



Children’s Advocacy Center of Collin County, Inc.

**Financial Statements
June 30, 2020 and 2019**

Children's Advocacy Center of Collin County, Inc.

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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, 2020 and 2019, 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, 2020 and 2019 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
March 18, 2021

Children's Advocacy Center of Collin County, Inc.
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,944,466	\$ 1,503,118
Certificates of deposit	720,692	704,831
Investments	597,211	582,376
Other receivables	69,460	-
Government grants receivable	209,170	166,314
Unconditional promises to give, net	75,039	60,103
Prepaid expenses	260,698	136,975
Total current assets	3,876,736	3,153,717
Noncurrent assets:		
Unconditional promises to give, net - long-term	185,288	167,859
Assets restricted for capital campaign (Note 2):		
Cash and cash equivalents	516,142	478,861
Certificates of deposit	2,000,000	-
Unconditional promises to give, net	3,758,473	2,035,558
Land	1,345,000	-
Construction in progress	90,656	-
Property and equipment, net (Note 7)	5,146,087	5,330,339
Total assets	\$ 16,918,382	\$ 11,166,334
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 67,550	\$ 81,298
Deferred revenue	74,263	61,474
Total current liabilities	141,813	142,772
Net assets:		
Without donor restrictions	8,997,880	8,496,932
With donor restrictions	7,778,689	2,526,630
Total net assets	16,776,569	11,023,562
Total liabilities and net assets	\$ 16,918,382	\$ 11,166,334

See notes to financial statements.

Children's Advocacy Center of Collin County, Inc.
Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 1,605,155	\$ 4,568,514	\$ 6,173,669
In-kind contributions	743,013	982,439	1,725,452
Texas Children's Advocacy Center	599,287	-	599,287
Government grants	1,640,532	-	1,640,532
Special events (net of direct costs of \$95,255)	836,260	-	836,260
Rent from partner agencies	487,725	-	487,725
Net investment income	37,105	-	37,105
Other	133,697	-	133,697
Net assets released from restrictions	258,364	(258,364)	-
Total support and revenue	6,341,138	5,292,589	11,633,727
Expenses:			
Program services	4,670,716	-	4,670,716
Management and general	314,228	-	314,228
Fundraising	855,246	-	855,246
Total expenses	5,840,190	-	5,840,190
Change in net assets from operations	500,948	5,292,589	5,793,537
Bad debt loss	-	(40,530)	(40,530)
Change in net assets	500,948	5,252,059	5,753,007
Net assets, beginning of year	8,496,932	2,526,630	11,023,562
Net assets, end of year	\$ 8,997,880	\$ 7,778,689	\$ 16,776,569

See notes to financial statements.

Children's Advocacy Center of Collin County, Inc.
Statement of Activities
Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Contributions	\$ 1,543,917	\$ 2,742,965	\$ 4,286,882
In-kind contributions	729,139	-	729,139
Texas Children's Advocacy Center	322,126	-	322,126
Government grants	1,279,845	-	1,279,845
Special events (net of direct costs of \$626,988)	902,886	-	902,886
Rent from partner agencies	482,382	-	482,382
Net investment income	55,418	-	55,418
Other	123,372	-	123,372
Net assets released from restrictions	248,241	(248,241)	-
Total support and revenue	5,687,326	2,494,724	8,182,050
Expenses:			
Program services	4,168,689	-	4,168,689
Management and general	429,364	-	429,364
Fundraising	825,215	-	825,215
Total expenses	5,423,268	-	5,423,268
Change in net assets from operations	264,058	2,494,724	2,758,782
Bad debt loss	-	(12,695)	(12,695)
Change in net assets	264,058	2,482,029	2,746,087
Net assets, beginning of year	8,232,874	44,601	8,277,475
Net assets, end of year	\$ 8,496,932	\$ 2,526,630	\$ 11,023,562

See notes to financial statements.

Children's Advocacy Center of Collin County, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total
Payroll costs	\$ 2,961,798	\$ 230,232	\$ 589,093	\$ 3,781,123
Professional services	72,515	28,573	46,777	147,865
Building occupancy	267,717	9,634	7,107	284,458
Supplies	20,976	7,481	3,567	32,024
Equipment	39,652	4,063	2,334	46,049
Communication	44,890	4,482	12,347	61,719
Education	57,648	7,741	2,497	67,886
Travel	31,865	1,871	6,686	40,422
Insurance	51,443	3,570	2,716	57,729
Depreciation	240,871	13,308	10,119	264,298
Client services	120,913	-	-	120,913
Client assistance - in-kind	743,013	-	-	743,013
Direct costs of special events	-	-	95,255	95,255
Capital Campaign	-	-	145,638	145,638
Miscellaneous	17,415	3,273	26,365	47,053
Total expense by function	4,670,716	314,228	950,501	5,935,445
Less expenses included with revenues on the statement of activities -				
Direct costs of special events	-	-	(95,255)	(95,255)
Total expenses included in the expense section on the statement of activities	<u>\$ 4,670,716</u>	<u>\$ 314,228</u>	<u>\$ 855,246</u>	<u>\$ 5,840,190</u>

See notes to financial statements.

