

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

***FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2020 AND 2019***

***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, 2020 and 2019 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***

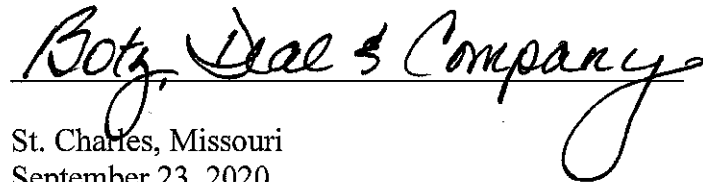
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Child Advocacy Center of Northeast Missouri, Inc. d/b/a The Child Center, Inc. at June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis-of-matter***

As discussed in Note 15, the Center expects to be affected by the global outbreak of the novel strain of the coronavirus. At the time the financial statements were issued the financial effects on the Center cannot be predicted. Our opinion is not modified with respect to this matter.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The selected financial information on page 19 is presented for purposes 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



St. Charles, Missouri  
September 23, 2020

**THE CHILD ADVOCACY CENTER OF NORTHEAST MISSOURI, INC.**  
**D/B/A THE CHILD CENTER, INC.**  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019

**ASSETS**

	2020	2019
<b>CURRENT ASSETS</b>		
Cash	\$ 344,965	\$ 82,433
Accounts receivable	54,631	132,324
Promises to give	6,000	8,664
Prepaid expenses	11,789	8,299
TOTAL CURRENT ASSETS	417,385	231,720
<b>PROPERTY AND EQUIPMENT</b>		
Equipment	134,179	134,951
Furniture and fixtures	8,924	8,924
Leasehold improvements	242,968	238,628
Total Cost	386,071	382,503
Less: accumulated depreciation	(125,622)	(104,670)
Net Fixed Assets	260,449	277,833
TOTAL ASSETS	\$ 677,834	\$ 509,553

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 15,307	\$ 27,729
Accrued payroll and payroll tax liabilities	29,126	18,890
Deferred revenues	7,500	500
Note payable	277,352	-
TOTAL CURRENT LIABILITIES	329,285	47,119
<b>NONCURRENT LIABILITIES</b>		
Accrued compensated absences	19,176	13,370
<b>NET ASSETS</b>		
Without donor restrictions:		
Undesignated	305,511	440,064
With donor restrictions:		
Time-restricted for future periods	6,000	6,000
Purpose restrictions	17,862	3,000
TOTAL NET ASSETS	329,373	449,064
TOTAL LIABILITIES AND NET ASSETS	\$ 677,834	\$ 509,553

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, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>SUPPORT AND REVENUE</b>			
Federal grants	\$ 319,600	\$ -	\$ 319,600
State grants	319,367	-	319,367
Local grants	553,043	-	553,043
Foundations	86,043	-	86,043
Other grants	16,000	17,862	33,862
Corporate donations	34,220	-	34,220
Individual donations	58,592	-	58,592
United Way	13,435	6,000	19,435
In-kind donations	152,987	-	152,987
Fundraisers and special events	210,901	-	210,901
Less: direct benefits to donors	(45,157)	-	(45,157)
Conference income	7,930	-	7,930
Interest income	61	-	61
Miscellaneous	970	-	970
Loss on disposal of assets	(49)	-	(49)
Net assets released from restriction - passage of time	6,000	(6,000)	-
Net assets released from restriction - purpose	3,000	(3,000)	-
TOTAL OTHER REVENUE AND SUPPORT	<u>1,736,943</u>	<u>14,862</u>	<u>1,751,805</u>
<b>EXPENSES</b>			
Program Services:			
Prevention services	429,866	-	429,866
Victim services	1,099,437	-	1,099,437
Total Program Services	<u>1,529,303</u>	<u>-</u>	<u>1,529,303</u>
Support Services:			
General and administrative	158,109	-	158,109
Development and fundraising	184,084	-	184,084
Total Support Services	<u>342,193</u>	<u>-</u>	<u>342,193</u>
TOTAL EXPENSES	<u>1,871,496</u>	<u>-</u>	<u>1,871,496</u>
<b>CHANGE IN NET ASSETS</b>	(134,553)	14,862	(119,691)
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>440,064</u>	<u>9,000</u>	<u>449,064</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 305,511</u>	<u>\$ 23,862</u>	<u>\$ 329,373</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>REVENUE, GRANTS AND SUPPORT</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 REVENUE, GRANTS AND SUPPORT</b>	<b>1,951,001</b>	<b>(158,922)</b>	<b>1,792,079</b>
<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>	<b>1,776,999</b>	<b>-</b>	<b>1,776,999</b>
<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><u>\$ 440,064</u></u>	<u><u>\$ 9,000</u></u>	<u><u>\$ 449,064</u></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, 2020

