

CRIMESTOPPERS, INC.

Financial Statements with Supplemental Information

December 31, 2016

(With Independent Auditors' Report Thereon)

CRIMESTOPPERS, INC.

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Independent Auditors' Report

To the Board of Directors
Crimestoppers, Inc.
Metairie, Louisiana

We have audited the accompanying statement of financial position of Crimestoppers, Inc. (a non-profit corporation) as of December 31, 2016 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.

Auditors' 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 Crimestoppers, Inc. as of December 31, 2016, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 11 and schedule of compensation, reimbursements, benefits and other payments to the Chief Executive Officer on page 12 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2017, on our consideration of Crimestoppers, Inc.'s 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 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 Crimestoppers Inc.'s internal control over financial reporting and compliance.

Griffin & Furman, LLC

June 30, 2017

CRIMESTOPPERS, INC.

Statement of Financial Position

December 31, 2016

<u>Assets</u>		
Cash & cash equivalents:		
Restricted for rewards & related costs	\$ 136,975	
Unrestricted	902,166	
Total cash & cash equivalents		1,039,141
Certificates of deposit:		
Restricted for rewards & related costs	898,168	
Unrestricted	1,344,718	
Total certificates of deposit		2,242,886
Court fee receivable		18,529
Other receivables		16,313
Accrued interest		4,147
Prepaid expenses		8,523
Property & equipment, net		8,317
Total assets	\$	<u><u>3,337,856</u></u>

<u>Liabilities & Net Assets</u>		
Liabilities:		
Accounts payable	\$ 8,919	
Payroll liabilities & withholdings	3,481	
Refundable supplemental rewards	175,059	
Deferred luncheon revenue	57,250	
Total liabilities		<u>244,709</u>
Net Assets:		
Unrestricted		2,045,221
Temporarily restricted (Note 4):		
Cumulative tips earned, reward unclaimed	721,305	
2016 cases unsolved, open tips	101,040	
Tip hotline	225,581	
Total temporarily restricted		<u>1,047,926</u>
Total net assets		<u>3,093,147</u>
Total liabilities & net assets	\$	<u><u>3,337,856</u></u>

See accompanying notes to the financial statements.

CRIMESTOPPERS, INC.

Statement of Activities

For the Year Ended December 31, 2016

		<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support & Revenues:				
Contributions	S	133,936	-	133,936
Special events revenue (less related costs of \$58,780)		350,000	-	350,000
Court fees		-	288,168	288,168
Grants		24,500	-	24,500
Supplemental rewards received - not refundable		3,675	-	3,675
Interest		9,413	2,395	11,808
Miscellaneous		315	-	315
		<u>521,839</u>	<u>290,563</u>	<u>812,402</u>
Expenses:				
Program services		261,086	286,202	547,288
Support services		120,487	-	120,487
		<u>381,573</u>	<u>286,202</u>	<u>667,775</u>
Change in net assets		<u>140,266</u>	<u>4,361</u>	<u>144,627</u>
Net assets - beginning of year		1,849,349	1,146,830	2,996,179
Prior period adjustment		<u>55,606</u>	<u>(103,265)</u>	<u>(47,659)</u>
Net assets, beginning of year, as restated		<u>1,904,955</u>	<u>1,043,565</u>	<u>2,948,520</u>
Net assets - end of year	S	<u><u>2,045,221</u></u>	<u><u>1,047,926</u></u>	<u><u>3,093,147</u></u>

See accompanying notes to the financial statements.

CRIMESTOPPERS, INC.

Statement of Cash Flows

For the Year Ended December 31, 2016

Cash flows from operating activities:		
Change in net assets	\$	144,627
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		4,968
(Increases) decreases in assets:		
Court fee receivable		5,701
Accrued interest		(433)
Prepaid expenses		(8,523)
Increases (decreases) in liabilities:		
Accounts payable		(9,636)
Payroll liabilities & withholdings		(16,519)
Refundable supplemental rewards		56,400
Other liabilities		(6,818)
Deferred revenue		(46,600)
Net cash provided by operating activities		106,854
Cash flows from investing activities:		
Purchase of certificates of deposit		(10,534)
Proceeds from certificates of deposit		159,521
Net cash provided by investing activities		148,987
Net increase in cash & cash equivalents		255,841
Cash & cash equivalents, beginning of year		783,300
Cash & cash equivalents, end of year	\$	1,039,141

See accompanying notes to the financial statements.

CRIMESTOPPERS, INC.

Notes to Financial Statements

December 31, 2016

(1) Nature of Business

Crimestoppers, Inc. (the Organization) is a 501 (c)(3) non-profit serving a nine-parish region of Southeastern Louisiana. To foster a safe community, the Organization's mission is to prevent and solve crime by providing educational crime prevention programs for youth and adults, and by assisting Law Enforcement Agencies in identifying and arresting criminal suspects through anonymous tips by citizens.

(2) Summary of Significant Accounting Policies

(a) Financial Statement Presentation

The Organization has adopted the financial reporting standards requirements as set forth in the Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organization". Accordingly, the net assets of the Organization are classified as both unrestricted and temporarily restricted.

