

**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER**

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2010

**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER
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YEAR ENDED DECEMBER 31, 2010**

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LarsonAllen[®] LLP

CPAs, Consultants & Advisors

www.larsonallen.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of financial position of CornerHouse-Interagency Child Abuse Evaluation Center (CornerHouse) as of December 31, 2010, 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 the 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 the financial statements of CornerHouse as of December 31, 2009, which were audited by other auditors whose report dated May 6, 2010, expressed an unqualified opinion on those 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 as of December 31, 2010, and the change 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.

LarsonAllen LLP
LarsonAllen LLP

Minneapolis, Minnesota
May 20, 2011



(1)

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**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(WITH SUMMARIZED TOTALS AS OF DECEMBER 31, 2009)**

ASSETS	2010	2009
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 391,050	\$ 470,419
Certificates of Deposit	50,463	50,463
Accounts Receivable	60,156	42,248
Prepaid Expenses	8,021	9,526
Total Current Assets	509,690	572,656
Land Lease, Net	19,200	20,400
Property and Equipment, Net	667,838	677,036
Total Assets	\$ 1,196,728	\$ 1,270,092
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 11,097	\$ 7,509
Accrued Payroll and Related Costs	62,509	68,228
Refundable Advances	29,853	165,536
Total Current Liabilities	103,459	241,273
NET ASSETS		
Unrestricted:		
Board Designated - Facility Replacement Reserve	225,000	225,000
Invested in Property and Equipment	667,838	677,036
Other	181,231	98,948
Total Unrestricted	1,074,069	1,000,984
Temporarily Restricted	19,200	27,835
Total Net Assets	1,093,269	1,028,819
Total Liabilities and Net Assets	\$ 1,196,728	\$ 1,270,092

See accompanying Notes to Financial Statements.

**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2010
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**

	2010			2009
	Unrestricted	Temporarily Restricted	Total	
SUPPORT AND REVENUE				
Foundations and Corporations	\$ 26,000	\$ -	\$ 26,000	\$ 34,000
Contributions - Cash	35,291	-	35,291	31,280
Contributions - In-Kind	200,262	-	200,262	29,023
Special Fundraising Events	204,920	-	204,920	110,778
Less: Costs of Direct Benefits to Donors	(56,122)	-	(56,122)	(21,100)
Contracts	637,985	-	637,985	562,025
Fees	199,164	-	199,164	209,295
Government Grants	77,759	-	77,759	88,046
Investment Income	2,179	-	2,179	7,709
Other	4,463	-	4,463	2,938
Net Assets Released from Restrictions Upon Expiration of Time and Purpose Restrictions	8,635	(8,635)	-	-
Total Support and Revenue	<u>1,340,536</u>	<u>(8,635)</u>	<u>1,331,901</u>	<u>1,053,994</u>
EXPENSES				
Program Services	976,510	-	976,510	985,561
Management and General	164,415	-	164,415	94,654
Fundraising	126,526	-	126,526	44,373
Total Expenses	<u>1,267,451</u>	<u>-</u>	<u>1,267,451</u>	<u>1,124,588</u>
CHANGE IN NET ASSETS	73,085	(8,635)	64,450	(70,594)
Net Assets - Beginning of Year	<u>1,000,984</u>	<u>27,835</u>	<u>1,028,819</u>	<u>1,099,413</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,074,069</u></u>	<u><u>\$ 19,200</u></u>	<u><u>\$ 1,093,269</u></u>	<u><u>\$ 1,028,819</u></u>

See accompanying Notes to Financial Statements.