	PROGRAM SERVICES			SUPPORT SERVICES		Total
	Prevention Services	Victim Services	Total Program Services	General and Administration	Development/Fundraising	
Salaries, benefits, and payroll taxes	\$ 323,013	\$ 796,275	\$ 1,119,288	\$ 103,889	\$ 134,959	\$ 1,358,136
Advertising and marketing	95	2,220	2,315	-	1,059	3,374
Conference expenses	-	3,847	3,847	-	-	3,847
Contracted services	3,205	27,701	30,906	-	-	30,906
Credit card fees	-	-	-	5,038	-	5,038
Depreciation	5,619	12,843	18,462	2,038	2,374	22,874
Employee development and training	2,251	14,381	16,632	2,155	2,686	21,473
Equipment and furnishings	-	12,980	12,980	2,225	259	15,464
Fundraising events	-	-	-	-	45,157	45,157
In-kind rent	30,855	70,522	101,377	11,183	13,036	125,596
In-kind information technology services	2,211	5,053	7,264	802	934	9,000
In-kind improvements	-	800	800	-	-	800
Insurance	2,912	6,657	9,569	1,054	1,230	11,853
Janitorial	1,869	4,272	6,141	676	790	7,607
Memberships	875	3,825	4,700	200	1,839	6,739
Miscellaneous	588	1,345	1,933	213	249	2,395
Office expenses	5,380	12,298	17,678	1,947	2,601	22,226
Office supplies	2,578	5,893	8,471	935	1,089	10,495
Program supplies	7,247	16,209	23,456	514	47	24,017
Postage and delivery	-	221	221	1,122	585	1,928
Professional fees	12,341	29,270	41,611	15,273	5,214	62,098
Rent	17,673	46,476	64,149	5,330	10,172	79,651
Repairs and maintenance	664	5,445	6,109	404	427	6,940
Security system	245	560	805	89	103	997
Telephone	1,930	4,412	6,342	700	814	7,856
Travel	4,991	8,335	13,326	1,118	1,843	16,287
Uncollectible pledges	-	-	-	-	370	370
Utilities	3,324	7,597	10,921	1,204	1,404	13,529
<b>TOTAL EXPENSES</b>	<b>429,866</b>	<b>1,099,437</b>	<b>1,529,303</b>	<b>158,109</b>	<b>229,241</b>	<b>1,916,653</b>
Less expenses included with revenues on the statement of activities:						
Fundraising events - direct benefits to donors	-	-	-	-	(45,157)	(45,157)
<b>Total expenses on statement of activities</b>	<b>\$ 429,866</b>	<b>\$ 1,099,437</b>	<b>\$ 1,529,303</b>	<b>\$ 158,109</b>	<b>\$ 184,084</b>	<b>\$ 1,871,496</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, 2019

	PROGRAM SERVICES			SUPPORT SERVICES		Total
	Prevention Services	Victim Services	Total Program Services	General and Administrative	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 expenses included with revenues on the statement of activities:						
Fundraising events - direct benefits to donors	-	-	-	-	(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.**

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from service recipients and funding agencies	\$ 1,269,703	\$ 1,258,471
Cash received from contributors, grants, and special events	460,647	509,826
Cash paid to suppliers and employees	(1,740,662)	(1,616,474)
Interest received	61	113
Other cash receipts	970	2,980
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(9,281)	154,916
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of fixed assets	(5,539)	(214,664)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	277,352	-
Net borrowings (payments) on line-of-credit	-	(40,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	277,352	(40,000)
 <b>NET INCREASE (DECREASE) IN CASH</b>	262,532	(99,748)
 <b>CASH - BEGINNING OF YEAR</b>	82,433	182,181
 <b>CASH - END OF YEAR</b>	\$ 344,965	\$ 82,433

