



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

**Financial Statements  
June 30, 2022 and 2021**

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

## **Contents**

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## **Independent Auditors' Report**

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

### ***Opinion***

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children's Advocacy Center of Collin County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Children's Advocacy Center of Collin County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Children's Advocacy Center of Collin County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Children's Advocacy Center of Collin County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.



A Limited Liability Partnership

Arlington, Texas  
November 17, 2022

**Children's Advocacy Center of Collin County, Inc.**  
**Statements of Financial Position**  
**June 30, 2022 and 2021**

	2022	2021
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 4,961,499	\$ 2,836,322
Investments	1,039,484	1,176,209
Other receivables	8,099	7,102
Government grants receivable	175,904	324,895
Unconditional promises to give, net	73,211	111,194
Prepaid expenses	259,576	266,457
<b>Total current assets</b>	<b>6,517,773</b>	<b>4,722,179</b>
<b>Noncurrent assets:</b>		
Unconditional promises to give, net - long-term	134,247	108,196
Assets restricted for capital campaign (Note 6):		
Cash and cash equivalents	924,655	5,741,264
Unconditional promises to give, net	1,145,813	2,609,937
Land	1,345,000	1,345,000
Construction in progress	8,373,522	780,148
Property and equipment, net (Note 7)	5,047,487	4,897,220
<b>Total assets</b>	<b>\$ 23,488,497</b>	<b>\$ 20,203,944</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 1,801,829	\$ 251,720
Refundable advance	19,405	57,493
Deferred revenue	37,944	37,685
<b>Total current liabilities</b>	<b>1,859,178</b>	<b>346,898</b>
<b>Net assets:</b>		
Without donor restrictions	9,736,251	9,377,266
With donor restrictions	11,893,068	10,479,780
<b>Total net assets</b>	<b>21,629,319</b>	<b>19,857,046</b>
<b>Total liabilities and net assets</b>	<b>\$ 23,488,497</b>	<b>\$ 20,203,944</b>

See notes to financial statements.

**Children’s Advocacy Center of Collin County, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and revenue:</b>			
Contributions	\$ 2,398,316	\$ 1,007,356	\$ 3,405,672
Contributions of nonfinancial assets	595,233	418,598	1,013,831
Texas Children's Advocacy Center	843,907	-	843,907
Government grants	1,382,368	-	1,382,368
Special events (net of direct costs of \$605,671)	1,052,869	-	1,052,869
Rent from partner agencies	492,911	-	492,911
Investment loss, net	(131,146)	-	(131,146)
Other	168,994	-	168,994
Net assets released from restrictions	12,666	(12,666)	-
<b>Total support and revenue</b>	<b>6,816,118</b>	<b>1,413,288</b>	<b>8,229,406</b>
<b>Expenses:</b>			
Program services	5,176,449	-	5,176,449
Management and general	551,156	-	551,156
Fundraising	729,528	-	729,528
<b>Total expenses</b>	<b>6,457,133</b>	<b>-</b>	<b>6,457,133</b>
<b>Change in net assets</b>	<b>358,985</b>	<b>1,413,288</b>	<b>1,772,273</b>
<b>Net assets, beginning of year</b>	<b>9,377,266</b>	<b>10,479,780</b>	<b>19,857,046</b>
<b>Net assets, end of year</b>	<b>\$ 9,736,251</b>	<b>\$ 11,893,068</b>	<b>\$ 21,629,319</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
Contributions of nonfinancial assets	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 Functional Expenses**  
**Year Ended June 30, 2022**

