With Comparative Totals for 2008)

1. **ORGANIZATION**

CornerHouse-Interagency Child Abuse Evaluation Center (CornerHouse) is a 501(c)3 public-private partnership initiated as a collaboration between the Hennepin County Attorney's office; Hennepin County Children, Family and Adult Services Department; Hennepin County Medical Center; Minneapolis Police Department and Children's Hospitals and Clinics. The majority of the Board of Directors consists of board members appointed by Hennepin County, the City of Minneapolis, and Children's Hospitals and Clinics.

CornerHouse's primary activities include forensic interviews and training. CornerHouse provides child-friendly data recorded expert investigative interviews and professional training to improve the safety of children who have reported being abused. The users of CornerHouse's services are primarily law enforcement and child protection agencies in Hennepin County, Minnesota.

CornerHouse's primary sources of revenue are from training fees and governmental contracts.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial Statement Presentation** - Revenues and support are classified based on the presence or absence of donor restrictions and reported in the following net asset categories:

- Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- Permanently restricted net assets arise from contributions that are permanently restricted by donors for specific purposes. CornerHouse has no permanently restricted net assets.

**Cash Equivalents** - For purposes of preparing the statement of cash flows, investments with an original maturity of three months or less are considered cash equivalents. Investments with an original maturity date of greater than three months are considered temporary cash investments. The temporary cash investments consist of bank certificates of deposit.

**Contributed Materials** - Contributed materials are recorded at their fair value.

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CORNERHOUSE-INTERAGENCY  
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NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2009  
(With Comparative Totals for 2008)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions** - Contributions are recognized when the donor makes a commitment to give to CornerHouse that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in temporarily restricted net assets and transferred to unrestricted net assets when restrictions expire or the condition is met. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

**Government Grants, Contracts and Fees** - Government grants, contracts and fees are generally considered exchange transactions and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred, or when services are provided. Funds received but not yet earned are recorded as refundable advances.

**Contributed Services** - Contributed services are recorded as contributions, at their fair value, when the service creates or enhances a non-financial asset or the service requires specialized skills that would need to be purchased if not provided by donation.

**Property and Equipment** - CornerHouse capitalizes additions to property and equipment over \$500. Purchased items are capitalized at cost. Donated property and equipment are capitalized at the estimated fair market value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost of maintenance and repairs is charged to expense as incurred; renewals or betterments over \$500 are capitalized.

**Concentration of Credit Risk** - CornerHouse places its cash with two banking institutions. At times the amount on deposit exceeds the insured limit of the institutions which exposes CornerHouse to a collection risk. CornerHouse has not experienced any losses on its cash deposits. Management believes it is not exposed to any significant credit risk on these accounts. As of December 31, 2009, deposits exceeded the federally insured limit by \$13,575.

**Functional Allocation of Expense** - Expenses incurred have been summarized on a functional basis. Expenses which relate to a specific program or to a supporting service are charged directly to the function while other expenses are allocated primarily based on management estimates of how employees spend their time.

**Comparative Financial Information** - 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 CornerHouse's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

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CORNERHOUSE-INTERAGENCY  
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NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2009  
(With Comparative Totals for 2008)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Income Taxes** - CornerHouse is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and applicable Minnesota Statutes, except to the extent if it has taxable income from businesses that are not related to its tax exempt purpose. Unrelated business income tax is taxed at the corporate income tax rate. CornerHouse did not have any unrelated business income in 2009 and 2008.

CornerHouse adopted provisions of FASB Accounting Standards Codification (ASC) 740 relating to uncertainty in income taxes during 2009. Adoption of these provisions of ASC 740 did not impact the financial statements as management believes CornerHouse did not have any uncertain tax positions.

CornerHouse is not currently under examination by any taxing jurisdiction. Federal and State tax authorities no longer have the right to examine tax years prior to 2006. Any interest and penalties associated with tax positions are reported as such within the management and general expenses category. For years ended December 31, 2009 and 2008, there were no such interest or penalties recorded in the accompanying financial statements.

3. **CONTRIBUTIONS RECEIVABLE**

Contributions receivable are due in 2010.

