



**Children's Advocacy Center of
Collin County, Inc.**

**Financial Statements
June 30, 2018 and 2017**

Children's Advocacy Center of Collin County, Inc.

Contents

Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9



Independent Auditors' Report

To the Board of Directors of
Children's Advocacy Center of Collin County, Inc.

We have audited the accompanying financial statements of Children's Advocacy Center of Collin County, Inc., (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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 Children's Advocacy Center of Collin County, Inc. as of June 30, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
January 17, 2019

Children's Advocacy Center of Collin County, Inc.
Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,091,123	\$ 1,363,666
Certificates of deposit	691,193	454,475
Investments	554,333	530,009
Government grants receivable	173,527	126,690
Unconditional promises to give, net	47,743	49,155
Prepaid expenses	199,269	79,923
Total current assets	2,757,188	2,603,918
Noncurrent assets:		
Unconditional promises to give	109,470	62,171
Property and equipment, net	5,563,001	5,828,655
Total assets	\$ 8,429,659	\$ 8,494,744
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 87,116	\$ 41,700
Deferred revenue	65,068	52,430
Total current liabilities	152,184	94,130
Net assets:		
Unrestricted	8,232,874	8,321,114
Temporarily restricted	44,601	79,500
Total net assets	8,277,475	8,400,614
Total liabilities and net assets	\$ 8,429,659	\$ 8,494,744

See notes to financial statements.

Children's Advocacy Center of Collin County, Inc.
Statement of Activities
Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions	\$ 1,203,879	\$ 55,441	\$ 1,259,320
In-kind contributions	723,483	-	723,483
National and Texas Children's Advocacy Centers	335,506	-	335,506
Government grants	1,086,976	-	1,086,976
Special events (net of direct costs of \$791,395)	671,730	-	671,730
Rent from partner agencies	451,035	-	451,035
Net investment income	34,338	-	34,338
Other	131,913	-	131,913
Net assets released from restrictions	90,340	(90,340)	-
Total support and revenue	4,729,200	(34,899)	4,694,301
Expenses:			
Program services	3,742,531	-	3,742,531
Support services:			
Management and general	424,510	-	424,510
Fundraising	650,399	-	650,399
Total expenses	4,817,440	-	4,817,440
Change in net assets	(88,240)	(34,899)	(123,139)
Net assets, beginning of year	8,321,114	79,500	8,400,614
Net assets, end of year	\$ 8,232,874	\$ 44,601	\$ 8,277,475

See notes to financial statements.

Children's Advocacy Center of Collin County, Inc.
Statement of Activities
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Support and revenue:			
Contributions	\$ 1,313,775	\$ 79,500	\$ 1,393,275
In-kind contributions	689,514	-	689,514
National and Texas Children's Advocacy Centers	340,101	-	340,101
Government grants	832,790	-	832,790
Special events (net of direct costs of \$707,110)	543,692	-	543,692
Rent from partner agencies	436,672	-	436,672
Net investment income	41,802	-	41,802
Other	91,824	-	91,824
Net assets released from restrictions	131,098	(131,098)	-
Total support and revenue	4,421,268	(51,598)	4,369,670
Expenses:			
Program services	3,378,760	-	3,378,760
Support services:			
Management and general	341,269	-	341,269
Fundraising	575,985	-	575,985
Total expenses	4,296,014	-	4,296,014
Change in net assets before gain on involuntary conversion	125,254	(51,598)	73,656
Gain on involuntary conversion	768,894	-	768,894
Change in net assets	894,148	(51,598)	842,550
Net assets, beginning of year	7,426,966	131,098	7,558,064
Net assets, end of year	<u>\$ 8,321,114</u>	<u>\$ 79,500</u>	<u>\$ 8,400,614</u>

See notes to financial statements.

Children's Advocacy Center of Collin County, Inc.
Statement of Functional Expenses
Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	Total
Payroll costs	\$ 2,175,643	\$ 342,524	\$ 442,526	\$ 2,960,693
Professional services	81,473	37,537	49,032	168,042
Building occupancy	181,739	7,023	5,601	194,363
Supplies	17,834	3,329	2,415	23,578
Equipment	41,729	3,155	3,905	48,789
Communication	41,820	2,769	5,497	50,086
Education	53,470	5,666	3,734	62,870
Travel	28,086	2,747	5,234	36,067
Insurance	46,308	3,438	2,520	52,266
Depreciation	242,088	13,387	10,179	265,654
Client services	82,759	-	-	82,759
Client assistance - in-kind	723,483	-	-	723,483
Direct costs of special events	-	-	791,395	791,395
Capital Campaign	-	-	84,317	84,317
Miscellaneous	26,099	2,935	35,439	64,473
Total expense by function	3,742,531	424,510	1,441,794	5,608,835
Less expenses included with revenues on the statement of activities - Direct costs of special events	-	-	(791,395)	(791,395)
Total expenses included in the expense section on the statement of activities	\$ 3,742,531	\$ 424,510	\$ 650,399	\$ 4,817,440

See notes to financial statements.

