

INDEPENDENT AUDITORS' REPORT

Board of Directors
ContactLifeline, Inc.
Wilmington, Delaware

We have audited the accompanying financial statements of ContactLifeline, Inc.(a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ContactLifeline, Inc. as of December 31, 2013, 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.

Report on Summarized Comparative Information

We have previously audited the ContactLifeline, Inc. 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 17, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cetrulo & Morgan Group, LLC

Cetrulo & Morgan Group, LLC
June 24, 2014

ContactLifeline, Inc.
Statements of Financial Position
December 31, 2013 and 2012

	2013	2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 81,827	\$ 7,392
Government and revenue receivable	38,537	44,245
Total current assets	120,364	51,637
Property and equipment - net of accumulated depreciation	162,377	179,183
Other assets:		
Prepaid insurance	-	2,856
Investments	268,919	320,539
Deposits	1,500	-
Total assets	<u>\$ 553,160</u>	<u>\$ 554,215</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 6,352	\$ 8,315
Compensated absences	4,395	512
Line of credit	-	48,383
Total current liabilities	<u>10,747</u>	<u>57,210</u>
Net assets:		
Unrestricted	512,214	461,098
Temporarily restricted	30,199	35,907
Total net assets	<u>542,413</u>	<u>497,005</u>
Total liabilities and net assets	<u>\$ 553,160</u>	<u>\$ 554,215</u>

The accompanying notes are an integral part of the financial statements

ContactLifeline, Inc.
Statement of Activities
Year Ended December 31, 2013
(with Summarized Totals for 2012)

	2013			Total 2012
	Unrestricted	Temporarily Restricted	All Funds Total	
Public support and revenue				
Public support:				
Grants from government agencies	\$ 130,630	\$ 485,556	\$ 616,186	\$ 514,969
United Way - Delaware allocation	31,212	-	31,212	34,659
United Way - Delaware designations	5,884	-	5,884	6,551
Other indirect public support	5,118	-	5,118	1,936
Contributions	15,292	-	15,292	61,771
Contributions in-kind	288,767	-	288,767	358,974
Total public support	<u>476,903</u>	<u>485,556</u>	<u>962,459</u>	<u>978,860</u>
Revenue:				
Interest and dividend income	6,700	-	6,700	5,989
Realized and unrealized gains on investments	47,571	-	47,571	18,872
Special events	1,080	-	1,080	-
Miscellaneous	2,050	-	2,050	8,890
Total revenue	<u>57,401</u>	<u>-</u>	<u>57,401</u>	<u>33,751</u>
Net assets released from restriction	491,264	(491,264)	-	-
Total public support and revenue	<u>1,025,568</u>	<u>(5,708)</u>	<u>1,019,860</u>	<u>1,012,611</u>
Expenses				
Program services:				
Crisis Help	275,407	-	275,407	603,098
Rape Crisis	580,888	-	580,888	419,864
Total program services	<u>856,295</u>	<u>-</u>	<u>856,295</u>	<u>1,022,962</u>
Support services:				
Management and general	118,157	-	118,157	78,172
Total support services	<u>118,157</u>	<u>-</u>	<u>118,157</u>	<u>78,172</u>
Total expenses	<u>974,452</u>	<u>-</u>	<u>974,452</u>	<u>1,101,134</u>
Change in net assets	51,116	(5,708)	45,408	(88,523)
Net assets, beginning of year	461,098	35,907	497,005	585,528
Net assets, end of year	<u>\$ 512,214</u>	<u>\$ 30,199</u>	<u>\$ 542,413</u>	<u>\$ 497,005</u>