(b) Unrestricted Net Assets

Net assets that are not subject to donor-imposed stipulations.

(c) Temporarily Restricted Net Assets

Temporarily restricted net assets include contributions subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. These assets also include public funds received from various courts that are restricted for specific purposes by State law. When a restriction expires with donor-imposed funds, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Net assets for which the restriction is met in the year received are shown as temporarily restricted support and expense in the year of receipt.

(d) Functional Allocation of Expenses

The costs of providing the various programs and 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.

(e) Cash & Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all investments purchased with a maturity of three months or less to be cash equivalents.

(f) Economic Dependency

The primary sources of revenue for the Organization are private contributions, court fees, grants, and fundraising activities. The continued success of the Organization is dependent upon the continued receipt of private contributions, court fees, grants, and monies from fundraising activities.

CRIMESTOPPERS, INC.

Notes to Financial Statements

December 31, 2016

(g) Revenue Recognition & Receivables

The Organization recognizes all contributed support as income in the period received. The Organization recognizes all grants and court fees as revenue when earned. Contributed support is reported as unrestricted or temporarily restricted depending on the existence of donors' stipulations that limit the use of the support. Due to the nature of the grant and court fee receivables, there was no allowance for uncollectible amounts recorded at December 31, 2016.

(h) Property & Equipment

Property and equipment are recorded at cost (or fair market value for donated assets) and depreciated using the straight-line method over the estimated useful lives of the related assets. The Organization capitalizes purchases of property and equipment in excess of \$1,000. Expenditures for maintenance, repairs, and minor renewals are expensed as incurred.

(i) Estimates

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(j) Fair Values of Financial Institutions

Generally accepted accounting principles require disclosure of fair value information about financial instruments for which it is practicable to estimate fair value, whether or not recognized in the statement of financial position. Cash and cash equivalents carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

(k) Advertising & Marketing Costs

Advertising & marketing costs are expensed as incurred. Advertising and marketing expense for the year totaled \$191,739.

(l) Concentrations

The Organization occasionally maintains cash and cash equivalents on deposit at financial institutions in excess of the federally insured limits. Accordingly, at times the deposits are uninsured and uncollateralized. The organization has not experienced any losses in such accounts and believes its cash is not exposed to any significant credit risk.

CRIMESTOPPERS, INC.

Notes to Financial Statements

December 31, 2016

(3) Property & Equipment

Property & equipment is summarized as follows:

Furniture, fixtures and equipment	\$ 54,498
Less accumulated depreciation	<u>(46,181)</u>
	<u>\$ 8,317</u>

Depreciation and amortization expense amounted to \$4,968 in 2016.

(4) Temporarily Restricted Net Assets – Court Fees

Pursuant to Act 50 House Bill No. 33 of the 2002 Regular Legislative Session, when a criminal defendant of any criminal offense or any traffic offense in any court is convicted of an offense, and a crime stoppers organization exists within the territorial jurisdiction of the court and certified by the chief law enforcement agency, the court shall assess a \$2.00 fee for each offense, and shall be in addition to all other fines, penalties, and fees imposed by the court. The court cannot suspend the payment of this fee and is required to transfer the fees to the crime stoppers organization at least annually.

All funds received by the crime stoppers organization through this fee are required to be used solely for the purposes of paying rewards to individuals who provide information on criminal activity to the crime stoppers organization, for the operation of a hot line used for receiving that information, and for other purposes which are directly related to obtaining information on criminal activities. The funds received from the courts shall be placed in a separate account.

As of December 31, 2016, the Organization has temporarily restricted net assets associated with court fees as follows:

Tip earned, reward unclaimed	\$ 721,305
Case unsolved, open tips	101,040
Tip hotline	<u>225,581</u>
	<u>\$ 1,047,926</u>

Cumulative tips earned, reward unclaimed – these amounts represent cases that have rewards but the reward has not yet been claimed by the tipster.

2016 cases unsolved, open tips – these amounts represent an estimate of active tips generated during 2016 for which a reward has been set but not yet earned that could be paid in future periods based on historical reward payment data.

Tip hotline – these amounts represent remaining court fees that have been received and not yet spent for the restricted purposes.

(5) Net Assets Released from Restrictions

During 2016, the Organization received net assets (court fees) totaling \$288,168. These funds represent temporarily restricted net assets. Restrictions were met for \$286,202 of these funds during 2016.

CRIMESTOPPERS, INC.

Notes to Financial Statements

December 31, 2016

(6) Refundable Supplemental Rewards & Supplemental Rewards Received – Not Refundable

Refundable Supplemental Rewards consist of amounts of \$1,000 and greater, are subject to contract, and are refundable by the donor upon request. These amounts are recorded as liabilities by the Organization when they are received. As of December 31, 2016, refundable supplemental rewards amounted to \$175,059.

When a refundable supplemental reward is refunded, the Organization retains 20% of the original amount received as supplemental rewards received – not refundable and refunds the remainder. Supplemental rewards received - not refundable also includes amounts less than \$1,000 or with no contract. Supplemental rewards received - not refundable is recorded as an increase to unrestricted net assets. For the year ended December 31, 2016, supplemental rewards received – not refundable amounted to \$3,675.