Children's Advocacy Center of Collin County, Inc.
Statement of Functional Expenses
Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total
Payroll costs	\$ 2,519,110	\$ 353,280	\$ 514,841	\$ 3,387,231
Professional services	57,252	26,080	34,186	117,518
Building occupancy	253,423	8,705	6,533	268,661
Supplies	18,397	6,015	2,972	27,384
Equipment	49,087	2,933	2,390	54,410
Communication	48,240	3,756	6,162	58,158
Education	65,732	6,177	2,501	74,410
Travel	28,638	3,645	6,391	38,674
Insurance	47,093	3,339	2,428	52,860
Depreciation	239,761	13,149	9,993	262,903
Client services	89,314	-	-	89,314
Client assistance - in-kind	729,139	-	-	729,139
Direct costs of special events	-	-	626,988	626,988
Capital Campaign	-	-	203,640	203,640
Miscellaneous	23,503	2,285	33,178	58,966
Total expense by function	4,168,689	429,364	1,452,203	6,050,256
Less expenses included with revenues on the statement of activities - Direct costs of special events	-	-	(626,988)	(626,988)
Total expenses included in the expense section on the statement of activities	<u>\$ 4,168,689</u>	<u>\$ 429,364</u>	<u>\$ 825,215</u>	<u>\$ 5,423,268</u>

See notes to financial statements.

Children's Advocacy Center of Collin County, Inc.
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 5,753,007	\$ 2,746,087
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	264,298	262,903
Unrealized (gains) losses on investments	1,528	(21,530)
Change in allowance for doubtful pledges	42,977	21,159
Change in discount on unconditional promises to give	(70,485)	90,280
Donated land for capital campaign	(943,573)	-
Donated services for capital campaign	(38,866)	-
Contributions restricted for capital campaign	(4,415,839)	(2,799,421)
Changes in operating assets and liabilities:		
Other receivables	(69,460)	-
Government grants receivable	(42,856)	7,213
Unconditional promises to give	(26,732)	(84,632)
Prepaid expenses	(123,723)	62,294
Accounts payable and accrued expenses	(13,748)	(5,818)
Deferred revenue	12,789	(3,594)
Net cash provided by operating activities	329,317	274,941
Cash flows from investing activities:		
Purchases of property and equipment	(533,263)	(30,241)
Purchases of certificates of deposit	(2,015,861)	(13,638)
Purchases of investments	(16,363)	(6,513)
Net cash used by investing activities	(2,565,487)	(50,392)
Cash flows from financing activities:		
Collections of contributions restricted for capital campaign	2,714,799	666,307
Net increase in cash and cash equivalents	478,629	890,856
Cash and cash equivalents at beginning of year	1,981,979	1,091,123
Cash and cash equivalents at end of year	\$ 2,460,608	\$ 1,981,979
Reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported within the statement of financial position to the statement of cash flows:		
Cash and cash equivalents	\$ 1,944,466	\$ 1,503,118
Restricted cash and cash equivalents	516,142	478,861
Cash and cash equivalents and restricted cash and cash equivalents reported on the statement of cash flows	\$ 2,460,608	\$ 1,981,979

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, Community Education and Child Protective Services. 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:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net assets with donor restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a future period.

Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Center to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy. As of June 30, 2020 and 2019, no such net asset restrictions existed.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

or by law. Expirations of net assets with donor restrictions (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 net assets without donor restrictions. Donor restrictions on contributions of property and equipment or contributions restricted for the purchase or construction of property expire when the assets are placed in service unless the donor explicitly stipulated otherwise.

Credit and Market Risk Concentrations

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash and cash equivalents, certificates of deposit, investments, grants receivable and unconditional promises to give. The Center places cash and cash equivalents and certificates of deposit, which at times may exceed the federally insured limits, with high credit quality financial institutions to minimize risk. As of June 30, 2020 the uninsured amounts totaled \$138,308. 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, 2020 and 2019, approximately 96% and 97%, respectively, of government grants receivable were due from two agencies. At June 30, 2020 and 2019, approximately 68% and 51%, respectively, of pledges receivable were due from two donors.

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, 2020 and 2019, the Center received approximately 21% and 19% 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.

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 0.25 to 1.73% maturing between May and June of 2021.

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.

