

**National Runaway Switchboard  
(d/b/a National Runaway Safeline)  
(d/b/a 1-800-RUNAWAY)**

**Financial Statements and  
Independent Auditors' Report**

**September 30, 2017 and July 31, 2017**

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# MILLER COOPER & Co., Ltd

ACCOUNTANTS AND CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

Board of Directors and the Finance and Audit Committees  
National Runaway Switchboard  
(d/b/a National Runaway Safeline)  
(d/b/a 1-800-RUNAWAY)  
Chicago, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of National Runaway Switchboard (d/b/a National Runaway Safeline) / (d/b/a 1-800-RUNAWAY) ("Organization") which comprise the statements of financial position as of September 30, 2017 and July 31, 2017, and the related statements of activities, cash flows, and functional expenses for the two months ended September 30, 2017 and the twelve months ended July 31, 2017, 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, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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.

(Continued)

Board of Directors and the Finance and Audit Committees  
National Runaway Switchboard  
(d/b/a National Runaway Safeline)  
(d/b/a 1-800-RUNAWAY)

(Continued)

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**Auditors' Responsibility** (Continued)

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 National Runaway Switchboard (d/b/a National Runaway Safeline) / (d/b/a 1-800-RUNAWAY) as of September 30, 2017 and July 31, 2017, and the changes in its net assets, cash flows, and its functional expenses for the two months ended September 30, 2017 and the twelve months ended July 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report, dated December 18, 2017, on our consideration of National Runaway Switchboard's (d/b/a National Runaway Safeline) / (d/b/a 1-800-RUNAWAY) internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

**Emphasis of Matter**

As discussed in Note A-1, the Organization changed its fiscal year end, from July 31st to September 30th, to better align with the federal cooperative agreement. Our opinion is not modified with respect to this matter.

MILLER, COOPER & CO., LTD.



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Certified Public Accountants

Deerfield, Illinois  
December 18, 2017

## **FINANCIAL STATEMENTS**

**National Runaway Switchboard  
(d/b/a National Runaway Safeline)  
(d/b/a 1-800-RUNAWAY)**

STATEMENTS OF FINANCIAL POSITION  
September 30, 2017 and July 31, 2017

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<u>ASSETS</u>	<u>9/30/2017</u>	<u>7/31/2017</u>
ASSETS		
Cash and cash equivalents	\$ 147,110	\$ 94,948
Investments	84,631	174,677
Receivables	1,329	25,075
Equipment, net	125,033	131,202
Other assets	26,773	30,976
	<u>\$ 384,876</u>	<u>\$ 456,878</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Accounts payable and accrued expenses	\$ 48,288	\$ 66,783
Unearned revenue	65,020	39,600
	<u>113,308</u>	<u>106,383</u>
NET ASSETS		
Unrestricted	<u>271,568</u>	<u>350,495</u>
	<u>\$ 384,876</u>	<u>\$ 456,878</u>

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The accompanying notes are an integral part of these statements.

**National Runaway Switchboard**  
**(d/b/a National Runaway Safeline)**  
**(d/b/a 1-800-RUNAWAY)**

STATEMENTS OF ACTIVITIES

For the Two Months Ended September 30, 2017 and the Twelve Months Ended July 31, 2017

	<u>Two Months Ended September 30, 2017</u>	<u>Twelve Months Ended July 31, 2017</u>
<b>Revenues</b>		
Program service revenue - federal government agency grant	\$ 150,000	\$ 1,600,000
Contributions and special events	6,082	349,360
Contributed services	9,052	67,383
Contract revenue	7,500	42,365
Net gain (loss) on investments	(5,009)	2,710
Interest income from investments	6,935	4,905
Miscellaneous	3,579	6,460
	<u>178,139</u>	<u>2,073,183</u>
<b>Expenses</b>		
Program services	205,701	1,653,365
Management and general	40,261	288,191
Fundraising	11,104	148,906
	<u>257,066</u>	<u>2,090,462</u>
DECREASE IN NET ASSETS	(78,927)	(17,279)
Net assets, beginning of period	<u>350,495</u>	<u>367,774</u>
Net assets, end of period	<u>\$ 271,568</u>	<u>\$ 350,495</u>

The accompanying notes are an integral part of these statements.