Children's Advocacy Center of Collin County, Inc.
Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services	Management and General	Fundraising	Total
Payroll costs	\$ 1,846,015	\$ 252,483	\$ 482,088	\$ 2,580,586
Professional services	80,209	39,737	26,044	145,990
Building occupancy	216,217	9,297	6,954	232,468
Supplies	19,601	5,318	2,563	27,482
Equipment	30,976	1,526	1,081	33,583
Communication	63,382	4,721	17,627	85,730
Education	42,149	5,016	1,889	49,054
Travel	22,675	2,691	6,658	32,024
Insurance	37,058	3,756	2,898	43,712
Depreciation	230,481	12,943	9,848	253,272
Client services	81,212	-	-	81,212
Client assistance - in-kind	689,514	-	-	689,514
Direct costs of special events	-	-	707,110	707,110
Miscellaneous	19,271	3,781	18,335	41,387
Total expense by function	3,378,760	341,269	1,283,095	5,003,124
Less expenses included with revenues on the statement of activities - Direct costs of special events	-	-	(707,110)	(707,110)
Total expenses included in the expense section on the statement of activities	\$ 3,378,760	\$ 341,269	\$ 575,985	\$ 4,296,014

See notes to financial statements.

Children's Advocacy Center of Collin County, Inc.
Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (123,139)	\$ 842,550
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	265,654	253,272
Realized and unrealized gains on investments	(19,774)	(28,562)
Allowance for doubtful pledges	5,097	(4,448)
Change in discount on unconditional promises to give	(18)	1,618
Gain on involuntary conversion	-	(768,894)
Changes in operating assets and liabilities:		
Government grants receivable	(46,837)	(34,142)
Unconditional promises to give	(50,966)	31,974
Prepaid expenses	(119,346)	9,137
Accounts payable and accrued expenses	45,416	(108,677)
Deferred revenue	12,638	(59,223)
Net cash provided (used) by operating activities	(31,275)	134,605
Cash flows from investing activities:		
Proceeds from involuntary conversion	-	768,894
Purchases of property and equipment	-	(850,311)
Purchases of certificates of deposit	(236,718)	(1,712)
Purchases of investments	(4,550)	(3,956)
Net cash used by investing activities	(241,268)	(87,085)
Net increase (decrease) in cash and cash equivalents	(272,543)	47,520
Cash and cash equivalents at beginning of year	1,363,666	1,316,146
Cash and cash equivalents at end of year	\$ 1,091,123	\$ 1,363,666

See notes to financial statements.

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

1. Organization

Children's Advocacy Center of Collin County, Inc. (Center), a Texas non-profit organization, is classified by the Internal Revenue Service (IRS) as tax-exempt under Section 501(c)(3). The Center's mission is to provide safety, healing and justice for children victimized by abuse and neglect in our community. The Center offers a multi-disciplinary team approach where law enforcement, Texas Department of Family and Protective Services, prosecution, medical and mental health professionals work together as a team under one roof. The Center operates by bringing services to the child instead of the child going from place to place to tell their stories and get help. We provide the following core services: Forensic Interviews, Family Advocacy and Support Services, Therapeutic Counseling, and Community Education. The Center operates on contributions received from individuals, businesses and civic organizations, and from special fundraising events. The Center also receives governmental grants, some of which are passed through national and state advocacy centers.

2. Summary of Significant Accounting Policies

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP).

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets - Net assets not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the board of directors.

Temporarily restricted net assets - Net assets subject to donor or grantor stipulations that will be met by actions of the Center and/or the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that will never lapse, thus requiring the funds to be maintained permanently by the Center. Generally, the donors of these assets permit the Center to use all or part of the income earned on related investments for general or specific purpose. The Center had no permanently restricted net assets as of June 30, 2018 and 2017.

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

Revenues are reported as increases in unrestricted net assets, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions with donor-imposed restrictions that are met in the same year as the contributions were received are reported as unrestricted net assets.

Credit Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, investments, grants receivable and unconditional promises to give. The Center places cash and cash equivalents, which at times may exceed the federally insured limits, with high credit quality financial institutions to minimize risk. As of June 30, 2018 the uninsured amounts totaled \$85,135. The Center has not experienced losses on such assets.

The Center's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of investments to the Center's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of the investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes.

Unconditional promises to give are unsecured and are due from various donors. Government grants receivable are unsecured and are due from various grantors. The Center continually evaluates the collectability of unconditional promises to give and government grants receivable and maintains allowances as necessary.