The accompanying notes are an integral part of the financial statements

ContactLifeline, Inc.
Statements of Cash Flows
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from government agencies	\$ 621,894	\$ 544,091
Cash received from direct and indirect contributors	57,506	104,917
Cash paid to suppliers and members	(662,513)	(717,441)
Interest and dividends received	6,700	5,989
Interest paid	(1,590)	(1,792)
Other income received	3,130	8,890
Net cash provided (used) by operating activities	<u>25,127</u>	<u>(55,346)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from investments	107,191	707
Purchases of investments	(8,000)	(5,910)
Line of credit deposit	(1,500)	-
Purchases of property and equipment	-	(5,028)
Net cash provided (used) by investing activities	<u>97,691</u>	<u>(10,231)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (repayments) on line of credit	<u>(48,383)</u>	<u>(1,617)</u>
Net cash used by financing activities	<u>(48,383)</u>	<u>(1,617)</u>
NET INCREASE (DECREASE) IN CASH	74,435	(67,194)
CASH, BEGINNING OF YEAR	<u>7,392</u>	<u>74,586</u>
CASH, END OF YEAR	<u>\$ 81,827</u>	<u>\$ 7,392</u>

The accompanying notes are an integral part of the financial statements

ContactLifeline, Inc.
Statements of Cash Flows (Continued)
Years Ended December 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Change in net assets	\$ 45,408	\$ (88,523)
Adjustments to reconcile net assets to net cash provided (used) by operating activities:		
Depreciation	16,806	17,767
Net unrealized (gain) loss	(45,525)	(18,165)
Net realized (gain) loss	(2,046)	(707)
Decrease (increase) in:		
Government and revenue receivable	5,708	29,122
Accounts receivable - other	-	15,497
Prepaid insurance	2,856	(335)
(Decrease) increase in:		
Accounts payable	(1,963)	(5,838)
Compensated absences	3,883	(4,164)
Net cash provided (used) by operating activities	<u>\$ 25,127</u>	<u>\$ (55,346)</u>

The accompanying notes are an integral part of the financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose - ContactLifeline, Inc. (the Organization) is a not-for-profit organization, which is governed by a volunteer board to oversee the activities of the Organization. The mission of ContactLifeline, Inc. is to keep people alive and safe, to help them through crises, and to connect them with relevant community resources.

Basis of Presentation - The Organization prepares its financial statements in accordance with U.S. generally accepted accounting principles, which involves the application of the accrual method of accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Financial Statement Presentation - Accounting principles generally accepted in the United States of America require the Organization 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.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Grants receivable - Grants receivable are stated at cost. Uncollectible grants are accounted for using the direct write-off method which is based upon a review of outstanding receivables at year end. It is the opinion of management that the expense computed under this method is not materially different than the expense would be if the allowance method were used. Bad debt expense related to government and revenues receivable for the years ended December 31, 2013 and 2012 was \$-0- and \$-0-, respectively.

Recognition of Donor Restrictions - Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Functional Expenses - The costs of providing various programs and other activities have been summarized on a functional basis in the "Statement of Activities". Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

Concentration of Credit Risk - The Organization maintains cash balances at a financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Beginning December 31, 2010, the FDIC implemented a new temporary program that provides unlimited coverage for funds held in noninterest-bearing transaction accounts at insured banks. The temporary program expired December 31, 2012, at which time, the FDIC coverage reverted back to \$250,000.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Funding - The Organization received 89% and 85% of its revenues in 2013 and 2012, respectively, from departments of the State of Delaware.

Property and Equipment - Property and equipment are stated at cost if purchased. Donated facilities and equipment are recorded at their fair market values at the date of receipt. When such assets are sold or otherwise disposed of, the cost and accumulated depreciation are removed from their respective accounts and any gain or loss on such disposition is recognized in the statement of activities. ContactLifeline, Inc.'s policy is to capitalize items with an initial cost equal to or greater than \$200.

Depreciation is computed over the estimated useful lives of the assets, generally using the following methods and lives:

	<u>Method</u>	<u>Depreciation life in years</u>
Building and improvements	Straight-line	31.5
Equipment and fixtures	Straight-line	5 to 10

Investments - Investments are reported at market value. Donated securities are also reported at fair market value as of the date of receipt.

Advertising Costs - Advertising costs are expensed when incurred. Expenses for the years ended December 31, 2013 and 2012 amounted to \$12,675 and \$612, respectively.