**National Runaway Switchboard**  
**(d/b/a National Runaway Safeline)**  
**(d/b/a 1-800-RUNAWAY)**

STATEMENTS OF CASH FLOWS

For the Two Months Ended September 30, 2017 and the Twelve Months Ended July 31, 2017

	<u>Two Months</u> <u>Ended 9/30/2017</u>	<u>Twelve Months</u> <u>Ended 7/31/2017</u>
Cash flows from operating activities		
Decrease in net assets	\$ (78,927)	\$ (17,279)
Adjustments to reconcile decrease in net assets to net cash used in operating activities		
Net loss (gain) on investments	5,009	(2,710)
Depreciation	6,169	33,800
(Increase) decrease in assets		
Receivables	23,746	(25,075)
Other assets	4,203	(3,820)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(18,495)	(10,018)
Unearned revenue	25,420	(17,650)
	<u>(32,875)</u>	<u>(42,752)</u>
Cash flows from investing activities		
Purchase of investments	(10,270)	(50,994)
Sale of investments	95,307	50,994
Purchase of equipment	-	(20,404)
	<u>85,037</u>	<u>(20,404)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>52,162</b>	<b>(63,156)</b>
Cash and cash equivalents, beginning of period	<u>94,948</u>	<u>158,104</u>
Cash and cash equivalents, end of period	<u><u>\$ 147,110</u></u>	<u><u>\$ 94,948</u></u>

The accompanying notes are an integral part of these statements.



**National Runaway Switchboard**  
**(d/b/a National Runaway Safeline)**  
**(d/b/a 1-800-RUNAWAY)**  
STATEMENT OF FUNCTIONAL EXPENSES  
Two Months Ended September 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 128,341	\$ 28,869	\$ 7,758	\$ 164,968
Employee benefits and payroll taxes	28,648	6,571	1,490	36,709
	<u>156,989</u>	<u>35,440</u>	<u>9,248</u>	<u>201,677</u>
Conference and seminar expenses	132	-	40	172
Contributed services-in-kind	9,051	-	-	9,051
DSL and web host fees	700	120	43	863
Dues and subscriptions	-	144	-	144
Interest expense and bank charges	-	231	108	339
Miscellaneous	10,436	1,014	64	11,514
Office expense	3,787	598	282	4,667
Office rental and maintenance	13,722	2,176	837	16,735
Professional fees and services	200	-	156	356
Promotional materials	484	-	65	549
Staff training and recognition	460	-	-	460
Stipends	281	-	-	281
Telephone and communications	8,697	538	234	9,469
Travel	630	-	27	657
Volunteer services	132	-	-	132
	<u>\$ 205,701</u>	<u>\$ 40,261</u>	<u>\$ 11,104</u>	<u>\$ 257,066</u>

The accompanying notes are an integral part of this statement.

**National Runaway Switchboard**  
**(d/b/a National Runaway Safeline)**  
**(d/b/a 1-800-RUNAWAY)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Twelve Months Ended July 31, 2017

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	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 932,082	\$ 183,145	\$ 62,351	\$ 1,177,578
Employee benefits and payroll taxes	215,420	46,403	10,384	272,207
	<u>1,147,502</u>	<u>229,548</u>	<u>72,735</u>	<u>1,449,785</u>
Conference and seminar expenses	1,510	460	65	2,035
Contributed services-in-kind	67,383	-	-	67,383
DSL and web host fees	7,133	1,131	435	8,699
Dues and subscriptions	4,754	971	1,139	6,864
Interest expense and bank charges	-	1,659	6,130	7,789
Miscellaneous	108,924	5,419	54,947	169,290
Office expense	31,044	5,537	2,518	39,099
Office rental and maintenance	83,499	13,335	5,112	101,946
Professional fees and services	86,179	26,049	2,273	114,501
Promotional materials	21,081	83	964	22,128
Staff training and recognition	11,697	689	1,200	13,586
Stipends	3,793	-	-	3,793
Telephone and communications	55,457	2,891	1,277	59,625
Travel	13,374	402	111	13,887
Volunteer services	10,035	17	-	10,052
	<u>\$ 1,653,365</u>	<u>\$ 288,191</u>	<u>\$ 148,906</u>	<u>\$ 2,090,462</u>

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The accompanying notes are an integral part of this statement.

**National Runaway Switchboard  
(d/b/a National Runaway Safeline)  
(d/b/a 1-800-RUNAWAY)**

**NOTES TO FINANCIAL STATEMENTS**

Two Months Ended September 30, 2017 and the Twelve Months Ended July 31, 2017

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NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

The National Runaway Switchboard (d/b/a National Runaway Safeline) / (d/b/a 1-800-RUNAWAY) (the "Organization") is an agency supported by volunteers providing crisis intervention and support for runaway and at-risk youth and their families. The mission of the Organization is to "keep America's runaway and at-risk youth safe and off the streets". The Organization manages a "24/7" hotline for runaway, at-risk, homeless, and thrown away youth and their families, offering non-judgmental, non-directive assistance to callers. Services include: confidential crisis intervention; information and referrals to over 16,000 direct service providers; a message relay service; advocacy for youth; conference calls; internet services; and runaway education and prevention. In partnership with Greyhound Lines, Inc., the Organization reunites families by providing runaway youth with free transportation home. The Organization has been the federally designated communication system for runaway and homeless youth since 1974. The Organization is primarily funded by a grant from the U.S. Department of Health and Human Services (Note F-2).

