



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

**Financial Statements with Supplementary Information  
and Compliance Reports  
June 30, 2021 and 2020**

# 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.

### ***Report on the Financial Statements***

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, 2021 and 2020, 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 and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2021 and 2020 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.

## **Other Matters**

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for the purpose of additional analysis and is 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 U.S. generally accepted auditing standards. 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 November 18, 2021 on our consideration of Children’s Advocacy Center of Collin County, Inc.’s internal control over financial reporting and on 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 the Children’s Advocacy Center of Collin County, Inc.’s internal control over financial reporting and compliance.



A Limited Liability Partnership

Arlington, Texas  
November 18, 2021

**Children's Advocacy Center of Collin County, Inc.**  
**Statements of Financial Position**  
**June 30, 2021 and 2020**

	2021	2020
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 2,801,247	\$ 1,944,466
Certificates of deposit	-	720,692
Investments	1,211,284	597,211
Other receivables	7,102	69,460
Government grants receivable	324,895	209,170
Unconditional promises to give, net	111,194	75,039
Prepaid expenses	266,457	260,698
<b>Total current assets</b>	<b>4,722,179</b>	<b>3,876,736</b>
<b>Noncurrent assets:</b>		
Unconditional promises to give, net - long-term	108,196	185,288
Assets restricted for capital campaign (Note 2):		
Cash and cash equivalents	5,741,264	516,142
Certificates of deposit	-	2,000,000
Unconditional promises to give, net	2,609,937	3,758,473
Land	1,345,000	1,345,000
Construction in progress	780,148	90,656
Property and equipment, net (Note 7)	4,897,220	5,146,087
<b>Total assets</b>	<b>\$ 20,203,944</b>	<b>\$ 16,918,382</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 251,720	\$ 67,550
Refundable advance	57,493	-
Deferred revenue	37,685	74,263
<b>Total current liabilities</b>	<b>346,898</b>	<b>141,813</b>
<b>Net assets:</b>		
Without donor restrictions	9,377,266	8,997,880
With donor restrictions	10,479,780	7,778,689
<b>Total net assets</b>	<b>19,857,046</b>	<b>16,776,569</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,203,944</b>	<b>\$ 16,918,382</b>

See notes to financial statements.

**Children’s Advocacy Center of Collin County, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>			
Contributions	\$ 1,776,629	\$ 2,460,109	\$ 4,236,738
In-kind contributions	627,526	335,859	963,385
Texas Children's Advocacy Center	523,692	-	523,692
Government grants	1,560,079	-	1,560,079
Special events (net of direct costs of \$219,410)	740,830	-	740,830
Rent from partner agencies	491,051	-	491,051
Investment income, net	128,874	-	128,874
Other	172,287	-	172,287
Net assets released from restrictions	86,877	(86,877)	-
<b>Total support and revenue</b>	<b>6,107,845</b>	<b>2,709,091</b>	<b>8,816,936</b>
<b>Expenses:</b>			
Program services	4,673,117	-	4,673,117
Management and general	304,584	-	304,584
Fundraising	750,758	-	750,758
<b>Total expenses</b>	<b>5,728,459</b>	<b>-</b>	<b>5,728,459</b>
<b>Change in net assets from operations</b>	<b>379,386</b>	<b>2,709,091</b>	<b>3,088,477</b>
Bad debt loss	-	(8,000)	(8,000)
<b>Change in net assets</b>	<b>379,386</b>	<b>2,701,091</b>	<b>3,080,477</b>
<b>Net assets, beginning of year</b>	<b>8,997,880</b>	<b>7,778,689</b>	<b>16,776,569</b>
<b>Net assets, end of year</b>	<b>\$ 9,377,266</b>	<b>\$ 10,479,780</b>	<b>\$ 19,857,046</b>

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
<b>Support and revenue:</b>			
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
Investment income, net	37,105	-	37,105
Other	133,697	-	133,697
Net assets released from restrictions	258,364	(258,364)	-
<b>Total support and revenue</b>	<b>6,341,138</b>	<b>5,292,589</b>	<b>11,633,727</b>
<b>Expenses:</b>			
Program services	4,670,716	-	4,670,716
Management and general	314,228	-	314,228
Fundraising	855,246	-	855,246
<b>Total expenses</b>	<b>5,840,190</b>	<b>-</b>	<b>5,840,190</b>
<b>Change in net assets from operations</b>	<b>500,948</b>	<b>5,292,589</b>	<b>5,793,537</b>
Bad debt loss	-	(40,530)	(40,530)
<b>Change in net assets</b>	<b>500,948</b>	<b>5,252,059</b>	<b>5,753,007</b>
<b>Net assets, beginning of year</b>	<b>8,496,932</b>	<b>2,526,630</b>	<b>11,023,562</b>
<b>Net assets, end of year</b>	<b>\$ 8,997,880</b>	<b>\$ 7,778,689</b>	<b>\$ 16,776,569</b>

See notes to financial statements.