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**

	2020	2019
<b>CHANGE IN NET ASSETS</b>	<b>\$ (119,691)</b>	<b>\$ 15,080</b>
 <b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Depreciation	22,874	18,557
Loss on disposal of assets	49	8,768
(Increase) decrease in assets:		
Accounts receivable	77,693	39,902
Prepaid expenses	(3,490)	58,881
Pledges receivable	2,664	11,654
Increase (decrease) in liabilities:		
Accounts payable	(12,422)	3,708
Accrued payroll and payroll tax liabilities	10,236	(59)
Accrued compensated absences	5,806	(2,075)
Deferred revenues	7,000	500
<b>TOTAL ADJUSTMENTS</b>	<b>110,410</b>	<b>139,836</b>
 <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	 <b>\$ (9,281)</b>	 <b>\$ 154,916</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, 2020 AND 2019

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** - Grant revenue under cost-reimbursable contracts are recognized when the condition is met. Funds received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred. 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, 2020, there were no uninsured balances on deposit.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

**Concentration of Revenue** - The Center received approximately 66% and 65% of its total revenues from governmental agencies for the year ended June 30, 2020 and 2019, respectively. Three entities provided 58% of the Center's total revenue, for each of the years ended June 30, 2020 and 2019.

**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, 2020, and 2019, approximately 82% and 85% 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 \$3,374 and \$1,801 for the years ended June 30, 2020 and 2019, 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. Expenses which directly benefit programs, management and general or fundraising are charged to the respective functional area on the basis of actual costs. Other expenses attributed to more than one program or supporting function, are allocated using an appropriate allocation method that is consistently applied. The following expenses are allocated based on the Center's estimates of time and effort of individual employees; salaries, employee benefits, conference expenses, contracted services, depreciation, employee development & training, rent, occupancy, office expenses, dues & memberships, program supplies, and professional fees.

**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. Management determines 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, 2020 and 2019, 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 \$22,874 and \$18,557 for the years ended June 30, 2020 and 2019, respectively.

3. **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	\$ 344,965
Accounts receivable	54,631
Promises to give	<u>6,000</u>
Financial assets, at year-end	<u>405,596</u>
Less those unavailable for general expenditures within one year due to donor-imposed restrictions:	
Restrictions by donor for time or purpose	<u>(23,862)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>381,734</u>

4. **PROMISES TO GIVE**

Promises to give as of June 30, 2020 and 2019 are \$6,000 and \$8,664, respectively. All pledges are receivable in less than one year and deemed 100% collectible.

At June 30, 2020 and 2019, one donor accounted for 100% and three donors accounted for 100% of total promises to give, respectively.

Promises to give totaling \$6,000 received during the years ended June 30, 2020 and 2019, were restricted by donors for future-year operations and were reported as contributions with donor restrictions.

5. **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 agreed to a five year lease in Hannibal, Missouri, with rent below market rate, beginning September 2018. The Center also rents space in Wentzville at a below market rate in exchange for tax credits. For the years ended June 30, 2020 and 2019, the Center received in-kind rent of \$125,596 and \$124,396, respectively.

The Center received additional in-kind donations in the form of printing and other fundraising supplies. For the years ended June 30, 2020 and 2019 the Center recognized \$17,591 and \$22,869, respectively.

The Center received in-kind information technology services of \$9,000 and \$8,135, for the years ended June 30, 2020 and 2019, respectively.

The Center received in-kind building improvements of \$800 and \$-0-, for the years ended June 30, 2020 and 2019, respectively.

6. **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 matured December 11, 2019. This line of credit was not renewed. The Center established a \$125,000 line-of-credit at Bank of Old Monroe bearing an interest rate of 5%. The line-of-credit is secured by a Commercial Security Agreement and matures on February 25, 2020. Maximum borrowings during the years ended June 30, 2020 and 2019 were \$-0- and \$40,000, respectively. Total balance due for the years ended June 30, 2020 and 2019 was \$-0-.