	Program Services	Management and General	Fundraising	Total
Payroll costs	\$ 3,408,348	\$ 438,162	\$ 600,804	\$ 4,447,314
Professional services	121,036	55,627	51,287	227,950
Building occupancy	239,934	9,523	7,020	256,477
Supplies	111,485	6,107	2,347	119,939
Equipment	73,819	3,313	2,247	79,379
Communication	61,308	4,355	5,761	71,424
Education	97,564	9,262	3,192	110,018
Travel	34,064	2,568	5,367	41,999
Insurance	77,810	6,185	4,751	88,746
Depreciation	209,735	10,759	8,150	228,644
Client services	113,713	-	-	113,713
Client assistance - nonfinancial assets	595,233	-	-	595,233
Direct costs of special events	-	-	605,671	605,671
Capital Campaign	-	-	9,934	9,934
Dues	12,832	1,237	1,308	15,377
Miscellaneous	19,568	4,058	27,360	50,986
<b>Total expense by function</b>	<b>5,176,449</b>	<b>551,156</b>	<b>1,335,199</b>	<b>7,062,804</b>
Less expenses included with revenues on the statement of activities - Direct costs of special events	-	-	(605,671)	(605,671)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 5,176,449</b>	<b>\$ 551,156</b>	<b>\$ 729,528</b>	<b>\$ 6,457,133</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 - nonfinancial assets	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>	<b>4,673,117</b>	<b>304,584</b>	<b>970,168</b>	<b>5,947,869</b>
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>	<b>\$ 4,673,117</b>	<b>\$ 304,584</b>	<b>\$ 750,758</b>	<b>\$ 5,728,459</b>

See notes to financial statements.

**Children's Advocacy Center of Collin County, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2022 and 2021**

	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,772,273	\$ 3,080,477
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	228,644	248,867
Realized (gains) losses on investments	158,870	(99,476)
Change in allowance for doubtful pledges	-	4,320
Change in discount on unconditional promises to give	17,817	(23,035)
Donated services for capital campaign	(418,598)	(335,859)
Contributions restricted for capital campaign	(856,827)	(2,383,902)
Changes in operating assets and liabilities:		
Other receivables	(997)	62,358
Government grants receivable	148,991	(115,725)
Unconditional promises to give	(5,885)	59,652
Prepaid expenses	6,881	(5,759)
Accounts payable and accrued expenses	151,033	21,760
Refundable advance	(38,088)	57,493
Deferred revenue	259	(36,578)
	1,164,373	534,593
<b>Net cash provided by operating activities</b>	<b>1,164,373</b>	<b>534,593</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(6,154,611)	(191,223)
Redemptions of certificates of deposit	-	2,720,692
Purchases of investments	(22,145)	(479,522)
	(6,176,756)	2,049,947
<b>Net cash provided (used) by investing activities</b>	<b>(6,176,756)</b>	<b>2,049,947</b>
<b>Cash flows from financing activities:</b>		
Collections of contributions restricted for capital campaign	2,320,951	3,532,438
	2,320,951	3,532,438
<b>Change in cash and cash equivalents</b>	<b>(2,691,432)</b>	<b>6,116,978</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>8,577,586</b>	<b>2,460,608</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 5,886,154</b>	<b>\$ 8,577,586</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	\$ 4,961,499	\$ 2,836,322
Restricted cash and cash equivalents	924,655	5,741,264
	\$ 5,886,154	\$ 8,577,586
<b>Cash and cash equivalents and restricted cash and cash equivalents reported on the statement of cash flows</b>	<b>\$ 5,886,154</b>	<b>\$ 8,577,586</b>
<b>Supplemental disclosure of noncash investing activities:</b>		
Construction in progress accrued in accounts payable at year end	\$ 1,399,076	\$ 162,410
	\$ 1,399,076	\$ 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 accounting principles generally accepted in the United States of America (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 spending policy approved by the board of directors. As of June 30, 2021 and 2020, no such net asset restrictions existed.

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

## Notes to Financial Statements

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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 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, 2022 the uninsured amounts totaled \$1,630,934. 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, 2022 and 2021, approximately 95% and 98%, respectively, of government grants receivable were due from one agency. At June 30, 2022 and 2021, approximately 55% and 62%, respectively, of pledges receivable, net were due from two donors.

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

## **Notes to Financial Statements**

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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, 2022 and 2021, the Center received approximately 27% and 24% 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.

### ***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.

### ***Investments***

The Center's investments consist of exchange traded funds and mutual 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 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.

### ***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, 2022 and 2021.

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

## Notes to Financial Statements

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### ***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 \$395,552 and \$353,694 that have not been recognized as revenue at June 30, 2022 and 2021, 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 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.

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

## **Notes to Financial Statements**

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### ***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, 2022 and 2021. 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, 2022 and 2021, 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.