**Children's Advocacy Center of Collin County, Inc.**  
**Statement of Functional Expenses**  
**Year Ended June 30, 2021**

	Program Services	Management and General	Fundraising	Total
Payroll costs	\$ 3,210,209	\$ 224,849	\$ 617,547	\$ 4,052,605
Professional services	80,480	41,081	58,179	179,740
Building occupancy	191,846	6,153	4,732	202,731
Supplies	20,221	2,830	1,282	24,333
Equipment	32,613	2,089	1,424	36,126
Communication	52,175	3,375	5,617	61,167
Education	34,226	4,213	1,670	40,109
Travel	33,249	1,826	4,528	39,603
Insurance	56,464	4,131	3,140	63,735
Depreciation	227,328	12,243	9,296	248,867
Client services	92,482	-	-	92,482
Client assistance - in-kind	627,526	-	-	627,526
Direct costs of special events	-	-	219,410	219,410
Capital Campaign	-	-	28,015	28,015
Miscellaneous	14,298	1,794	15,328	31,420
<b>Total expense by function</b>	4,673,117	304,584	970,168	5,947,869
Less expenses included with revenues on the statement of activities -				
Direct costs of special events	-	-	(219,410)	(219,410)
<b>Total expenses included in the expense section on the statement of activities</b>	<u>\$ 4,673,117</u>	<u>\$ 304,584</u>	<u>\$ 750,758</u>	<u>\$ 5,728,459</u>

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
<b>Total expense by function</b>	<b>4,670,716</b>	<b>314,228</b>	<b>950,501</b>	<b>5,935,445</b>
Less expenses included with revenues on the statement of activities -				
Direct costs of special events	-	-	(95,255)	(95,255)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 4,670,716</b>	<b>\$ 314,228</b>	<b>\$ 855,246</b>	<b>\$ 5,840,190</b>

See notes to financial statements.

**Children's Advocacy Center of Collin County, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 3,080,477	\$ 5,753,007
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	248,867	264,298
Unrealized/realized (gains) losses on investments	(99,476)	1,528
Change in allowance for doubtful pledges	4,320	42,977
Change in discount on unconditional promises to give	(23,035)	(70,485)
Donated land for capital campaign	-	(943,573)
Donated services for capital campaign	(335,859)	(38,866)
Contributions restricted for capital campaign	(2,383,902)	(4,415,839)
Changes in operating assets and liabilities:		
Other receivables	62,358	(69,460)
Government grants receivable	(115,725)	(42,856)
Unconditional promises to give	59,652	(26,732)
Prepaid expenses	(5,759)	(123,723)
Accounts payable and accrued expenses	21,760	(13,748)
Refundable advance	57,493	-
Deferred revenue	(36,578)	12,789
	534,593	329,317
<b>Net cash provided by operating activities</b>	<b>534,593</b>	<b>329,317</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(191,223)	(533,263)
Purchases of certificates of deposit	-	(2,015,861)
Redemptions of certificates of deposit	2,720,692	-
Purchases of investments	(514,597)	(16,363)
	2,014,872	(2,565,487)
<b>Net cash provided (used) by investing activities</b>	<b>2,014,872</b>	<b>(2,565,487)</b>
<b>Cash flows from financing activities:</b>		
Collections of contributions restricted for capital campaign	3,532,438	2,714,799
	6,081,903	478,629
<b>Net increase in cash and cash equivalents</b>	<b>6,081,903</b>	<b>478,629</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>2,460,608</b>	<b>1,981,979</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 8,542,511</b>	<b>\$ 2,460,608</b>
<b>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:</b>		
Cash and cash equivalents	\$ 2,801,247	\$ 1,944,466
Restricted cash and cash equivalents	5,741,264	516,142
	<b>\$ 8,542,511</b>	<b>\$ 2,460,608</b>
<b>Cash and cash equivalents and restricted cash and cash equivalents reported on the statement of cash flows</b>	<b>\$ 8,542,511</b>	<b>\$ 2,460,608</b>
<b>Supplemental disclosure of noncash investing activities:</b>		
Construction in progress accrued in accounts payable at year end	\$ 162,410	\$ -

See notes to financial statements.

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

## Notes to Financial Statements

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### 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, 2021 and 2020, 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

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

## Notes to Financial Statements

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net assets without donor restrictions, unless their use is restricted by explicit donor stipulation 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, 2021 the uninsured amounts totaled \$1,698. 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, 2021 and 2020, approximately 98% and 96%, respectively, of government grants receivable were due from one agency. At June 30, 2021 and 2020, approximately 62% and 68%, 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, 2021 and 2020, the Center received approximately 24% and 21% 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**

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***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.

