

***THE CHILD ADVOCACY CENTER  
OF NORTHEAST MISSOURI, INC.  
D/B/A THE CHILD CENTER, INC.***

***FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2019 AND 2018***

***THE CHILD ADVOCACY CENTER OF NORTHEAST MISSOURI, INC.  
D/B/A THE CHILD CENTER, INC.***

WENTZVILLE, MISSOURI

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## INDEPENDENT AUDITORS' REPORT



Board of Directors  
***THE CHILD ADVOCACY CENTER OF  
NORTHEAST MISSOURI, INC.  
D/B/A THE CHILD CENTER, INC.***

We have audited the accompanying statements of financial position of The Child Advocacy Center of Northeast Missouri, Inc. d/b/a The Child Center, Inc., (a not-for-profit agency) as of June 30, 2019 and 2018 and the related statements of activities, cash flows and functional expenses 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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.

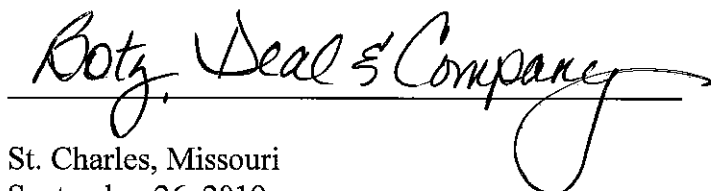
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Child Advocacy Center of Northeast Missouri, Inc. d/b/a The Child Center, Inc. at June 30, 2019 and 2018, 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.

***Change in Accounting Principle***

As discussed in Note 3 to the financial statements, during the fiscal year ended June 30, 2019, the Center adopted new accounting guidance, ASU No. 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Bolz Deal & Company". The signature is written over a horizontal line.

St. Charles, Missouri  
September 26, 2019

**THE CHILD ADVOCACY CENTER OF NORTHEAST MISSOURI, INC.**

**D/B/A THE CHILD CENTER, INC.**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

**ASSETS**

	<u>2019</u>	<u>2018</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 82,433	\$ 182,181
Accounts receivable	132,324	172,226
Promises to give	8,664	20,318
Prepaid expenses	8,299	67,180
TOTAL CURRENT ASSETS	<u>231,720</u>	<u>441,905</u>
 <b>PROPERTY AND EQUIPMENT</b>		
Equipment	134,951	130,849
Furniture and fixtures	8,924	19,284
Leasehold improvements	238,628	105,694
Total Cost	<u>382,503</u>	<u>255,827</u>
Less: accumulated depreciation	(104,670)	(169,333)
Net Fixed Assets	<u>277,833</u>	<u>86,494</u>
Construction in progress	-	4,000
TOTAL FIXED ASSETS	<u>277,833</u>	<u>90,494</u>
 TOTAL ASSETS	<u>\$ 509,553</u>	<u>\$ 532,399</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 27,729	\$ 24,021
Accrued payroll and payroll tax liabilities	18,890	18,949
Deferred revenues	500	-
Line of credit	-	40,000
TOTAL CURRENT LIABILITIES	<u>47,119</u>	<u>82,970</u>
 <b>NONCURRENT LIABILITIES</b>		
Accrued compensated absences	<u>13,370</u>	<u>15,445</u>
 <b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	440,064	266,062
With donor restrictions:		
Time-restricted for future periods	6,000	6,000
Purpose restrictions	3,000	161,922
TOTAL NET ASSETS	<u>449,064</u>	<u>433,984</u>
 TOTAL LIABILITIES AND NET ASSETS	<u>\$ 509,553</u>	<u>\$ 532,399</u>

The accompanying notes are an integral part of these financial statements.