The Organization was granted a new federal award. The new award is a three-year cooperative agreement versus a 5-year grant agreement. This cooperative agreement commenced September 30, 2017 and expires September 29, 2020. Annual funding under the cooperative is \$1.6 million. The Organization changed its fiscal year end, from July 31st to September 30th, to better align with the federal cooperative agreement.

2. Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less at the date of purchase to be cash equivalents.

3. Receivable

Receivable are stated at the amount management expects to collect from outstanding balances. Management monitors the collection of these receivables on a routine basis. Unconditional contributions (promises to give) that are expected to be collected within one year are recorded at net realizable value.

**National Runaway Switchboard  
(d/b/a National Runaway Safeline)  
(d/b/a 1-800-RUNAWAY)**

NOTES TO FINANCIAL STATEMENTS

Two Months Ended September 30, 2017 and the Twelve Months Ended July 31, 2017

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NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Investments

Investments in marketable securities are reported at fair value in the statements of financial position. Investment in a certificate of deposit is reported at cost plus any investment income earned in the statements of financial position.

5. Equipment

Equipment is stated at cost. Depreciation is computed principally by the straight-line method over a five-year estimated useful life.

6. Unearned Revenue

Unearned revenue is contributions from special events that will be held in the following year. These amounts will be recognized in revenue upon completion of the event.

7. Grant Revenue Recognition

Federal grant revenue is recognized as the costs for the related services are incurred.

8. Contributions

Gifts of cash and other assets are presented as restricted support if the gifts are received with donor stipulations that limit the use of donated assets. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. There were no permanently or temporarily restricted net assets as of September 30, 2017 and July 31, 2017.

**National Runaway Switchboard  
(d/b/a National Runaway Safeline)  
(d/b/a 1-800-RUNAWAY)**

NOTES TO FINANCIAL STATEMENTS

Two Months Ended September 30, 2017 and the Twelve Months Ended July 31, 2017

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NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Contributions (Continued)

A substantial number of unskilled volunteers have contributed their time and a number of organizations have donated services to the Organization. The unskilled volunteer services have not been recorded as the services do not meet the requirements for inclusion in the financial statements. The amount of unskilled volunteer services has been disclosed and is based on actual hours and the Independent Sector's value of volunteer time. The contributed services from a number of organizations have been recorded as these services meet the requirements for inclusion in the financial statements and are based on the estimated value of services provided or discounts given to the Organization.

9. Income Taxes

The Organization is a tax-exempt organization as defined in Section 501(c)(3) of the Internal Revenue Code. Accounting principles generally accepted in the United States of America requires management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service or other applicable taxing authorities.

Management has analyzed the tax positions taken by the Organization, and has concluded that as of September 30, 2017 and July 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing authorities; however, there are currently no audits for any tax periods in progress.

10. Functional Expense Allocations

Expenses that can be specifically identified with a particular program or supporting service are charged directly to that program or supporting service. Other expenses that benefit more than one program or supporting service are allocated on the basis of management's estimate of the proportionate share of services provided to each program or supporting service.

**National Runaway Switchboard  
(d/b/a National Runaway Safeline)  
(d/b/a 1-800-RUNAWAY)**

NOTES TO FINANCIAL STATEMENTS

Two Months Ended September 30, 2017 and the Twelve Months Ended July 31, 2017

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

11. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

12. Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash equivalents, receivables, accounts payable and accrued expenses, and unearned revenue, approximate fair value due to the short term nature of these instruments.

It is the Organization's policy, in general, to measure nonfinancial assets and liabilities at fair value on a nonrecurring basis. These items are not measured at fair value on an ongoing basis, but are subject to fair value adjustments in certain circumstances (such as evidence of impairment) which, if material, are disclosed in the accompanying notes to these financial statements.

NOTE B - INVESTMENTS

Investments consist of the following at September 30, 2017:

Mutual funds			\$ <u>84,631</u>
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain</u>
Mutual funds	\$ <u>80,552</u>	\$ <u>84,631</u>	\$ <u>4,079</u>

**National Runaway Switchboard  
(d/b/a National Runaway Safeline)  
(d/b/a 1-800-RUNAWAY)**

NOTES TO FINANCIAL STATEMENTS

Two Months Ended September 30, 2017 and the Twelve Months Ended July 31, 2017

NOTE B - INVESTMENTS (Continued)

Investments consist of the following at July 31, 2017:

Mutual funds			\$ 89,605
Certificate of deposit			<u>85,072</u>
			<u>\$ 174,677</u>
	<u>Cost</u>	<u>Market</u>	<u>Unrealized Gain</u>
Mutual funds	\$ <u>85,232</u>	\$ <u>89,605</u>	\$ <u>4,373</u>

Mutual funds are valued at the closing price on the active market on which the individual investments are traded and therefore, under current accounting standards that establish a framework for measuring fair value, are considered Level 1 investments.