***Investments***

The Center’s investments consist of exchange traded funds, mutual 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, 2021 and 2020, net assets restricted for the capital campaign include:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,741,264	\$ 516,142
Certificates of deposit	-	2,000,000
Unconditional promises to give, net	2,609,937	3,758,473
Land	1,345,000	1,345,000
Construction in progress	780,148	90,656
	<u>\$10,476,349</u>	<u>\$ 7,710,271</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

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### ***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 years ended June 30, 2021 and 2020.

### ***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 \$196,056 and \$353,694 that have not been recognized as revenue at June 30, 2021 and 2020, respectively, 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

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

## Notes to Financial Statements

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they benefit. 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, 2021 and 2020. 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, 2021 and 2020, 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

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In 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, in an effort to increase transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure. The amendments in this ASU address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in an NFP's programs and other activities. The ASU requires NFPs to present contributed nonfinancial assets (gifts in kind) as a separate line item in the statement of activities.

The ASU requires additional footnote disclosures that include:

- Disaggregation of gifts-in-kind by asset category and corresponding asset value,
- whether the asset was monetized or used,
- if used, a description of the programs or services that used the asset,
- if monetized, information about the reporting entity's monetization policy,
- the valuation techniques used to value the asset, including the principal market used to arrive at a fair value measure, and
- a description of any donor-imposed restrictions

The FASB ASU requires the new standard to be applied retrospectively, with amendments taking effect for annual reporting periods beginning after June 15, 2021. The ASU does allow for early adoption.

The Center is currently assessing the impact that adopting this new guidance will have on the 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; |

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

## Notes to Financial Statements

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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. Investments of the Center are classified within Level 1 of the valuation hierarchy:

### ***Money Market Funds***

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

### ***Exchange Traded Funds and Mutual Funds***

These investments are public investment vehicles using the 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.

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

	<u>2021</u>	<u>2020</u>
Money market	\$ 35,075	\$ 2,997
Exchange traded funds	583,971	213,685
Mutual funds	<u>592,238</u>	<u>380,529</u>
	<u>\$ 1,211,284</u>	<u>\$ 597,211</u>

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

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 34,408	\$ 42,256
Unrealized gains	99,476	(1,528)
Investment fees	<u>(5,010)</u>	<u>(3,623)</u>
	<u>\$ 128,874</u>	<u>\$ 37,105</u>

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

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**4. Other Receivables**

Other receivables consist of the following at June 30:

	2021	2020
Event sponsorships	\$ -	\$ 56,500
Accrued interest	41	11,289
Miscellaneous	7,061	1,671
	\$ 7,102	\$ 69,460

**5. Government Grants Receivable**

Government grants receivable consists of the following at June 30:

	2021	2020
Victims of Crime Act Grant	\$ 260,547	\$ 121,199
Other Victim Assistance Grant	6,664	8,688
CAC of Texas, Inc. Grant	57,684	79,283
	\$ 324,895	\$ 209,170

**6. Unconditional Promises to Give**

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

	2021	2020
Unconditional promises to give	\$ 2,954,619	\$ 4,125,377
Less: allowance for doubtful pledges	(77,802)	(82,122)
	2,876,817	4,043,255
Less: unamortized discount	(47,490)	(24,455)
	\$ 2,829,327	\$ 4,018,800
Due in one year or less	\$ 1,161,844	\$ 1,419,204
Due from one year to five years	1,667,483	2,599,596
	\$ 2,829,327	\$ 4,018,800

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

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Reconciliation to statements of financial position:

	2021	2020
Unconditional promises to give, net	\$ 111,194	\$ 75,039
Unconditional promises to give, net - long-term	108,196	185,288
Unconditional promises to give, net - restricted for capital campaign	2,609,937	3,758,473
Total unconditional promises to give, net	\$ 2,829,327	\$ 4,018,800

At June 30, 2021 and 2020, the discount rate utilized in computing the discount was 0.87% and 0.29%, respectively.

## 7. Property and Equipment

Property and equipment consist of the following at June 30:

	2021	2020
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	1,174,129
Software	33,130	33,130
	9,229,536	9,229,536
Less: accumulated depreciation	(4,332,316)	(4,083,449)
	\$ 4,897,220	\$ 5,146,087

Depreciation expense for the years ended June 30, 2021 and 2020 totaled \$248,867 and \$264,298, respectively.