**THE CHILD ADVOCACY CENTER OF NORTHEAST MISSOURI, INC.**  
**D/B/A THE CHILD CENTER, INC.**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>SUPPORT AND REVENUE</b>			
Federal grants	\$ 444,627	\$ -	\$ 444,627
State grants	262,690	-	262,690
Local grants	511,252	-	511,252
Foundations	13,134	-	13,134
Other grants	80,075	3,000	83,075
Corporate donations	13,204	-	13,204
Individual donations	64,933	-	64,933
United Way	11,006	6,000	17,006
In-kind donations	155,400	-	155,400
Fundraisers and special events	244,033	-	244,033
Less: direct benefits to donors	(73,887)	-	(73,887)
Conference income	62,287	-	62,287
Interest income	113	-	113
Miscellaneous	2,980	-	2,980
Loss on disposal of assets	(8,768)	-	(8,768)
Net assets released from restriction - expansion and renovation	161,922	(161,922)	-
Net assets released from restriction - passage of time	6,000	(6,000)	-
<b>TOTAL OTHER REVENUE AND SUPPORT</b>	<u>1,951,001</u>	<u>(158,922)</u>	<u>1,792,079</u>
<b>EXPENSES</b>			
Program Services:			
Prevention services	473,036	-	473,036
Victim services	998,254	-	998,254
Total Program Services	<u>1,471,290</u>	<u>-</u>	<u>1,471,290</u>
Support Services:			
General and administrative	109,105	-	109,105
Development and fundraising	196,604	-	196,604
Total Support Services	<u>305,709</u>	<u>-</u>	<u>305,709</u>
<b>TOTAL EXPENSES</b>	<u>1,776,999</u>	<u>-</u>	<u>1,776,999</u>
<b>CHANGE IN NET ASSETS</b>	174,002	(158,922)	15,080
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>266,062</u>	<u>167,922</u>	<u>433,984</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 440,064</u>	<u>\$ 9,000</u>	<u>\$ 449,064</u>

The accompanying notes are an integral part of these financial statements.

**THE CHILD ADVOCACY CENTER OF NORTHEAST MISSOURI, INC.**  
**D/B/A THE CHILD CENTER, INC.**  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUE, GRANTS AND SUPPORT</b>			
Federal grants	\$ 419,422	\$ -	\$ 419,422
State grants	289,644	-	289,644
Local grants	500,081	-	500,081
Foundations	38,141	-	38,141
Other grants	42,736	-	42,736
Corporate donations	7,794	-	7,794
Individual donations	12,120	144,150	156,270
United Way	11,325	6,000	17,325
In-kind donations	138,796	-	138,796
Fundraisers and special events	133,094	-	133,094
Less: direct benefits to donors	(56,916)	-	(56,916)
Conference income	70,820	-	70,820
Interest Income	86	-	86
Miscellaneous	5,574	-	5,574
Loss on disposal of assets	(2,810)	-	(2,810)
Net assets released from restriction - expansion and renovation	26,040	(26,040)	-
Net assets released from restriction - passage of time	16,183	(16,183)	-
Net assets released from restriction - supplies	1,680	(1,680)	-
<b>TOTAL REVENUE, GRANTS AND SUPPORT</b>	<u>1,653,810</u>	<u>106,247</u>	<u>1,760,057</u>
<b>EXPENSES</b>			
Program Services:			
Prevention services	419,297	-	419,297
Victim services	881,414	-	881,414
Total Program Services	<u>1,300,711</u>	<u>-</u>	<u>1,300,711</u>
Support Services:			
General and administrative	100,139	-	100,139
Development and fundraising	201,494	-	201,494
Total Support Services	<u>301,633</u>	<u>-</u>	<u>301,633</u>
<b>TOTAL EXPENSES</b>	<u>1,602,344</u>	<u>-</u>	<u>1,602,344</u>
<b>CHANGE IN NET ASSETS</b>	51,466	106,247	157,713
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>214,596</u>	<u>61,675</u>	<u>276,271</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 266,062</u>	<u>\$ 167,922</u>	<u>\$ 433,984</u>

The accompanying notes are an integral part of these financial statements.