7. **NOTE PAYABLE**

On April 17, 2020, the Center received funding under The Paycheck Protection Program (PPP) as part of the CARES Act offered through the Small Business Administration. The terms of this agreement indicate the Center must use the proceeds to fund/offset qualifying expenses over a twenty-four week period. Funding under the PPP is in the form of a forgivable loan. The loan bears an interest rate of 1%, but is forgivable if funds are spent in accordance with the requirements of the CARES Act. This funding was recorded as a loan at June 30, 2020 totaling \$277,352. Upon official notification of loan forgiveness, the loan amount will be written off Childand recognized as revenue. Management fully expects to qualify for full forgiveness.



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 \$59,878 and 59,835, respectively, for years ended June 30, 2020 and 2019.

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

2021	\$	85,102
2022		47,599
2023		35,098
2024		17,549

In addition, 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, 2020 and 2019, the Center received in-kind rent of \$9,000 and \$7,800, respectively. The Center paid rent of \$19,800 and \$19,000 for the years ended June 30, 2020 and 2019, respectively.

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

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

The Center entered into a 63 month copier lease effective March 21, 2016. Total lease payments for the years ended June 30, 2020 and 2019 were \$2,437.

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

2021	\$	2,437
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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, 2020 and 2019, management believes there are no material uncertain tax positions. The Center files form 990 Return of Organization Exempt From Income Tax. Returns prior to 2016 are closed.

11. **NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Personnel costs	\$ 11,017	\$ -
Supplies	<u>6,845</u>	<u>3,000</u>
	<u>17,862</u>	<u>3,000</u>
Subject to the passage of time:		
Future operations	<u>6,000</u>	<u>6,000</u>
Total Donor Restrictions	<u>\$ 23,862</u>	<u>\$ 9,000</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 \$22,402 and \$19,802 to the Plan for the fiscal year-ended June 30, 2020 and 2019, 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.

During the first quarter of 2020, there was a global outbreak of a novel strain of the coronavirus (COVID-19), which resulted in a significant disruption to businesses and individuals throughout the world. This outbreak of COVID 19, could significantly effect the operations and future revenue of the Center. At the time these financial statements were issued, the Center is unable to fully quantify the current and future effects of COVID-19 on its financial position and future revenues and expenses.

During August of 2020, the board approved purchasing iRecord equipment for the Memphis location, at a cost of \$12,125. The Center plans to purchase the new equipment in September of 2020.

During August of 2020 the Center agreed to a new seven year lease for an additional office location in Wentzville. Annual lease payments will start at \$43,452, including common area maintenance costs. Lease payments increase gradually over the life of lease. At the same time, the Center extended lease on other properties owned by same entity, so all leases run concurrently and expire September 30, 2027. Total future minimum payments under the new and updated Wentzville office leases will be as follows;

2021	\$	140,991
2022		153,301
2023		154,090
2024		142,986
2025		147,749
Thereafter		337,704

16. **ADOPTION OF ACCOUNTING PRONOUNCEMENT**

Effective for the fiscal year ending June 30, 2019 the Center adopted Accounting Standards Update (ASU) 2014-09, (FASB ASC 606) - *Revenue from Contracts with Customers*, which clarifies the principles for recognizing revenue and creates a common revenue standard. Under this ASU, organizations recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in this standard does not apply to contributions within the scope of FASB ASC 958, *Not-for-Profit Entities*. This standard was retrospectively applied for the years ended June 30, 2020 and 2019. The adoption of this standard had no effect on net assets.

16. **ADOPTION OF ACCOUNTING PRONOUNCEMENT** - continued

Effective for the fiscal year ending June 30, 2019 The Center adopted Accounting Standards Update (ASU) 2018-08 - *Not-for-Profit Entities; Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This standard addressed questions stemming from ASU 2014-09 - *Revenue from Contracts with Customers*, regarding its implications on the grants and contracts of not-for-profit organizations. For nonreciprocal transactions (contributions), both parties must consider is whether conditions have been placed on the resources provided. The presence of conditions affects the timing of revenue and expense recognition by the resource recipient and resource provider, respectively. This standard was retrospectively applied for the years ended June 30, 2020 and 2019. The adoption of this standard had no effect on net assets.