4. **PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>2009</u>	<u>2008</u>	<u>Estimated useful life</u>
Building	\$1,157,173	\$1,157,173	20 - 29 years
Furniture and equipment	282,151	275,742	2 - 7 years
Artwork	<u>10,929</u>	<u>10,929</u>	10 years
	1,450,253	1,443,844	
Accumulated depreciation	<u>(773,217)</u>	<u>(712,983)</u>	
	<u>\$ 677,036</u>	<u>\$ 730,861</u>	

(Continued)

CORNERHOUSE-INTERAGENCY  
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NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2009  
(With Comparative Totals for 2008)

5. **NET ASSETS**

Board designated net assets have been set aside by the Board as a contingency for possible relocation if the existing land lease is terminated, or for renovation and expansion of the existing facility.

Temporarily restricted net assets are for the following purposes:

	<u>2009</u>	<u>2008</u>
Programs, time restricted	\$ -	\$ 15,055
Programs, usage restricted	7,435	38,915
Land lease	<u>20,400</u>	<u>21,600</u>
	<u>\$ 27,835</u>	<u>\$ 75,570</u>

6. **RETIREMENT PLAN**

CornerHouse has a 401(k) retirement plan. Generally, all employees of CornerHouse who are over 21 years of age and have worked one month are eligible to participate in this plan. CornerHouse contributes a minimum of 2.5% of each employee's salary. Employees may contribute to the plan through a salary reduction agreement. CornerHouse matches employee contributions up to 4% of salary. Contributions charged to expense were \$22,856 in 2009 and \$27,876 in 2008.

7. **RELATED PARTY TRANSACTIONS**

**Children's Hospitals and Clinics** - CornerHouse has an agreement to purchase certain services and supplies through Children's Hospitals and Clinics (CHC). Total services and supplies purchased from CHC were \$13,777 and \$16,750 in 2009 and 2008. There were no amounts owed to CHC at December 31, 2009 and 2008. CHC provided telephone and technology services which are reported as in-kind contributions included in utilities expense in the amount of \$26,400 for 2009 and \$22,000 for 2008.

CHC also owns the land on which CornerHouse's building is located. During 1996, CornerHouse entered into a ground lease agreement with CHC. The lease expires December 31, 2027. The lease requires CornerHouse to pay \$1 per year plus its share of real estate taxes. The lease allows CHC to terminate the agreement with twelve months notice in the fifth, tenth and fifteenth through twenty-ninth years of the agreement. CornerHouse may terminate the lease at any time with twelve months notice. In 1999 an appraisal was done for the land subject to the ground lease. The land was valued at \$36,000. This asset was recorded and rent is expensed on a straight-line basis over the term of the lease. Rent expense was \$1,200 in 2009 and 2008.

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CORNERHOUSE-INTERAGENCY  
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NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2009  
(With Comparative Totals for 2008)

7. **RELATED PARTY TRANSACTIONS (Continued)**

**Hennepin County** - CornerHouse has entered into a contract for interview services with the Hennepin County Attorney's Office. Fees received under this contract were \$180,296 in 2009 and \$188,400 in 2008. Accounts receivable at December 31, 2009 and 2008 includes \$ - and \$15,700 relating to this contract.

**City of Minneapolis** - CornerHouse has entered into a contract with the City of Minneapolis to provide interviewing and evaluation services. Amounts received were \$126,008 in 2009 and \$117,680 in 2008.

8. **CONTRIBUTED SERVICES**

During 2009, CornerHouse received contributed services from attorneys of \$2,623 that are reported as in-kind contributions. Of the total, \$1,373 is reported as program services expense and the balance is in management and general expense.

During 2008, CornerHouse received contributed services from attorneys of \$19,538 that are reported as in-kind contributions. Of the total, \$11,431 is reported as program services expense and the balance is in management and general expense.

9. **ECONOMIC DEPENDENCE**

CornerHouse received approximately 43% its 2009 revenue and support from governmental contracts with Hennepin County (17%), the City of Minneapolis (12%), and the State of Minnesota (14%).

CornerHouse received approximately 37% of its 2008 revenue and support from governmental contracts with Hennepin County (15%), the City of Minneapolis (9%), and the State of Minnesota (14%).

10. **CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Such audits could result in claims against CornerHouse for disallowed costs of noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.

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CORNERHOUSE-INTERAGENCY  
CHILD ABUSE EVALUATION CENTER

NOTES TO FINANCIAL STATEMENTS

For The Year Ended December 31, 2009  
(With Comparative Totals for 2008)

11. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 6, 2010, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.