**THE CHILD ADVOCACY CENTER OF NORTHEAST MISSOURI, INC.**  
**D/B/A THE CHILD CENTER, INC.**  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES			SUPPORT SERVICES		Total
	Prevention Services	Victim Services	Total Program Services	General and Administration	Development/Fundraising	
Salaries, benefits, and payroll taxes	\$ 332,088	\$ 643,871	\$ 975,959	\$ 73,079	\$ 139,215	\$ 1,188,253
Advertising and marketing	522	957	1,479	110	212	1,801
Capital campaign	-	-	-	-	1,450	1,450
Conference expenses	-	53,309	53,309	-	-	53,309
Contracted services	3,858	24,754	28,612	-	1,015	29,627
Credit card fees	-	-	-	5,088	-	5,088
Depreciation	5,382	9,857	15,239	1,134	2,184	18,557
Employee development and training	10,182	18,520	28,702	1,999	2,374	33,075
Equipment and furnishings	7,535	39,158	46,693	4,781	5,111	56,585
Fundraising events	-	-	-	-	73,887	73,887
In-kind rent	36,075	66,079	102,154	7,588	14,654	124,396
In-kind information technology services	2,359	4,321	6,680	497	958	8,135
Insurance	3,395	6,219	9,614	714	1,379	11,707
Janitorial	2,209	4,046	6,255	464	897	7,616
Memberships	2,057	3,768	5,825	433	836	7,094
Miscellaneous	594	1,088	1,682	123	241	2,046
Office expenses	6,336	11,605	17,941	1,331	3,176	22,448
Office supplies	2,542	4,656	7,198	534	1,033	8,765
Program supplies	5,794	9,338	15,132	136	263	15,531
Postage and delivery	619	1,134	1,753	131	252	2,136
Professional fees	15,716	30,047	45,763	3,436	6,497	55,696
Rent	22,862	41,877	64,739	4,810	9,287	78,836
Repairs and maintenance	311	570	881	66	126	1,073
Security system	489	896	1,385	103	199	1,687
Telephone	2,343	4,291	6,634	493	952	8,079
Travel	6,042	11,067	17,109	1,271	2,454	20,834
Uncollectible pledges	-	-	-	-	325	325
Utilities	3,726	6,826	10,552	784	1,514	12,850
<b>TOTAL EXPENSES</b>	<b>\$ 473,036</b>	<b>\$ 998,254</b>	<b>\$ 1,471,290</b>	<b>\$ 109,105</b>	<b>\$ 270,491</b>	<b>\$ 1,850,886</b>
Less direct benefits to donor's expense included with revenues on the statement of activities:						
Fundraising events	-	-	-	-	(73,887)	(73,887)
<b>Total expenses on statement of activities</b>	<b>\$ 473,036</b>	<b>\$ 998,254</b>	<b>\$ 1,471,290</b>	<b>\$ 109,105</b>	<b>\$ 196,604</b>	<b>\$ 1,776,999</b>

The accompanying notes are an integral part of these financial statements.



**THE CHILD ADVOCACY CENTER OF NORTHEAST MISSOURI, INC.**

**D/B/A THE CHILD CENTER, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2018

	PROGRAM SERVICES			SUPPORT SERVICES		Total
	Prevention Services	Victim Services	Total Program Services	General and Administrative	Development/Fundraising	
Salaries, benefits and payroll taxes	\$ 299,271	\$ 579,107	\$ 878,378	\$ 72,434	\$ 140,188	\$ 1,091,000
Advertising and marketing	1,849	3,219	5,068	390	813	6,271
Capital campaign	-	-	-	-	8,722	8,722
Conference expenses	-	53,992	53,992	-	-	53,992
Contracted services	2,840	24,305	27,145	97	202	27,444
Credit card fees	-	-	-	3,933	-	3,933
Depreciation	4,179	7,275	11,454	881	1,837	14,172
Employee development and training	8,997	15,659	24,656	1,899	3,953	30,508
Equipment and furnishings	1,837	4,622	6,459	388	807	7,654
Fundraising events	-	-	-	-	56,916	56,916
In-kind rent	34,738	60,461	95,199	7,332	15,265	117,796
Insurance	2,815	9,817	12,632	594	1,237	14,463
Janitorial	1,471	2,560	4,031	311	647	4,989
Memberships	2,282	3,972	6,254	481	1,003	7,738
Miscellaneous	177	309	486	36	77	599
Office expenses	5,200	9,050	14,250	1,097	2,616	17,963
Office supplies	2,216	3,858	6,074	468	974	7,516
Program supplies	6,608	23,257	29,865	27	58	29,950
Postage and delivery	541	941	1,482	114	238	1,834
Professional fees	13,287	25,075	38,362	3,115	6,129	47,606
Rent	19,328	33,641	52,969	4,080	8,494	65,543
Repairs and maintenance	1,073	1,867	2,940	227	471	3,638
Security system	183	319	502	39	81	622
Telephone	2,433	4,233	6,666	513	1,069	8,248
Travel	5,131	8,930	14,061	1,083	2,255	17,399
Uncollectible pledges	-	-	-	-	3,110	3,110
Utilities	2,841	4,945	7,786	600	1,248	9,634
<b>TOTAL EXPENSES</b>	<b>\$ 419,297</b>	<b>\$ 881,414</b>	<b>\$ 1,300,711</b>	<b>\$ 100,139</b>	<b>\$ 258,410</b>	<b>\$ 1,659,260</b>
Less direct benefits to donor's expense included with revenues on the statement of activities:						
Fundraising events	-	-	-	-	(56,916)	(56,916)
<b>Total expenses on statement of activities</b>	<b>\$ 419,297</b>	<b>\$ 881,414</b>	<b>\$ 1,300,711</b>	<b>\$ 100,139</b>	<b>\$ 201,494</b>	<b>\$ 1,602,344</b>

The accompanying notes are an integral part of these financial statements.