### ***Reclassifications***

Certain reclassifications have been made to the June 30, 2021 financial statements to conform to the June 30, 2022 presentation.

### ***Accounting Pronouncement Adopted***

The Center adopted accounting standards update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). ASU 2020-07 increases transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancement to presentation and disclosure. The amendments in ASU 2020-07 address stakeholders' concerns about the lack of transparency about the measurement of contributed nonfinancial assets recognized by NFP's, as well as the amount of those contributions used in an NFP's programs and other activities. ASU 2020-07 requires NFPs to present contributed nonfinancial assets (in-kind contributions) as a separate line item in the statement of activities. The Center has adopted this ASU on the retrospective basis as of July 1, 2020.

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

## Notes to Financial Statements

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Analysis of various provisions of this standard resulted in no significant changes in the way the Center recognizes in-kind contributions, and therefore, no changes were required to net assets as of July 1, 2020. The presentation and disclosures of in-kind contributions have been enhanced in accordance with the standard.

### ***New Accounting Pronouncement***

Changes to GAAP are established by the Financial Accounting Standards Board (FASB) in the form of 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.

The Center has assessed the impact that adopting this new guidance will have on the financial statements and concluded the effect will not be material to 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:

### ***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>2022</u>	<u>2021</u>
Exchange traded funds	\$ 456,920	\$ 583,971
Mutual funds	<u>582,564</u>	<u>592,238</u>
	<u>\$ 1,039,484</u>	<u>\$ 1,176,209</u>

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

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 35,676	\$ 34,408
Unrealized gains (losses)	(158,870)	99,476
Investment fees	<u>(7,952)</u>	<u>(5,010)</u>
	<u>\$ (131,146)</u>	<u>\$ 128,874</u>

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

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**4. Government Grants Receivable**

Government grants receivable consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Victims of Crime Act Grant	\$ 102,514	\$ 260,547
Other Victim Assistance Grant	7,931	6,664
CAC of Texas, Inc. Grant	13,426	57,684
CAC of Texas Mental Health Grant	52,033	-
	<u>\$ 175,904</u>	<u>\$ 324,895</u>

**5. Unconditional Promises to Give**

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

	<u>2022</u>	<u>2021</u>
Unconditional promises to give	\$ 1,460,746	\$ 2,954,619
Less: allowance for doubtful pledges	<u>(77,802)</u>	<u>(77,802)</u>
	1,382,944	2,876,817
Less: unamortized discount	<u>(29,673)</u>	<u>(47,490)</u>
	<u>\$ 1,353,271</u>	<u>\$ 2,829,327</u>
Due in one year or less	\$ 938,715	\$ 1,161,844
Due from one year to five years	<u>414,556</u>	<u>1,667,483</u>
	<u>\$ 1,353,271</u>	<u>\$ 2,829,327</u>

Reconciliation to statements of financial position:

	<u>2022</u>	<u>2021</u>
Unconditional promises to give, net	\$ 73,211	\$ 111,194
Unconditional promises to give, net - long-term	134,247	108,196
Unconditional promises to give, net - restricted for capital campaign	<u>1,145,813</u>	<u>2,609,937</u>
Total unconditional promises to give, net	<u>\$ 1,353,271</u>	<u>\$ 2,829,327</u>

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

## Notes to Financial Statements

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At June 30, 2022 and 2021, the discount rate utilized in computing the net present value of long-term pledges was 3.01% and 0.87%, respectively.

### 6. 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, 2022 and 2021, net assets restricted for the capital campaign include:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 924,655	\$ 5,741,264
Unconditional promises to give, net	1,145,813	2,609,937
Land	1,345,000	1,345,000
Construction in progress	<u>8,373,522</u>	<u>780,148</u>
	<u>\$ 11,788,990</u>	<u>\$ 10,476,349</u>

The North Collin County facility opened on August 22, 2022. At that time, construction in progress and land were reclassified to property and equipment, and net assets with donor restrictions for the capital campaign were released from restrictions.