Assets Restricted for Capital Campaign

During the year ended June 30, 2019, the Center initiated a capital campaign to identify and construct an additional facility in North Collin County. At June 30, 2020 and 2019, net assets restricted for the capital campaign include:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 516,142	\$ 478,861
Certificates of deposit	2,000,000	-
Unconditional promises to give, net	3,758,473	2,035,558
Land	1,345,000	-
Construction in progress	90,656	-
	<u>\$ 7,710,271</u>	<u>\$ 2,514,419</u>

Property and Equipment

The Center capitalizes property and equipment over \$5,000. Lesser amounts are expensed. Purchased property and equipment are reported at cost. Donations of property and equipment are recorded as contributions at their estimated fair value on the date donated. Property and equipment are depreciated using the straight-line method over estimated useful lives of the assets, which range from 3 to 40 years.

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

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, 2020 and 2019.

Revenue Recognition

The Center recognizes contributions when cash, securities, other assets or an unconditional promise to give is 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, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

A portion of the Center's revenue is derived from cost-reimbursable federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Center has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Center was awarded cost reimbursable grants of \$353,694 that have not been recognized as revenue at June 30, 2020, because qualifying expenditures have not yet been incurred. The Center's costs incurred under its government grants and contracts are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not be material to the financial position or changes in net assets of the Center.

Donated goods and services are reflected as contributions at their estimated fair values at date of receipt. The Center recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents expenses by function and natural classification. Certain costs are charged directly to the functions they benefit.

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

Other expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include building occupancy and depreciation, which are allocated on a square footage basis, as well as payroll costs, professional services, supplies, equipment, communication, education, travel, insurance, client assistance and miscellaneous which are allocated on the basis of estimates of time and effort.

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, 2020 and 2019. 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, 2020 and 2019, 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 (ASUs) to the FASB's Accounting Standards Codification.

The Center considers the applicability and impact of all ASUs. ASUs 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 its leasing standard in ASU 2016-02, *Leases* for both lessees and lessors. Under its core principle, a lessee will recognize right-of-use assets and related lease liabilities on the statement of financial position for all lease arrangements with terms longer than 12 months. The pattern of expense recognition in the statement of activities will depend on a lease's classification. The standard takes effect for fiscal years beginning after December 15, 2021.

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

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

Accounting Pronouncements Adopted

The Center adopted ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) that replaces 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. The Center has adopted this ASU on July 1, 2019, using the modified retrospective basis.

The Center adopted ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Made*. ASU 2018-08 addresses 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. The Center has adopted this ASU on July 1, 2019 using the modified retrospective basis.

There were no significant effects from the adoption of the standards described above and there will be no significant changes required going forward. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

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; |

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

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:

Money Market Funds

These investments are valued using \$1 for the net asset value (NAV).

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.

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

	2020	2019
Money market	\$ 2,997	\$ 8,166
Exchange traded funds	213,685	574,210
Mutual funds	380,529	-
	<u>\$ 597,211</u>	<u>\$ 582,376</u>

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

	2020	2019
Interest and dividends	\$ 42,256	\$ 38,754
Unrealized gains	(1,528)	21,530
Investment fees	(3,623)	(4,866)
	<u>\$ 37,105</u>	<u>\$ 55,418</u>

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

4. Other Receivables

Other receivables consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Event sponsorships	\$ 56,500	\$ -
Accrued interest	11,289	-
Miscellaneous	1,671	-
	<u>\$ 69,460</u>	<u>\$ -</u>

5. Government Grants Receivable

Government grants receivable consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Victims of Crime Act Grant	\$ 121,199	\$ 107,670
Other Victim Assistance Grant	8,688	2,442
CAC of Texas, Inc. Grant	79,283	53,344
Other	-	2,858
	<u>\$ 209,170</u>	<u>\$ 166,314</u>

6. Unconditional Promises to Give

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

	<u>2020</u>	<u>2019</u>
Unconditional promises to give	\$ 4,125,377	\$ 2,397,605
Less: allowance for doubtful pledges	(82,122)	(39,145)
	4,043,255	2,358,460
Less: unamortized discount	(24,455)	(94,940)
	<u>\$ 4,018,800</u>	<u>\$ 2,263,520</u>
Due in one year or less	\$ 1,419,204	\$ 689,438
Due from one year to five years	2,599,596	1,574,082
	<u>\$ 4,018,800</u>	<u>\$ 2,263,520</u>

Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

Reconciliation to statements of financial position:

	<u>2020</u>	<u>2019</u>
Unconditional promises to give, net	\$ 75,039	\$ 60,103
Unconditional promises to give, net - long-term	185,288	167,859
Unconditional promises to give, net - restricted for capital campaign	<u>3,758,473</u>	<u>2,035,558</u>
Total unconditional promises to give, net	<u>\$ 4,018,800</u>	<u>\$ 2,263,520</u>

At June 30, 2020 and 2019, the discount rate utilized in computing the discount was 0.29% and 1.76%, respectively.

7. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 700,000	\$ 700,000
Building	4,632,681	4,632,681
Building improvements	2,689,596	2,689,596
Furniture and equipment	1,174,129	1,094,083
Software	<u>33,130</u>	<u>33,130</u>
	9,229,536	9,149,490
Less: accumulated depreciation	<u>(4,083,449)</u>	<u>(3,819,151)</u>
	<u>\$ 5,146,087</u>	<u>\$ 5,330,339</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$264,298 and \$262,903, respectively.

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

8. In-kind Contributions

In-kind contributions consist of the following at June 30:

	2020	2019
Clinical and social service interns	\$ 494,609	\$ 417,294
Holiday toys and gifts	161,147	121,254
School supplies	56,241	107,819
Land	943,573	-
Capitalized construction services	38,866	-
Clothing	31,016	82,772
	\$ 1,725,452	\$ 729,139

9. Coronavirus Aid, Relief, and Economic Security Act and Other Coronavirus Events

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID-19, as a pandemic and recommended containment and mitigation measures worldwide. The coronavirus outbreak has caused business disruption through mandated closings of non-essential businesses and severely restricted the level of economic activity worldwide. The Center has adjusted operational plans to protect the employees and individuals served while still meeting client and family needs for essential services. The Center has not experienced a decline in donations or pledge payments to date. The Center continues to closely monitor the impact of COVID-19 on all aspects of our business. Given the uncertainty of the spread and duration of the coronavirus, the related financial impact to the Center, if any, cannot be determined at this time.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES) was signed into law. In April 2020, the Center entered into an unsecured forgivable loan agreement (PPP Loan) in the amount of \$180,000, with a bank pursuant to the Paycheck Protection Program (PPP), which is sponsored by the Small Business Administration, and is part of the CARES Act. The Center used all of the proceeds to make eligible payments and expects all of the loan will be forgiven. The Center has elected to account for the PPP Loan as a conditional grant in accordance with Financial Accounting Standards Board Accounting Standard Codification Topic 958. As such, the portion received and spent on allowable expenditures during the year ended June 30, 2020 totaling \$180,000 has been recognized as government grant revenue on the accompanying statement of activities.

Children’s Advocacy Center of Collin County, Inc.

Notes to Financial Statements

10. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of amounts restricted by donors for the following purposes at June 30:

	<u>2020</u>	<u>2019</u>
Capital campaign	\$ 7,710,271	\$ 2,498,221
Programs	<u>68,418</u>	<u>28,409</u>
	<u>\$ 7,778,689</u>	<u>\$ 2,526,630</u>

11. Leases

The Center has a noncancelable lease agreement for the satellite therapy clinic located in McKinney, Texas ending January 31, 2021. The Center also leases office equipment under noncancelable lease agreements ending in 2025. Future minimum payments under these lease agreements are as follows for the years ending June 30:

2021	\$ 49,276
2022	49,276
2023	16,360
2024	10,908
2025	<u>5,454</u>
Total	<u>\$ 131,274</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, 2020 and 2019 totaled \$487,725 and \$482,382, respectively. One tenant represents approximately 86% of total rent revenue.

12. Employee Benefit Plan

The Center has a 401(k) plan for eligible employees. For the years ended June 30, 2020 and 2019, the Center matched employee contributions up to 3% of the employee’s salary. The Center’s contributions totaled \$76,968 and \$67,231 for the years ended June 30, 2020 and 2019, respectively.

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Notes to Financial Statements

13. Commitments

During the year ended June 30, 2020 the Center entered into contracts for construction of a new facility. At June 30, 2020 unpaid commitments under these contracts totaled \$225,090. These commitments are expected to be paid within one year.

14. Liquidity and Availability of Resources

The Center’s financial assets available within one year of the statement of financial position date for general expenditure are as follows as of June 30:

	2020	2019
Cash and cash equivalents	\$ 2,460,608	\$ 1,981,979
Certificates of deposit	2,720,692	704,831
Investments	597,211	582,376
Other receivables	69,460	-
Government grants receivable	209,170	166,314
Unconditional promises to give, net	4,018,800	2,263,520
 Total financial assets	 10,075,941	 5,699,020
 Less amounts not available for general expenditures within one year:		
Assets restricted for capital campaign:		
Cash and cash equivalents	(516,142)	(478,861)
Certificates of deposit	(2,000,000)	-
Unconditional promises to give, net	(3,758,473)	(2,035,558)
Other unconditional promises to give - due after one year, net	(185,288)	(167,859)
 Total financial assets available to meet cash needs for general expenditures within one year	 \$ 3,616,038	 \$ 3,016,742

The Center manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stabilities, maintaining adequate liquid assets to fund near-term operating needs, and maintain sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

15. Subsequent Events

The Center evaluated subsequent events after the statement of financial position date of June 30, 2020 through the date the financial statements were available to be issued, and concluded that no additional disclosures are required.