**THE CHILD ADVOCACY CENTER OF NORTHEAST MISSOURI, INC.  
D/B/A THE CHILD CENTER, INC.**

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from service recipients and funding agencies	\$ 1,258,471	\$ 1,228,067
Cash received from contributors, grants, and special events	509,826	448,425
Cash paid to suppliers and employees	(1,616,474)	(1,550,556)
Interest received	113	86
Other cash receipts	2,980	5,574
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	154,916	131,596
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(214,664)	(18,315)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net borrowings (payments) on line-of-credit	(40,000)	10,000
 <b>NET INCREASE (DECREASE) IN CASH</b>	(99,748)	123,281
 <b>CASH - BEGINNING OF YEAR</b>	182,181	58,900
 <b>CASH - END OF YEAR</b>	\$ 82,433	\$ 182,181

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF CHANGE IN NET ASSETS  
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

	2019	2018
<b>CHANGE IN NET ASSETS</b>	<b>\$ 15,080</b>	<b>\$ 157,713</b>
 <b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Depreciation	18,557	14,172
Loss on disposal of assets	8,768	2,810
(Increase) decrease in assets:		
Accounts receivable	39,902	18,920
Prepaid expenses	58,881	(57,193)
Pledges receivable	11,654	(8,435)
Increase (decrease) in liabilities:		
Accounts payable	3,708	4,940
Accrued payroll and payroll tax liabilities	(59)	3,867
Accrued compensated absences	(2,075)	4,122
Deferred revenues	500	(9,320)
<b>TOTAL ADJUSTMENTS</b>	<b>139,836</b>	<b>(26,117)</b>
 <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	 <b>\$ 154,916</b>	 <b>\$ 131,596</b>

The accompanying notes are an integral part of these financial statements.

**THE CHILD ADVOCACY CENTER OF NORTHEAST MISSOURI, INC.**  
**D/B/A THE CHILD CENTER, INC.**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018

1. **DESCRIPTION OF OPERATIONS**

The Child Advocacy Center of Northeastern Missouri, Inc. d/b/a The Child Center, Inc. (the Center) was organized as a not-for-profit entity July 1999 and is currently serving fourteen counties in Missouri. The mission of the Center is to respond to child abuse through a supportive team approach to reduce the trauma to children and their families. The Child Center operates from three locations, Wentzville, Hannibal and Memphis Missouri.

The Center's goals are to provide a community-based setting for the skilled and objective evaluation of children identified as possible abuse victims; to provide an opportunity for agencies and professionals, mandated to intervene in suspected abuse, to collaborate; to minimize redundant interviewing by facilitating interagency cooperation; to provide therapy, crisis intervention, case management and when necessary referrals to outside agencies to meet the needs of the child; and to serve the community by providing prevention services on child abuse, sexual harassment, online safety and enticement prevention.

**Victim Services** - The Center has licensed professionals on staff who are specially trained to provide and assist in the following services:

**Forensic Interviewing** - A specially trained interviewer speaks with the child to obtain facts and information while all disciplines that may need information from the child (law enforcement, DFS, Juvenile, Prosecutor) watch behind a two-way mirror.

**Advocacy** - A trained advocate supports the non-offending caregiver and helps the family maneuver through this extremely difficult and stressful process.

**Therapy** - The Center employs in-house licensed therapists, in addition to contracting with licensed professionals to provide therapy for the children and the parents to facilitate healing.

**Professional Training Services** - The Center provides on-going training to staff, law enforcement, juvenile authorities, therapist, persecutors, and other relevant parties, to improve the services provided in the community for handling child sexual abuse cases. Participant trainees become part of a "response team" working together to resolve suspected cases of abuse. Currently, these training services are provided by outside seminars and course training, such as through the Center's annual Midwest Justice for Children's Conference. The Center's goal is to provide ongoing training services to the community.