### 7. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 700,000	\$ 700,000
Building	4,632,681	4,632,681
Building improvements	2,689,596	2,689,596
Furniture and equipment	1,553,040	1,174,129
Software	<u>33,130</u>	<u>33,130</u>
	9,608,447	9,229,536
Less: accumulated depreciation	<u>(4,560,960)</u>	<u>(4,332,316)</u>
	<u>\$ 5,047,487</u>	<u>\$ 4,897,220</u>

Depreciation expense for the years ended June 30, 2022 and 2021 totaled \$228,644, and \$248,867, respectively.

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

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**8. Contributions of Nonfinancial Assets**

The Center received the following contributions of nonfinancial assets during the year ended June 30, 2022:

	Program Services	Assets	Total
Clinical and social service interns	\$ 413,009	\$ -	\$ 413,009
Holiday toys and gifts	120,259	-	120,259
School supplies	54,295	-	54,295
Clothing	7,670	-	7,670
Capitalized construction services	-	418,598	418,598
	<u>\$ 595,233</u>	<u>\$ 418,598</u>	<u>\$ 1,013,831</u>

The Center received the following contributions of nonfinancial assets during the year ended June 30, 2021:

	Program Services	Assets	Total
Clinical and social service interns	\$ 434,730	\$ -	\$ 434,730
Holiday toys and gifts	127,204	-	127,204
School supplies	62,534	-	62,534
Clothing	3,058	-	3,058
Capitalized construction services	-	335,859	335,859
	<u>\$ 627,526</u>	<u>\$ 335,859</u>	<u>\$ 963,385</u>

***Clinical and social service interns***

Contributed clinical and social service interns are valued and reported at the standard rate paid for an entry level position in each respective job.

***Holiday toys, gifts, school supplies and clothing***

Contributed holiday toys, gifts, school supplies and clothing are reported at fair value using retail prices. If fair market value information is unavailable, the value is calculated using retail value obtained from suppliers having comparable goods.

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

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***Capitalized construction services***

Contributed capitalized construction services are valued and reported at the standard invoice rate provided by the donor.

**9. Net Assets With Donor Restrictions**

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

	2022	2021
Capital campaign	\$ 11,788,990	\$ 10,476,349
Thermostat and parking lot repairs	63,271	-
Furnishings for new site	37,366	-
Programs	3,441	3,431
	\$ 11,893,068	\$ 10,479,780

**10. 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:

2023	\$	49,276
2024		16,893
2025		10,908

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, 2022 and 2021 totaled \$492,911 and \$491,051, respectively. One tenant represents approximately 88% and 86% of total rent revenue for the years ended June 30, 2022 and 2021, respectively.

**11. Employee Benefit Plan**

The Center has a 401(k) plan for eligible employees. For the years ended June 30, 2022 and 2021, the Center matched employee contributions up to 3% of the employee’s salary. The Center’s contributions totaled \$83,698 and \$79,546 for the years ended June 30, 2022 and 2021, respectively.

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

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**12. Commitments**

The Center entered into contracts for construction of the North Collin County facility. At June 30, 2022 unpaid commitments under these contracts totaled \$1,583,863 and are expected to be paid within one year.

**13. 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:

	2022	2021
Cash and cash equivalents	\$ 5,886,154	\$ 8,577,586
Investments	1,039,484	1,176,209
Other receivables	8,099	7,102
Government grants receivable	175,904	324,895
Unconditional promises to give, net	1,353,271	2,829,327
Total financial assets	8,462,912	12,915,119
Less amounts not available for general expenditures within one year:		
Financial assets restricted for capital campaign:		
Cash and cash equivalents	(924,655)	(5,741,264)
Unconditional promises to give, net	(1,145,813)	(2,609,937)
Restricted by donors for specific purposes	(100,637)	-
Other unconditional promises to give - due after one year, net	(134,247)	(108,196)
Total financial assets available to meet cash needs for general expenditures within one year	\$ 6,157,560	\$ 4,455,722

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.

**14. Subsequent Events**

In November 2022 the Center initiated a change order that resulted in additional construction commitments totaling \$208,857 (see Note 12).

The Center evaluated subsequent events after the statement of financial position date of June 30, 2022 through the date the financial statements were available to be issued, and concluded that no additional disclosures are required.