NOTE C - EQUIPMENT, NET

Equipment consists of the following at:

		<u>9/30/2017</u>		<u>7/31/2017</u>
Furniture, fixtures, and equipment	\$	350,039	\$	350,039
Accumulated depreciation		<u>(225,006)</u>		<u>(218,837)</u>
	\$	<u>125,033</u>	\$	<u>131,202</u>

**National Runaway Switchboard**  
**(d/b/a National Runaway Safeline)**  
**(d/b/a 1-800-RUNAWAY)**

NOTES TO FINANCIAL STATEMENTS

Two Months Ended September 30, 2017 and the Twelve Months Ended July 31, 2017

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NOTE D - DONATED MATERIALS AND CONTRIBUTED SERVICES

Substantial numbers of individuals and organizations have contributed services to the Organization. The value of a portion of these contributed services has not been recorded because the contributed services do not meet the requirements for inclusion in the financial statements. However, the contributed services related to bus tickets and professional discounts have been recorded in the financial statements (as both revenues and program expenses) and were \$9,051 and \$67,383 for the two months ended September 30, 2017 and the twelve months ended July 31, 2017, respectively.

The value of all donated materials and contributed services, both recorded and unrecorded, were approximately \$36,000 and \$262,000 for the two months ended September 30, 2017 and the twelve months ended July 31, 2017, respectively.

NOTE E - LEASE COMMITMENT

The Organization leases office space under a noncancelable operating lease agreement, which expires on October 31, 2020. The lease has a monthly base rent escalating from \$7,949 per month to \$8,601 per month. The total base rentals and operating costs are charged to expense on a straight-line basis over the term of the lease at a rate of approximately \$96,000 per year. The difference between the straight-line basis and rental payments is recorded in accounts payable and accrued expenses and amounted to \$15,528 and \$15,726 at September 30, 2017 and July 31, 2017, respectively. Total rent expense under the lease was approximately \$16,017 for the two months ended September 30, 2017 and \$93,922 for the twelve months ended July 31, 2017.

On August 29, 2017, the Organization entered into the Second Amendment to Lease Agreement, effective October 31, 2017. Under the amendment, the lease term shall be for a period of (60) months, expiring on October 31, 2020.



**National Runaway Switchboard**  
**(d/b/a National Runaway Safeline)**  
**(d/b/a 1-800-RUNAWAY)**

NOTES TO FINANCIAL STATEMENTS

Two Months Ended September 30, 2017 and the Twelve Months Ended July 31, 2017

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NOTE E - LEASE COMMITMENT (Continued)

As of September 30, 2017, future minimum lease payments required under the operating lease, that has initial or remaining noncancelable lease terms in excess of one year, are as follows:

<u>Fiscal Year</u>	
2018	\$ 99,041
2019	101,172
2020	103,037
2021	<u>8,601</u>
	<u>\$ 311,851</u>

NOTE F - CONCENTRATIONS OF RISK

1. Uninsured Cash

The Organization maintains its cash balances at various financial institutions located in Illinois. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization may, from time to time, have balances in excess of FDIC insured deposit limits.

2. Funding Source

The Organization received approximately 84% and 77% of its revenues from federal funding for the two months ended September 30, 2017 and the twelve months ended July 31, 2017, respectively. The Organization's federal grant agreement commenced on August 1, 2012 and expired on July 31, 2017. An extension of the federal grant was awarded for \$150,000 for the two month period commencing August 1, 2017 and expired on September 30, 2017. Effective September 30, 2017, a three-year cooperative agreement was awarded and ends September 29, 2020. Annual funding under the cooperative agreement is \$1.6 million.

**National Runaway Switchboard  
(d/b/a National Runaway Safeline)  
(d/b/a 1-800-RUNAWAY)**

**NOTES TO FINANCIAL STATEMENTS**

Two Months Ended September 30, 2017 and the Twelve Months Ended July 31, 2017

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NOTE F - CONCENTRATIONS OF RISK (Continued)

2. Funding Source (Continued)

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although the Organization expects such amounts, if any, to be immaterial.

NOTE G - SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 18, 2017, the date that these financial statements were available to be issued. Management has determined that no events or transactions have occurred subsequent to the financial position dates that required disclosure in the consolidated financial statements.