Tax-exempt Status - ContactLifeline, Inc. is a not-for-profit organization which is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

On January 1, 2009 the Organization adopted accounting policies relating to uncertainty in income taxes. This policy requires Organizations to recognize, measure, present, and disclose uncertain tax positions that have been or are expected to be taken, including positions that the Organization is exempt from income taxes or not subject to income taxes on unrelated business income. If there are changes in net assets as a result of the application of these policies, these will be accounted for as an adjustment to the opening balance of net assets. Additional disclosures about the amounts of such liabilities will be required also. As of December 31, 2013 and 2012, the Organization had no uncertain tax positions requiring disclosure. The Organization's open audit periods are the current and three preceding years.

Prior Year Financial Statements - 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 the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was derived.

2. PROPERTY AND EQUIPMENT

Major classifications of property and equipment are as follows at December 31,

	<u>2013</u>	<u>2012</u>
Land	\$ 78,130	\$ 78,130
Buildings and leasehold improvements	224,337	224,337
Furniture and equipment	<u>269,064</u>	<u>269,064</u>
	571,531	571,531
Less: accumulated depreciation	<u>409,154</u>	<u>392,348</u>
Total	<u>\$ 162,377</u>	<u>\$ 179,183</u>

Depreciation expense for the years ended December 31, 2013 and 2012 was \$16,806 and \$17,767, respectively.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Fair value measurements - U.S. generally accepted accounting principles established a framework of measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or by other means

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair values of all of the trading securities listed below as of December 31, 2013 and 2012 are based on unadjusted, quoted prices in active markets as of the measurement date (often referred to as Level 1 inputs).

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

Description	Fair Value Measurements at December 31, 2013 Using			Total
	Quoted Prices in Active Markets for Identical Instruments Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
Available for Sale Securities	\$268,919	-	-	\$268,919

Description	Fair Value Measurements at December 31, 2012 Using			Total
	Quoted Prices in Active Markets for Identical Instruments Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	
Available for Sale Securities	\$320,539	-	-	\$320,539

Investments are as follows at December 31,

	2013		
	Cost	Market	Unrealized Gain (Loss)
Equity Income Fund	\$ 83,523	\$ 122,481	\$ 38,958
Short-Term Bond Index Fund	40,703	43,241	2,538
Vanguard 500 Index Fund	51,575	103,197	51,622
	<u>\$ 175,801</u>	<u>\$ 268,919</u>	<u>\$ 93,118</u>

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

	2012		Unrealized Gain (Loss)
	Cost	Market	
Equity Income Fund	\$ 78,437	\$ 94,078	\$ 15,641
Short-Term Treasury	70,816	72,822	2,006
Short-Term Bond Index Fund	72,326	75,656	3,330
Vanguard 500 Index Fund	51,367	77,983	26,616
	<u>\$ 272,946</u>	<u>\$ 320,539</u>	<u>\$ 47,593</u>

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following as of December 31:

	2013	2012
Rape Crisis	\$ 30,199	\$ 35,907
Total temporarily restricted net assets	<u>\$ 30,199</u>	<u>\$ 35,907</u>

5. CONTRIBUTED SERVICES

Contributed services are not recognized as revenues unless the services received create or enhance the value of a non-financial asset; or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by volunteers. A number of unpaid volunteers have made significant contributions of their time to the Organization. The Organization relies on the services of professionally trained and supervised volunteers to conduct its direct services programs – statewide 24/7 Crisis Helpline Services, statewide 24/7 Rape Crisis Services, and daily Reassurance Program. Volunteers contributed 14,231 and 15,594 hours valued at \$288,767 and \$358,974 for the years ended December 31, 2013 and 2012, respectively. The value of the volunteer hours is based on a dollar value per hour reported by Delaware Alliance for Nonprofit Advancement.

6. TAX SHELTER ANNUITY PLAN

The Organization sponsors a tax sheltered annuity plan for all regular full-time employees who have one year of service. Employees may elect to defer a maximum of \$17,500 for the year ended December 31, 2013 (participants eligible for catch-up contributions may elect to defer a maximum of \$23,000 for 2013). The Organization matches employee contributions up to 5% of eligible wages. Employer contributions were \$3,595 and \$2,025 for the years ended December 31, 2013 and 2012, respectively.