**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2010
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**

	2010						2009
	Program Services			Management and General	Fundraising	Total	
	Forensic	Training	Total				
Salaries	\$ 372,754	\$ 195,252	\$ 568,006	\$ 92,342	\$ 49,947	\$ 710,295	\$ 683,836
Payroll Taxes	34,762	18,268	53,030	8,640	4,673	66,343	59,765
Employee Benefits	52,371	27,521	79,892	17,592	7,040	104,524	83,260
Total Personnel Expense	<u>459,887</u>	<u>241,041</u>	<u>700,928</u>	<u>118,574</u>	<u>61,660</u>	<u>881,162</u>	<u>826,861</u>
Postage	643	1,192	1,835	160	86	2,081	5,899
Printing Design	9,929	4,825	14,754	1,567	1,286	17,607	5,333
Special Events Expense	-	-	-	-	11,306	11,306	16,921
Documentary DVD	2,754	2,165	4,919	-	-	4,919	18,450
Office Supplies	5,548	1,853	7,401	487	264	8,152	8,215
In-Kind Radio Outreach and Advertising	48,214	48,214	96,428	-	39,072	135,500	-
Consultants	21,580	12,760	34,340	-	3,363	37,703	42,835
Staff Development	4,696	1,409	6,105	1,979	-	8,084	8,599
Food	1,441	2,737	4,178	1,119	530	5,827	7,820
Training Travel	-	-	-	-	-	-	20,624
Accounting, Audit and Other Fees	-	-	-	19,934	-	19,934	16,753
Legal Fees	285	2,626	2,911	2,053	-	4,964	2,623
Insurance	3,224	1,694	4,918	2,777	433	8,128	20,935
Building and Grounds Maintenance	11,436	6,010	17,446	2,842	1,537	21,825	16,223
Equipment Repairs and Maintenance	3,631	1,789	5,420	716	387	6,523	9,668
Rent	1,200	-	1,200	-	-	1,200	1,200
Utilities	18,911	9,938	28,849	4,700	2,542	36,091	35,395
Total Expenses and Other Than Depreciation and Direct Donor Benefits	<u>593,379</u>	<u>338,253</u>	<u>931,632</u>	<u>156,908</u>	<u>122,466</u>	<u>1,211,006</u>	<u>1,064,354</u>
Depreciation	<u>29,005</u>	<u>15,873</u>	<u>44,878</u>	<u>7,507</u>	<u>4,060</u>	<u>56,445</u>	<u>60,234</u>
Total Expenses	<u>\$ 622,384</u>	<u>\$ 354,126</u>	<u>\$ 976,510</u>	<u>\$ 164,415</u>	<u>\$ 126,526</u>	<u>1,267,451</u>	<u>1,124,588</u>
Direct Donor Benefits:							
Twins Event						40,512	14,986
Gala Event						<u>15,610</u>	<u>6,114</u>
Total Expenses						<u>\$ 1,323,573</u>	<u>\$ 1,145,688</u>

See accompanying Notes to Financial Statements.

**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2010
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2009)**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 64,450	\$ (70,594)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	56,445	60,234
Amortization of Land Lease	1,200	1,200
Changes in Certain Assets and Liabilities:		
Accounts Receivable	(17,908)	(1,500)
Contributions Receivable	-	15,055
Prepaid Expenses	1,505	5,506
Accounts Payable	3,588	(4,683)
Accrued Payroll and Related Costs	(5,719)	(18,299)
Refundable Advances	(135,683)	108,301
Net Cash Provided (Used) by Operating Activities	(32,122)	95,220
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(47,247)	(6,409)
Redemption of Certificates of Deposit	-	202,101
Purchase of Certificates of Deposit	-	(50,000)
Net Cash Provided (Used) by Investing Activities	(47,247)	145,692
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(79,369)	240,912
Cash and Cash Equivalents - Beginning of Year	470,419	229,507
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 391,050	\$ 470,419

See accompanying Notes to Financial Statements.

**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

For the past 21 years, CornerHouse-Interagency Child Abuse Evaluation Center (CornerHouse), located on the corner of 25th Street and 10th Avenue in Minneapolis, Minnesota, has been meeting the needs of children, teens and vulnerable adults referred by law enforcement and child protection community partners. It is the goal of CornerHouse to begin the healing process by assuring that an objective, non-duplicative forensic interview is conducted in a child centered environment with family support services offered to decrease the trauma and the likelihood of further victimization.

The mission of CornerHouse is to assure that the voices of children are heard and understood in cases of alleged abuse. Part of a national movement and accredited by the National Children's Alliance, CornerHouse is a 501(c)3 child advocacy center established as the result of a collaborative effort of county attorneys, law enforcement, child protection and concerned citizens during the late 1980s when concern about how children alleged to have been abused were interviewed and supported emerged. Working as a multi-disciplinary team with these partners, CornerHouse developed an internationally recognized protocol for interviewing children.

The core philosophy of the CornerHouse work is that of "child first". The interview process, the décor and physical layout of the house and the support services offered incorporate the commitment that children's needs are above the priorities of the criminal justice system. This philosophy assures that a child's development and special needs such as language, mental health and physical challenges are all considered as a part of the interview process. Forensic interviewers are specially trained professionals and the interview is non-duplicative so as to minimize trauma to the child. Multi-disciplinary team members attend the interview sessions to assure that concerns and planning occur in real time. Planning with respect to future needs, follow up by team members and medical and psychological support services are all included. Support services are designed based on research, which reflects that children are more likely to be kept safe if their family/caregivers feel supported.

Because of its leadership in the development of the forensic interviewing protocol, CornerHouse has become an international leader by training prosecutors, law enforcement and child protection workers in forensic interviewing. Utilizing the experienced forensic interviewers on staff as trainers in the program, CornerHouse conducts training for both basic and advanced levels of learning. To date, CornerHouse has trained child abuse professionals from 49 states and ten foreign countries including American Samoa, Canada, Colombia, Ireland, Jamaica, Japan, Kosovo, Nigeria, Uruguay, and The International Criminal Court at The Hague.