(7) Income Taxes

The Organization is a tax exempt corporation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provisions for federal and state income taxes have been recorded in the accompanying financial statements. The Organization Form 990, Return of Organization Exempt from Income Tax, for the years 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they were filed. The 2016 Form 990 has not been filed as of the date of these financial statements.

(8) Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. At certain times, portions of the deposits are uninsured and uncollateralized. The organization has not experienced any losses in such accounts and believes its cash is not exposed to any significant credit risk.

(9) In-Kind Donations

The Jefferson Parish Sheriff's office provides office space, meeting space, utilities, and telephone at no cost to the Organization. The value of these benefits has not been recorded in the financial statements since the related amounts have not been determined.

(10) Pension Plan

Starting January 1, 2013 the Organization adopted a 401(k) plan that covers the Executive Director and two other eligible employees. Contributions to the plan for the year ended December 31, 2016 were \$13,281.

(11) Lease of Automobile

During 2016, the Organization leased an automobile under a lease agreement classified as an operating lease. Rent payments under the lease amounted to \$6,058 for the year ended December 31, 2016.

CRIMESTOPPERS, INC.

Notes to Financial Statements

December 31, 2016

Future minimum lease payments under the lease are as follows:

<u>Year</u>	
2017	\$ 6,804
2018	6,804
2019	<u>6,237</u>
	<u>\$ 19,845</u>

(12) Prior Period Adjustment

During the current year, the Organization recorded two prior period adjustments resulting in an increase to unrestricted net assets of \$55,606 and a decrease of temporarily restricted net assets of \$103,265. The first adjustment was made to increase the refundable supplemental rewards liability and decrease unrestricted net assets by \$47,659. This adjustment was necessary because certain refundable supplemental rewards had been recognized as unrestricted revenue in prior years when in fact those amounts are still refundable. The second adjustment was made to reclassify \$103,265 from temporarily restricted net assets to unrestricted net assets. This reclassification was necessary to correct differences that had accumulated over time between the temporarily restricted net asset balance and the related temporarily restricted assets and liabilities.

(13) Evaluation of Subsequent Events

The Organization has evaluated subsequent events through June 30, 2017, the date which the financial statements were available to be issued.

CRIMESTOPPERS, INC.

Schedule of Functional Expenses

For the Year Ended December 31, 2016

	Program Services								
	<u>Court Fee Tip Hotline</u>	<u>Safe School</u>	<u>Tip Hotline Support</u>	<u>Youth Crime Prevention Initiative</u>	<u>Community Outreach</u>	<u>Victim's Service</u>	<u>Total Program Services</u>	<u>Management & General</u>	<u>Total</u>
Reward payments	\$ 60,475	-	-	-	-	-	60,475	-	60,475
Salaries, payroll taxes & related benefits	-	34,043	66,004	27,193	59,482	46,676	233,398	82,283	315,681
Advertising & marketing	181,530	-	-	-	9,781	-	191,311	428	191,739
Depreciation	-	-	-	-	-	-	-	4,968	4,968
Program specific activities and related costs	17,835	-	-	3,720	10,473	-	32,028	-	32,028
Insurance	3,622	-	-	-	-	-	3,622	100	3,722
Other operating expenses	-	-	-	-	1,036	-	1,036	10,343	11,379
Office operation expense	-	2,678	-	-	-	-	2,678	14,592	17,270
Professional fees	8,645	-	-	-	-	-	8,645	7,773	16,418
Answering service	14,095	-	-	-	-	-	14,095	-	14,095
Total expenses	<u>\$ 286,202</u>	<u>36,721</u>	<u>66,004</u>	<u>30,913</u>	<u>80,772</u>	<u>46,676</u>	<u>547,288</u>	<u>120,487</u>	<u>667,775</u>

See accompanying notes to the financial statements.

CRIMESTOPPERS, INC.

Schedule of Compensation, Benefits, and Other Payments to Agency Head or Chief Executive Officer

For the Year Ended December 31, 2016

(See Independent Auditors' Report)

Schedule is not applicable as no compensation, benefits, or other payments to the chief executive officer are made from public funds.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Crimestoppers, Inc.
Metairie, Louisiana

We have audited, in accordance with the 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, the financial statements of Crimestoppers, Inc. (a non-profit corporation), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crimestoppers Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crimestoppers Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crimestoppers Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Griffin & Furman, LLC

June 30, 2017

CRIMESTOPPERS, INC.

Schedule of Findings & Questioned Costs

Year Ended December 31, 2016

Section I – Summary of Auditors’ Results

Financial Statements:

a. Type of auditors’ report issued - unqualified

b. Internal Control Over Financial Reporting

Material weaknesses identified – None

Significant deficiencies identified that are not considered material weaknesses – None

c. Non-Compliance Material to Financial Statements - None

Federal Awards

Not applicable.

Section II – Financial Statement Findings

No matters reported.

Section III – Federal Award Findings and Questioned Costs

Not applicable.

CRIMESTOPPERS, INC.

Status of Prior Year Findings

Year Ended December 31, 2016

Not Applicable