8. LINE OF CREDIT

During 2011, the Organization established a revolving line of credit with a local financial institution to borrow up to \$50,000. The line incurs interest at the bank's prime rate plus 1% annually on all outstanding balances. The interest rate at December 31, 2013 was 4.25%. The outstanding balance as of December 31, 2013 and 2012 was \$-0- and \$48,383, respectively.

9. BENEFICIAL INTEREST IN NET ASSETS HELD BY THIRD PARTIES

The Organization has established donor-advised funds with various third parties. Specific contributions received by these funds are accounted for and designated as the Organizations funds. Accounting guidance provides that the portions of the funds with no variance power are net assets of the Organization. The remaining portion is a component fund of the third party and is not included in the financial statements of the Organization. At December 31, 2013 and 2012, 100% of the funds' assets had variance power and as such, the activity of the funds has not been recorded in the Organization's financial statements for the years then ended.

10. OPERATING LEASES

The Organization has an operating lease for its Milford office. The Organization entered into a one year lease agreement, for this office, dated November 1, 2009 at a rate of \$753 per month. The lease is renewable annually and has been renewed each year at the rate of \$753. Rental expense under this lease totaled \$9,006 for each of the years ended December 31, 2013 and 2012.

The Organization also leases a postage machine under a month-to-month operating lease, requiring quarterly lease payments in the amount of \$138.

The following is a schedule of future minimum lease payments under these agreements as of December 31, 2013:

<u>Year Ending December 31,</u>	
2013	\$ 9,006
	<u>\$ 9,006</u>

11. SUBSEQUENT EVENT

In preparing these financial statements, the Organization has evaluated subsequent events through June 24, 2014, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the year ended December 31, 2013.

ContactLifeline, Inc.
Statement of Functional Expenses
Year Ended December 31, 2013
(with Summarized Totals for 2012)

	2013						2012	
	Program Services			Support Services			Total	Total
	Crisis Help	Reassurance	Rape Crisis	Total Program Services	Management and General	Fundraising		
Salaries	\$ 77,639	\$ -	\$ 326,959	\$ 404,598	\$ 52,095	\$ -	\$ 52,095	\$ 496,719
Employee benefits	10,788	-	15,765	26,553	(4,175)	-	(4,175)	45,846
Payroll taxes	5,315	-	23,895	29,210	3,563	-	3,563	35,902
Total salaries and related expenses	93,742	-	366,619	460,361	51,483	-	51,483	578,467
Advertising	11,130	-	945	12,075	600	-	600	612
Conferences and meetings	69	-	5,962	6,031	4,353	-	4,353	1,481
Depreciation	-	-	-	-	16,806	-	16,806	17,767
Equipment	83	-	146	229	1,103	-	1,103	670
Food and beverages	-	-	-	-	5,113	-	5,113	-
Insurance	2,373	-	3,171	5,544	6,147	-	6,147	7,207
Interest expense	-	-	-	-	1,590	-	1,590	1,792
Membership dues	-	-	-	-	180	-	180	2,039
Miscellaneous	1,287	-	9,641	10,928	(1,016)	-	(1,016)	4,227
Occupancy	7,282	-	7,973	15,255	5,768	-	5,768	23,726
Postage and shipping	16	-	47	63	113	-	113	862
Printing and publications	4,421	-	1,262	5,683	565	-	565	6,540
Professional fees	3,506	-	14,194	17,700	7,390	-	7,390	45,019
Supplies	1,848	-	8,629	10,477	5,045	-	5,045	4,170
Telephone	2,344	-	9,967	12,311	7,840	-	7,840	23,171
Repairs and maintenance	-	-	-	-	415	-	415	250
Training	760	-	-	760	1,695	-	1,695	-
Travel	-	-	-	-	373	-	373	10,203
Website	4,435	-	5,676	10,111	2,594	-	2,594	12,777
Theft loss	-	-	-	-	-	-	-	1,180
Contributed services	133,296	-	434,232	567,528	118,157	-	118,157	742,160
	142,111	-	146,656	288,767	-	-	-	358,974
Total expenses	\$ 275,407	\$ -	\$ 580,888	\$ 856,295	\$ 118,157	\$ -	\$ 118,157	\$ 1,101,134

The accompanying notes are an integral part of the financial statements