At June 30, 2018 and 2017 approximately 89% and 83%, respectively, of government grants receivable were due from two agencies.

The Center operates entirely within the Collin County, Texas area. Therefore, financial activities are subject to the economic conditions of the area. For the year ended June 30, 2018 and 2017, the Center received approximately 30% and 27% of its support and revenue from funds originating from federal, state and local government agencies, respectively. Continuation of such funding at current levels in future periods is subject to various factors such as economic conditions, compliance with grant provisions, potential new legislation and continued applicability of mission.

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

Cash and Cash Equivalents

The Center considers highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents. Money market funds held in brokerage accounts are included in investments.

Certificates of Deposit

Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as current assets. The Center has three certificates of deposit with interest rates ranging from 2.0 to 2.4% maturing between May and June of 2019.

Investments

The Center's investments consist of exchange traded funds and money market funds and are carried at fair value. Realized gains and losses are recorded as the difference between historical cost and fair value, and are shown on a net basis. Unrealized gains and losses are recorded for the change in fair value of investments between reporting periods.

Property and Equipment

The Center capitalizes property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method over estimated useful lives of the assets, which range from 3 to 40 years.

Impairment of Long Lived Assets

The Center reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment included current operating results, trends and prospects and the effects of obsolescence, demand completion and other economic factors. There were no indications of asset impairment during the year ended June 30, 2018.

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

Revenue Recognition

Contributions are generally recorded on receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions to which they are subject are met.

Government grant revenue is recognized as contract terms are fulfilled. Cost reimbursement contracts are recognized as revenue when the allowable costs are incurred. Fees for contract services are recognized as revenue when the contracted services are performed.

Donated Goods and Services

Donated goods are reflected as contributions at their estimated fair values at date of receipt. Contributions of services are recorded at estimated fair value if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. For the year ended June 30, 2018, contributed professional services and materials in the amount of \$447,817 and \$275,666, respectively, have been recognized as in-kind contributions and program expense in the statement of activities. For the year ended June 30, 2017, contributed professional services and materials in the amount of \$426,456 and \$263,058, respectively, have been recognized as in-kind contributions and program expense in the statement of activities.

Grants and Contracts

The Center receives grants and contracts from federal, state and local agencies, as well as private organizations, to be used for specific programs. For government grants and contracts, the excess of reimbursable expenditures over cash receipts is included in grants receivable.

The Center's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that the disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Center.

Functional Allocation of Expenses

The costs of providing the various programs and support activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

Income Taxes

The Center is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and has not been classified as a private foundation as defined in the IRC. Income generated from activities unrelated to the Center's exempt purpose is subject to tax under IRC Section 511. The Center had no unrelated business income for the years ended June 30, 2018 and 2017. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing the Center's tax return and recognition of a tax liability (or asset) if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Center and has concluded that as of June 30, 2018 and 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of 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 estimated.

New Accounting Pronouncements

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASU's) to the FASB's Accounting Standards Codification.

The Center considers the applicability and impact of all ASU's. ASU's not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on the Center's financial position and changes in net assets.

In 2016, the FASB issued ASU 2016-14 *Presentation of Financial Statements of Not-For-Profit Entities* to improve the presentation of financial statements of not-for-profit entities. The key qualitative and quantitative changes in the ASU address the following: net asset classification, information presented about a not-for-profit entity's liquidity and availability of resources, investment return presentation, expense allocation methodology, disclosure and presentation in the financial statements, and the presentation of the statement of cash flows. The standard is effective for fiscal years beginning after December 15, 2017. The changes in this standard should generally be applied on a retrospective basis in the year that it is first applied.

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

In 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity should recognize revenue when (or as) the entity satisfies a performance obligation. Not-for-profit entities must consider whether certain arrangements are fully or partially subject to Topic 606. Examples include, but are not limited to memberships, sponsorships, grants and contracts. Further, judgment is required to bifurcate transactions between contribution and exchange components. The effective date of ASU 2014-09 is for annual periods beginning after December 15, 2018 for the majority of not-for-profit organizations.

In 2018, the FASB issued ASU 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Made* to address difficulty and diversity in practice among not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) Subject to Topic 958, Not-for-Profit Entities or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions. The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within Topic 958 is not a factor for determining whether an agreement is within the scope of that guidance. The standard is effective for annual periods beginning after December 15, 2018 for the majority of not-for-profit entities. The changes in this standard should generally be applied on a retrospective basis in the year that it is first applied.

In February 2016, the FASB issued new accounting guidance related to leases, which requires that the Center recognize the assets and liabilities for the rights and obligations created by leased assets. The new guidance is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2018 for public companies and December 15, 2019 for all other entities. The Academy is currently assessing the impact that adopting this new guidance will have on the Academy's financial statements.