**Prevention Services** - The Center provides specially trained degreed and licensed social workers to present the Body Safety Program offering sexual abuse prevention training for elementary students and parents, internet safety and sexual abuse prevention programs for middle school students, and mandated reporting and handling of disclosures for professionals.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Revenue and Revenue Recognition** - Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Donated Facilities** - Donations of office space provided to the Center is recorded as contributions at fair market value of the space provided. Such donations are reported as unrestricted support unless the donor has restricted donation to a specific purpose.

**Donated Services** - Donated services are recognized as contributions in accordance with FASB Accounting Standards Codification Topic 958, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Center with specific programs and administrative tasks. Services that meet the criteria of FASB Accounting Standards Codification Topic 958 are recorded as in-kind donation of services.

**Cash and Cash Equivalents** - For the purposes of the statement of cash flows, the Center considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Concentration of Cash** - The Center maintains its cash and cash equivalents at one commercial bank. The balances are insured up to the amounts allowed by Federal Deposit Insurance Corporation. As of June 30, 2019, there were no uninsured balances on deposit.

## 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

**Concentration of Revenue** - The Center received approximately 65% and 66% of its total revenues from governmental agencies for the year ended June 30, 2019 and 2018, respectively. Three entities provided 58% and 60% of the Center's total revenue, for the years ended June 30, 2019 and 2018, respectively.

**Accounts Receivable** - Accounts receivable consists of grant revenue, fees for services provided and sponsorships earned but not yet received. An allowance for doubtful accounts is not deemed necessary as management considers the balances to be fully collectible within the next year, and historically, few balances have been written off. Also at June 30, 2019, and 2018, approximately 85% and 90% of the accounts receivable balances were due from national, state, and local agencies, respectively. The Center considers a receivable to be past due after thirty days.

**Advertising Costs** - Advertising costs are expensed in the year in which the costs are incurred. Advertising expense was \$1,801 and \$6,271 for the years ended June 30, 2019 and 2018, respectively.

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Functional Allocation of Expense** - The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Accordingly, expenses require allocation on a reasonable basis that is consistently applied. Expenses not directly identifiable are allocated based on the Center's estimates of time and effort of individual employees, as applicable. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Center.

**Income Taxes** - The Child Center, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Center qualifies for the charitable contribution deduction under Section 170(b)(A) and has been classified as not a private foundation under Section 509 (a)(2).

**Promises to Give** - Unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. We determine the allowance for uncollectible promise to give based on historical experience, and assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. At June 30, 2019 and 2018, all promises to give are receivable in less than one year and deemed 100% collectible.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** - continued

**Property and Equipment** - All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation.

Depreciation is calculated using the straight-line method over the estimated useful life of each asset as follows:

<u>Major Group</u>	<u>Method</u>	<u>Life</u>
Leasehold improvements	Straight-line	5 - 39 years
Furniture and equipment	Straight-line	3 - 10 years

Depreciation expense was \$18,557 and \$14,172 for the years ended June 30, 2019 and 2018, respectively.

3. **CHANGE IN ACCOUNTING PRINCIPLE**

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. ASU 2016-14 has been implemented and the presentation in these financial statements has been adjusted accordingly. The ASU has been applied retrospectively to all periods presented.

4. **LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following:

Financial assets:		
Cash	\$	82,433
Accounts receivable		132,324
Promises to give		8,664
Financial assets, at year-end		<u>222,421</u>
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions:		
Restrictions by donor with time or purpose restrictions		<u>(9,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>214,421</u>

5. **PROMISES TO GIVE**

Promises to give as of June 30, 2019 and 2018 are \$8,664 and \$20,318, respectively. All pledges are receivable in less than one year and deemed 100% collectible.

At June 30, 2019 and 2018, three donors accounted for 100% and two donors accounted for 79% of total promises to give, respectively.

Promises to give totaling \$6,000 received during the years ended June 30, 2019 and 2018, were restricted by donors for future-year operations and were reported as contributions with donor restrictions.

6. **IN-KIND DONATION**

Donated materials, equipment and facilities are recorded as support income at their estimated fair market values at the time they are received. Such donations are reported as unrestricted support unless the donor has restricted these donations to a specific purpose.

The Center had an agreement with the Hannibal Housing Authority to provide office space for the benefit of the staff and residents of the Hannibal area. The Center provides services to any child/victim and non-offending parent at no charge.