In 2010, CornerHouse served over 500 children and teens who were alleged to have been abused either sexually or physically as well as witnesses to violent crimes. Over 80% of the family members who came to CornerHouse were provided with counseling and support, referrals for counseling and consultation on strategies for keeping their children safe in the future.

**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

Net assets and revenues, gains, and losses are classified based on donor imposed restrictions. Accordingly, net assets of CornerHouse and changes therein are classified and reported as follows:

Unrestricted – Resources over which the board of directors has discretionary control. Designated amounts represent those revenues which the board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions which will be satisfied by actions of CornerHouse or passage of time.

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.

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.

Accounts Receivable

Receivables are stated at net realizable value. CornerHouse provides an allowance for bad debts using the allowance method, which is based on management judgment considering historical information. Accounts for which no payments have been received are individually assessed for collectibility and are written off when deemed uncollectible. At December 31, 2010 and 2009, all amounts were deemed collectible, so no allowance was necessary.

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.

**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Summarized 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, 2009, from which the summarized information was derived.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of asset 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.

**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 1 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 2010 and 2009.

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 2007. Any interest and penalties associated with tax positions are reported as such within the management and general expenses category. For years ended December 31, 2010 and 2009, there were no such interest or penalties recorded in the accompanying financial statements.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2010	2009	Estimated Useful Life
Building	\$ 1,157,173	\$ 1,157,173	20 - 29 Years
Furniture and Equipment	326,665	282,151	2 - 7 Years
Artwork	10,929	10,929	10 Years
	<u>1,494,767</u>	<u>1,450,253</u>	
Accumulated Depreciation	(826,929)	(773,217)	
Total	<u>\$ 667,838</u>	<u>\$ 677,036</u>	

NOTE 3 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.

**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 3 NET ASSETS (CONTINUED)

Temporarily restricted net assets are for the following purposes:

	2010	2009
Programs, Usage Restricted	\$ -	\$ 7,435
Land Lease	19,200	20,400
Total	\$ 19,200	\$ 27,835

NOTE 4 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 1.5% 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 \$24,828 and \$22,856 for the years ended December 31, 2010 and 2009, respectively.

NOTE 5 RELATED PARTY TRANSACTIONS

Children's Hospitals and Clinics of Minnesota

CornerHouse has an agreement to purchase certain services and supplies through Children's Hospitals and Clinics of Minnesota (CHC). Total services and supplies purchased from CHC were \$12,641 and \$13,777 for the years ended December 31, 2010 and 2009, respectively. There were no amounts owed to CHC at December 31, 2010 and 2009. CHC provided telephone and technology services which are reported as in-kind contributions included in utilities expense in the amount of \$27,600 and \$26,400 for the years ended December 31, 2010 and 2009, respectively.

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 for the years ended December 31, 2010 and 2009.

**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 5 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 \$174,636 and \$180,296 for the years ended December 31, 2010 and 2009, respectively. Accounts receivable at December 31, 2010 and 2009 includes \$16,940 and \$-0-, respectively, 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 \$131,048 and \$126,008 for the years ended December 31, 2010 and 2009, respectively.

KSTP-FM, LLC (KS95)

During 2010, KS95 donated airtime to CornerHouse to air various announcements. The estimated value of this airtime was recorded as an in-kind contribution and in-kind radio outreach and advertising expense in the amount of \$135,500. Of that total, \$96,428 has been reported as program services expense, and \$39,072 as fundraising expense based on the purpose of the various announcements aired. A key employee of KS95 is a board member of CornerHouse.

NOTE 6 CONTRIBUTED SERVICES

During 2010, CornerHouse received contributed services from attorneys of \$4,964 that are reported as in-kind contributions. Of the total, \$2,911 is reported as program services expense and the balance is in management and general expense.

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.

NOTE 7 ECONOMIC DEPENDENCE

CornerHouse received 43% of its 2010 revenue and support from governmental contracts with Hennepin County (22%), the City of Minneapolis (10%), and the State of Minnesota (11%).

CornerHouse received 54% of its 2009 revenue and support from governmental contracts with Hennepin County (28%), the City of Minneapolis (12%), and the State of Minnesota (14%).

**CORNERHOUSE-INTERAGENCY
CHILD ABUSE EVALUATION CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010**

NOTE 8 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.

NOTE 9 SUBSEQUENT EVENTS

In preparing these financial statements, CornerHouse has evaluated events and transactions for potential recognition or disclosure through May 20, 2011, the date the financial statements were available to be issued.