The Center is currently assessing the impact that adopting this new guidance will have on the financial statements.

Children’s Advocacy Center of Collin County, Inc.
Notes to Financial Statements

3. Investments

Fair Value Measurements

Under the Fair Value Measurements and Disclosures topic of the Accounting Standards Codification (ASC), disclosures are required about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped is established, based on significant levels of inputs as follows:

- | | |
|---------|---|
| Level 1 | Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date; |
| Level 2 | Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; |
| Level 3 | Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk. |

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy:

Exchange Traded Funds

These investments are public investment vehicles using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within level 1 of the valuation hierarchy.

Money Market Funds

These investments are valued using \$1 for the NAV and are classified as level 1 of the valuation hierarchy.

Children’s Advocacy Center of Collin County, Inc.
Notes to Financial Statements

The following table sets forth the Center’s investments at estimated fair value as of June 30:

	<u>2018</u>	<u>2017</u>
Exchange traded funds	\$ 554,333	\$ 478,536
Money market funds	-	51,473
	<u>\$ 554,333</u>	<u>\$ 530,009</u>

Investment income consisted of the following for the years ended June 30:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 14,564	\$ 13,240
Realized and unrealized gains	19,774	28,562
	<u>\$ 34,338</u>	<u>\$ 41,802</u>

4. Governmental Grants Receivable

Grants receivable consists of the following at June 30:

	<u>2018</u>	<u>2017</u>
Victims of Crime Act Grant	\$ 94,419	\$ 70,610
Other Victim Assistance Grant	12,701	8,216
CAC of Texas, Inc. Grant	60,006	34,140
Other	6,401	13,724
	<u>\$ 173,527</u>	<u>\$ 126,690</u>

Children’s Advocacy Center of Collin County, Inc.
Notes to Financial Statements

5. Unconditional Promises to Give

Unconditional promises to give consist of the following at June 30:

	2018	2017
Unconditional promises to give	\$ 179,859	\$ 128,893
Less: allowance for doubtful pledges	(17,986)	(12,889)
	161,873	116,004
Less: unamortized discount	(4,660)	(4,678)
	\$ 157,213	\$ 111,326
Due in one year or less	\$ 47,743	\$ 49,155
Due from one year to five years	109,470	62,171
	\$ 157,213	\$ 111,326

At June 30, 2018 and 2017, the discount rate utilized in computing the discount was 2.73% and 1.89%, respectively.

6. Property and Equipment

Property and equipment consist of the following at June 30:

	2018	2017
Land	\$ 700,000	\$ 700,000
Building	4,632,681	4,632,681
Building improvements	2,689,596	2,689,596
Furniture and equipment	1,063,842	1,063,842
Software	33,130	170,249
	9,119,249	9,256,368
Less: accumulated depreciation	(3,556,248)	(3,427,713)
	\$ 5,563,001	\$ 5,828,655

Depreciation expense for the years ended June 30, 2018 and 2017 was \$265,654 and \$253,272, respectively.

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

7. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of amounts restricted by donors for the following purposes at June 30:

	<u>2018</u>	<u>2017</u>
Salary and benefits	\$ 19,160	\$ 75,000
Programs	<u>25,441</u>	<u>4,500</u>
	<u>\$ 44,601</u>	<u>\$ 79,500</u>

8. Leases

During the year ended June 30, 2018, the Center signed a 3-year noncancelable office lease agreement for the new satellite therapy clinic located in McKinney, Texas. Future minimum payments are as follows for the years ending June 30:

2019	\$ 30,383
2020	33,815
2021	<u>20,946</u>
Total	<u>\$ 85,144</u>

The Center leases office space in its building to partnering agencies under cancelable operating leases. Rent (including reimbursements for utility costs) from partnering agencies for the years ended June 30, 2018 and 2017 totaled \$451,035 and \$436,672, respectively. One tenant represents approximately 91% of total rent revenue.

9. Insurance Proceeds

During 2017, the Center sustained hail damage to its property. The property was insured and restored to its previous operating state. The proceeds received from the insurance company to replace the damaged property totaled \$768,894 and are included in the accompanying 2017 statement of activities.

10. Employee Benefit Plan

The Center has established a 401(k) plan for eligible employees. For the years ended June 30, 2018 and 2017, the Center matched employee contributions up to 3% of the employee's salary. The Center's contributions totaled \$57,015 and \$47,104 for the years ended June 30, 2018 and 2017, respectively.

Children's Advocacy Center of Collin County, Inc.
Notes to Financial Statements

11. Subsequent Events

The Center evaluated subsequent events after the statement of financial position date of June 30, 2018 through the date the financial statements were available to be issued, and concluded that no additional disclosures are required.