The Housing Authority may provide funding, services, transportation, facilities, training, and the other supportive assistance for the provisions of services under this agreement. Effective December 1, 2014, the Center agreed to a lease with Hannibal Housing Authority, where a portion of rent would be paid by the Center and a portion would be received as an in-kind donation. This agreement ended in September 2018, when the Center moved to a new location in Hannibal. The Center agreed to a new five year lease, with rent at a below market rate. The Center also rents space in Wentzville at a below market rate in exchange for tax credits. For the years ended June 30, 2019 and 2018, the Center received in-kind rent of \$124,396 and \$117,796, respectively.

The Center received additional in-kind donations in the form of printing and other fundraising supplies. For the years ended June 30, 2019 and 2018 the Center recognized \$22,869 and \$21,000, respectively.

The Center received in-kind information technology services of \$8,135 and \$-0-, for the years ended June 30, 2019 and 2018, respectively.

7. **LINE OF CREDIT**

The Center established a \$50,000 line-of-credit at New Frontier Bank effective February 11, 2015. This line-of-credit was increased to \$100,000 as of June 16, 2017. The line-of-credit carries an interest rate of 6.25%. The line-of-credit matures December 11, 2019. The line-of-credit is secured by a Commercial Security Agreement. Maximum borrowings during the years ended June 30, 2019 and 2018 were \$40,000 and \$50,000, respectively. Total balance due for the years ended June 30, 2019 and 2018 was \$-0- and \$40,000, respectively.



8. **COMPENSATION OF ABSENCES**

All full time regular employees earn paid time off (PTO). PTO is earned each pay period based on years of service. Employees are allowed to carry over up to 80 hours of unused time to the following year. Up to 5 days of accrued, unused PTO is paid to employees upon separation of employment.

9. **OPERATING LEASES**

The Center leases combined office space in Wentzville under two operating leases that expire September 30, 2021 and December 31, 2023. Annual lease payments at market value are \$176,431. The Center receives an in-kind donation of \$116,596 annually. Total rent and common area maintenance costs paid were \$59,835 and 59,543, respectively, for years ended June 30, 2019 and 2018.

The minimum future lease payments for the fiscal years ending June 30 are as follows:

2020	\$	84,778
2021		84,778
2022		47,275
2023		34,774
2024		17,387

The Center has an agreement with the Hannibal Housing Authority to provide office space for the benefit of the staff and residents of the Hannibal area. The Center provides services to any child/victim and non-offending parent at no charge. The Housing Authority may provide funding, services, transportation, facilities, training, and the other supportive assistance for the provisions of services under this agreement. Effective December 1, 2014, the Center agreed to a lease with Hannibal Housing Authority, where a portion of rent would be paid by the Center and a portion would be received as an in-kind donation. This lease expired November 30, 2015 and continued on a month to month basis, until it ended September 30, 2019, when the Center moved its Hannibal location. The Center agreed to a five year lease, effective July 16, 2018. The lease expiring August 31, 2023, includes an in-kind donation of \$9,000 annually for the first two years and \$4,800 annually the last three years. For the years ended June 30, 2019 and 2018, the Center received in-kind rent of \$7,800 and \$1,200, respectively. The Center paid rent of \$19,000 and \$6,000 for the years ended June 30, 2019 and 2018, respectively.

The minimum future lease payments for the fiscal years ending June 30 are as follows:

2020	\$	19,800
2021		23,300
2022		24,000
2023		24,000
2024		4,000

9. **OPERATING LEASES - continued**

The Center entered into a 63 month copier lease effective March 21, 2016. Total lease payments for the years ended June 30, 2019 and 2018 were \$2,437.

The minimum future lease payments for the fiscal years ending June 30 are as follows:

2020	\$	2,437
2021		2,437

10. **INCOME TAX**

FASB ASC Topic 740, Income Taxes, provides for the recognition of tax benefits related to uncertain tax positions. For the years ended June 30, 2019 and 2018, management believes there are no material uncertain tax positions. The Center files form 990 Return of Organization Exempt From Income Tax. Returns prior to 2015 are closed.

11. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Expansion and renovation	\$ -	\$ 161,922
Supplies	<u>3,000</u>	<u>-</u>
	<u>3,000</u>	<u>161,922</u>
Subject to the passage of time:		
Future operations	<u>6,000</u>	<u>6,000</u>
Total Donor Restrictions	<u>\$ 9,000</u>	<u>\$ 167,922</u>

12. **COMMITMENTS AND CONTINGENCIES**

The Center receives a substantial amount of its support from federal, state and local governments and agencies. A significant reduction in the level of this support, if this were to occur, may have a negative effect on the Center's programs and activities. Although this is a possibility, management deems this possibility remote.