# Children’s Advocacy Center of Collin County, Inc.

## Notes to Financial Statements

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### 8. In-kind Contributions

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

	2021	2020
Clinical and social service interns	\$ 434,730	\$ 494,609
Holiday toys and gifts	127,204	161,147
School supplies	62,534	56,241
Land	-	943,573
Capitalized construction services	335,859	38,866
Clothing	3,058	31,016
	<u>\$ 963,385</u>	<u>\$ 1,725,452</u>

During the year ended June 30, 2020, in connection with its capital campaign, the Center acquired land with a fair market value of \$1,345,000 for a below market cost of \$401,427. The difference of \$943,573 has been accounted for as a noncash donation of land with donor restrictions.

### 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. The Center received formal forgiveness on September 28, 2021.

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

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**10. Net Assets With Donor Restrictions**

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

	2021	2020
Capital campaign	\$ 10,476,349	\$ 7,710,271
Programs	3,431	68,418
	\$ 10,479,780	\$ 7,778,689

**11. Leases**

The Center has a noncancelable lease agreement for the satellite therapy clinic located in McKinney, Texas ending July 31, 2022. 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:

2022		\$ 49,276
2023		16,360
2024		10,908
2025		5,454
Total		\$ 81,998

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, 2021 and 2020 totaled \$491,051 and \$487,725, 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, 2021 and 2020, the Center matched employee contributions up to 3% of the employee’s salary. The Center’s contributions totaled \$79,546 and \$76,968 for the years ended June 30, 2021 and 2020, respectively.

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

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**13. Commitments**

The Center entered into contracts for construction of a new facility. At June 30, 2021 unpaid commitments under these contracts totaled \$8,229,384. 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:

	2021	2020
Cash and cash equivalents	\$ 8,542,511	\$ 2,460,608
Certificates of deposit	-	2,720,692
Investments	1,211,284	597,211
Other receivables	7,102	69,460
Government grants receivable	324,895	209,170
Unconditional promises to give, net	2,829,327	4,018,800
Total financial assets	12,915,119	10,075,941
Less amounts not available for general expenditures within one year:		
Financial assets restricted for capital campaign:		
Cash and cash equivalents	(5,741,264)	(516,142)
Certificates of deposit	-	(2,000,000)
Unconditional promises to give, net	(2,609,937)	(3,758,473)
Other unconditional promises to give - due after one year, net	(108,196)	(185,288)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 4,455,722	\$ 3,616,038

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, 2021 through the date the financial statements were available to be issued, and concluded that no additional disclosures are required.

**Children's Advocacy Center of Collin County, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2021**

Federal Agency/ Pass-through Grantor/Program Title	Assistance Listing	Pass-through Grantor's #	Federal Expenditures
<b>U.S. Department of Justice:</b>			
<b>Children's Advocacy Centers of Texas, Inc.</b>			
Crime Victim Assistance	16.575	VOCA-FY19-20-8	\$ 353,694
Crime Victim Assistance	16.575	VOCA-FY21-8	<u>1,165,168</u>
<b>Total expenditures of federal awards</b>			<u><u>\$ 1,518,862</u></u>

See notes to schedule of expenditures of federal awards.

**Children’s Advocacy Center of Collin County, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**

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**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of Children’s Advocacy Center of Collin County, Inc. (Center). The information in this Schedule is presented in accordance with the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule only presents a selected portion of the operations of the Center, it is not intended and does not present the financial position, changes in net assets, or cash flows of the Center.

**2. Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Center has not elected to use the 10 percent de minimis indirect cost rate and continues to use the cost allocation plan negotiated individually with its grantors, as applicable.

**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***

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

We have audited, in accordance with U.S. generally accepted auditing standards 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 Children's Advocacy Center of Collin County, Inc. (Center) which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Center'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 the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center'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 the Center’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 Center’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 Center’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



A Limited Liability Partnership

Arlington, Texas  
November 18, 2021

**Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance**

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

***Report on Compliance for Each Major Federal Program***

We have audited Children's Advocacy Center of Collin County, Inc.'s (Center) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Center's major federal programs for the year ended June 30, 2021. The Center's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the Center's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Audits* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Center's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### ***Report on Internal Control over Compliance***

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Sutton Frost Cary*

A Limited Liability Partnership

Arlington, Texas  
November 18, 2021

**Children’s Advocacy Center of Collin County, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2021**

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**Section I – Summary of Auditors’ Results**

*Financial statements:*

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

*Federal Awards:*

Internal control over major programs:

- Material weaknesses identified?  yes  no
- Significant deficiencies identified?  yes  none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR 200.516(a)?  yes  no

Identification of major federal program:

Assistance Listing 16.575 Crime Victim Assistance

Dollar threshold used to distinguish between type A and B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

None

**Section IV – Summary of Prior Year Audit Findings**

None reported