**SUPPLEMENTARY INFORMATION**

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

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

SCHEDULE OF UNIT COSTS - THERAPY

FOR THE YEAR ENDED JUNE 30, 2020

	Program								
	Development	General and Administration	Total Direct Program	Prevention		Victim Services			
				CCRB	Other	CCRB-Forensic Interviews	CCRB - Advocacy	Other	Therapy
Personnel	\$ 134,959	\$ 103,889	\$ 1,119,288	\$ 227,939	\$ 95,074	\$ 122,745	\$ 112,018	\$ 406,885	\$ 154,627
Advertising and marketing	1,059	-	2,315	-	95	514	366	1,340	-
Conference expenses	-	-	3,847	-	-	513	418	1,634	1,282
Contracted services	-	-	30,906	2,404	801	494	403	1,570	25,234
Credit card fees	-	5,038	-	-	-	-	-	-	-
Depreciation	2,374	2,038	18,462	3,931	1,688	1,965	1,787	6,641	2,450
Employee development and training	2,686	2,155	16,632	1,434	817	2,236	1,734	6,286	4,125
Equipment and furnishings	259	2,225	12,980	-	-	2,167	2,464	6,662	1,687
In-kind rent	13,036	11,183	101,377	21,581	9,274	10,793	9,808	36,467	13,454
In-kind information technology services	934	802	7,264	1,546	665	773	703	2,613	964
In-kind improvements	-	-	800	-	-	-	520	280	-
Insurance	1,230	1,054	9,569	2,037	875	1,019	926	3,442	1,270
Janitorial	790	676	6,141	1,307	562	654	594	2,209	815
Memberships	1,839	200	4,700	612	263	510	416	1,624	1,275
Miscellaneous	249	213	1,933	412	176	206	187	696	256
Office expenses	2,601	1,947	17,678	3,763	1,617	1,882	1,711	6,359	2,346
Office supplies	1,089	935	8,471	1,803	775	902	820	3,047	1,124
Program expenses	47	514	23,456	5,069	2,178	4,415	4,078	7,572	144
Postage and delivery	585	1,122	221	-	-	88	-	133	-
Professional fees	5,214	15,273	41,611	8,632	3,709	4,743	3,923	15,223	5,381
Rent	10,172	5,330	64,149	10,284	7,389	5,143	4,674	28,268	8,391
Repairs and maintenance	427	404	6,109	466	198	1,744	213	3,055	433
Security system	103	89	805	171	74	86	78	289	107
Telephone	814	700	6,342	1,350	580	675	614	2,281	842
Travel	1,843	1,118	13,326	2,377	2,614	1,373	921	3,289	2,752
Uncollectible pledge	370	-	-	-	-	-	-	-	-
Utilities	1,404	1,204	10,921	2,325	999	1,163	1,057	3,928	1,449
<b>Total Costs</b>	<b>\$ 184,084</b>	<b>158,109</b>	<b>\$ 1,529,303</b>	<b>299,443</b>	<b>130,423</b>	<b>166,803</b>	<b>150,433</b>	<b>551,793</b>	<b>230,408</b>
Unallowed direct allocation:									
Depreciation		18,462		(3,931)	(1,688)	(1,965)	(1,787)	(6,641)	(2,450)
<b>Net Costs</b>				<b>295,512</b>	<b>128,735</b>	<b>164,838</b>	<b>148,646</b>	<b>545,152</b>	<b>227,958</b>
Allocation of General and Administration		\$ 176,571		34,536	15,045	19,265	17,372	63,738	26,615
<b>Total Allowable Costs Per Program</b>				<b>\$ 330,048</b>	<b>\$ 143,780</b>	<b>\$ 184,103</b>	<b>\$ 166,018</b>	<b>\$ 608,890</b>	<b>\$ 254,573</b>
Total Units of Service									1509
<b>Cost Per Unit of Service</b>									<b>\$ 168.70</b>

A unit is equal to a child served

See Independent Auditors' Report.



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, 2020, and have issued our report thereon dated September 23, 2020. 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 16, the Center adopted Accounting Standards Update (ASU) 2014-09; FASB ASC 606 - *Revenue from Contracts with Customers* and ASU 2018-08 *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. 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 estimates affecting the financial statements were:

- 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.



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.

*Botz, Deal & Company*

St. Charles, Missouri  
September 23, 2020