From time to time, the Center is a party to claims and legal actions arising in the ordinary course of its operations. Although the outcome of such matters cannot be forecast with certainty, in the opinion of management, all such matters are adequately covered by insurance, or if not covered, are without merit or involve amounts such that an unfavorable disposition would not have a material effect on the financial statements of the Center.

13. **RETIREMENT PLAN**

Effective April 1, 2013, the Center established The Child Center, Inc. Simple IRA plan (the Plan), for all employees of the Center. The Center contributes an amount equal to 2% of the employee's compensation. The Center made contributions of \$19,802 and \$18,054 to the Plan for the fiscal year-ended June 30, 2019 and 2018, respectively.

14. **RECLASSIFICATIONS**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

15. **SUBSEQUENT EVENTS**

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.



To the Board of Directors and Management  
of The Child Advocacy Center of Northeast Missouri, Inc.  
d/b/a/ The Child Center, Inc.

In planning and performing our audit of the financial statements of The Child Advocacy Center of Northeast Missouri, Inc. d/b/a/ The Child Center, Inc. (the Center) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the Center's internal control over financial reporting (internal control) as a basis for designing 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the following deficiencies in the Center's internal control to be material weaknesses:

**Prepare GAAP Financial Statements** - Management is responsible for establishing and maintaining internal controls in the financial reporting system and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP). Management has requested us to assist in the preparation of the financial statements. The outsourcing of these services is not unusual in entities of your size and is the result of management's cost benefit decision to rely on our accounting expertise rather than incurring this internal resource cost. However, the fact that the Center does not have someone on staff that has the ability to prepare the statements in accordance with GAAP, is considered to be a material weakness.

This communication is intended solely for the information and use of management, the board of directors, and others within the Center, and is not intended to be, and should not be, used by anyone other than these specified parties.

*Botz, Deal & Company*

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St. Charles, Missouri  
September 26, 2019



To the Board of Directors and Management  
of The Child Advocacy Center of Northeast Missouri, Inc.  
d/b/a/ The Child Center, Inc.

We have audited the financial statements of The Child Advocacy Center of Northeast Missouri, Inc. d/b/a/ The Child Center, Inc. for the year ended June 30, 2019 and 2018, and have issued our report thereon dated September 26, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 2 to the financial statements. As described in Note 3, the Center adopted FASB Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. We noted no transactions entered into by the Center during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management records and depreciates capital assets according to the Center's capital asset policy as described in Note 2 to the financial statements. Depreciation is based on the estimated useful lives of the assets.

Management allocates expenses based on estimates of time or relevant basis to program, management, and fundraising categories.

Management records in-kind donations at their estimated fair value.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are an integral part of the statements and should be read in conjunction with them.

#### *Difficulties Encountered in Performing the Audit*

We encountered no difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has approved the proposed immaterial audit adjustments.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter.

#### *Management Consultations with Other Independent Accountants*

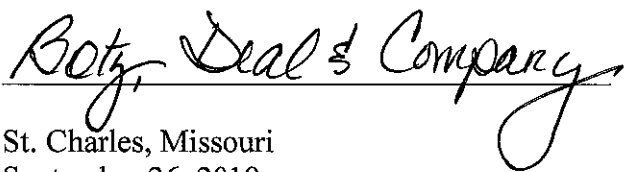
In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Center's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

#### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Center's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Victim Services Advocacy Units - During the testing of unit costs for CCRB Victim Services - Advocacy, we noted two instances where units were over billed. One instance was the result of providing services to an individual over the age of 18, and the other was a result of a duplicate billing. This had no effect on the Center's revenue because the Center has consistently provided more units than what is available for billing under the grant agreement. During the current fiscal year, 797.71 advocacy units were provided, compared to the 260.50 units that were awarded and billed to CCRB for reimbursement. However, this could cause errors in the calculation of unit costs. The Center has implemented an enhanced form to better monitor and identify an individual's age. In addition we recommend the Center implement additional training and monitoring over billing, to ensure accurate reporting of units provided/billed.

This information is intended solely for the use of board of directors and management of the Center and is not intended to be, and should not be, used by anyone other than these specified parties. Management's written response has not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.



St. Charles, Missouri  
September 26, 2019