

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

***FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020***

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

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***

We have audited the accompanying statements of financial position of The Child Advocacy Center of Northeast Missouri, Inc. d/b/a The Child Center, (a not-for-profit agency) as of June 30, 2021 and 2020 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

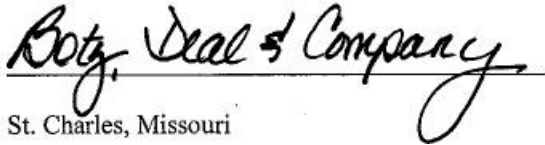
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 at June 30, 2021 and 2020, 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.


St. Charles, Missouri

September 22, 2021

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

STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash	\$ 460,649	\$ 344,965
Accounts receivable	144,888	54,631
Promises to give	6,000	6,000
Prepaid expenses	17,332	11,789
TOTAL CURRENT ASSETS	628,869	417,385
 PROPERTY AND EQUIPMENT		
Equipment	133,333	134,179
Furniture and fixtures	8,230	8,924
Leasehold improvements	277,964	242,968
Total Cost	419,527	386,071
Less: accumulated depreciation	(108,506)	(125,622)
Net Fixed Assets	311,021	260,449
 TOTAL ASSETS	\$ 939,890	\$ 677,834

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	18,861	15,307
Accrued payroll and payroll tax liabilities	60,704	29,126
Deferred revenues	7,590	7,500
Note payable	-	277,352
TOTAL CURRENT LIABILITIES	87,155	329,285
 NONCURRENT LIABILITIES		
Accrued compensated absences	26,036	19,176
 NET ASSETS		
Without donor restrictions:		
Undesignated	820,699	305,511
With donor restrictions:		
Time-restricted for future periods	6,000	6,000
Purpose restrictions	-	17,862
TOTAL NET ASSETS	826,699	329,373
 TOTAL LIABILITIES AND NET ASSETS	\$ 939,890	\$ 677,834

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
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND OTHER REVENUE			
Federal grants	\$ 585,102	\$ -	\$ 585,102
State grants	356,290	-	356,290
Local grants	727,494	-	727,494
Foundation grants	114,450	-	114,450
Other grants	1,450	-	1,450
Corporate donations	52,148	-	52,148
Individual donations	83,847	-	83,847
United Way	12,212	6,000	18,212
In-kind donations	209,813	-	209,813
Fundraisers and special events	449,550	-	449,550
Less: direct benefits to donors	(120,906)	-	(120,906)
Interest income	184	-	184
Miscellaneous	1,133	-	1,133
CARES Act PPP forgiveness	277,352	-	277,352
Loss on disposal of assets	(4,399)	-	(4,399)
Net assets released from restriction - passage of time	6,000	(6,000)	-
Net assets released from restriction - purpose	17,862	(17,862)	-
TOTAL SUPPORT AND OTHER REVENUE	2,769,582	(17,862)	2,751,720
EXPENSES			
Program Services:			
Prevention services	532,973	-	532,973
Victim services	1,287,363	-	1,287,363
Total Program Services	<u>1,820,336</u>	<u>-</u>	<u>1,820,336</u>
Support Services:			
General and administrative	251,318	-	251,318
Development and fundraising	182,740	-	182,740
Total Support Services	<u>434,058</u>	<u>-</u>	<u>434,058</u>
TOTAL EXPENSES	2,254,394	-	2,254,394
CHANGE IN NET ASSETS	515,188	(17,862)	497,326
NET ASSETS - BEGINNING OF YEAR	305,511	23,862	329,373
NET ASSETS - END OF YEAR	\$ 820,699	\$ 6,000	\$ 826,699

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**

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND OTHER REVENUE			
Federal grants	\$ 311,849	\$ -	\$ 311,849
State grants	327,118	-	327,118
Local grants	553,043	-	553,043
Foundation grants	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 SUPPORT AND OTHER REVENUE	1,736,943	14,862	1,751,805
EXPENSES			
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	1,871,496	-	1,871,496
CHANGE IN NET ASSETS	(134,553)	14,862	(119,691)
NET ASSETS - BEGINNING OF YEAR	440,064	9,000	449,064
NET ASSETS - END OF YEAR	\$ 305,511	\$ 23,862	\$ 329,373

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

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES			SUPPORT SERVICES		Total
	Prevention Services	Victim Services	Total Program Services	General and Administration	Development/Fundraising	
Salaries, benefits, and payroll taxes	\$ 395,910	\$ 900,090	\$ 1,296,000	\$ 167,585	\$ 138,324	\$ 1,601,909
Advertising and marketing	961	2,274	\$ 3,235	548	2,144	5,927
Conference expenses	-	490	490	-	-	490
Contracted services	4,580	41,809	46,389	2,800	-	49,189
Credit card fees	-	-	-	12,866	-	12,866
Depreciation	7,179	16,036	23,215	2,972	2,186	28,373
Employee development and training	5,888	15,532	21,420	8,336	2,413	32,169
Equipment and furnishings	1,053	38,578	39,631	2,419	446	42,496
Fundraising events	-	-	-	-	120,906	120,906
Insurance	3,519	7,861	11,380	1,457	1,072	13,909
Janitorial	2,340	5,227	7,567	969	713	9,249
Memberships	-	4,460	4,460	79	4,087	8,626
Miscellaneous	784	2,422	3,206	384	248	3,838
Office expenses	5,653	12,629	18,282	2,341	3,422	24,045
Office expenses in-kind	3,036	6,782	9,818	1,257	925	12,000
Office supplies	3,686	8,234	11,920	1,527	1,122	14,569
Program supplies	10,606	25,864	36,470	64	46	36,580
Postage and delivery	-	121	121	1,107	316	1,544
Professional fees	13,332	31,561	44,893	17,334	4,060	66,287
Rent	23,436	52,734	76,170	6,609	5,260	88,039
Rent in-kind	37,723	84,269	121,992	15,598	11,488	149,078
Repairs and maintenance	413	4,923	5,336	171	126	5,633
Security system	602	1,345	1,947	250	183	2,380
Telephone	3,074	6,866	9,940	1,273	936	12,149
Telephone in-kind	1,167	2,607	3,774	484	355	4,613
Travel	4,035	5,722	9,757	1,232	1,651	12,640
Utilities	3,996	8,927	12,923	1,656	1,217	15,796
TOTAL EXPENSES	532,973	1,287,363	1,820,336	251,318	303,646	2,375,300
Less expenses included with revenues on the statement of activities:						
Fundraising events - direct benefits to donors	-	-	-	-	(120,906)	(120,906)
Total expenses on statement of activities	\$ 532,973	\$ 1,287,363	\$ 1,820,336	\$ 251,318	\$ 182,740	\$ 2,254,394

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

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 Administrative	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 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 expenses in-kind	2,211	5,053	7,264	802	934	9,000
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
Rent in-kind	30,855	70,522	101,377	11,183	13,036	125,596
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
TOTAL EXPENSES	429,866	1,099,437	1,529,303	158,109	229,241	1,916,653
Less expenses included with revenues on the statement of activities:						
Fundraising events - direct benefits to donors	-	-	-	-	(45,157)	(45,157)
Total expenses on statement of activities	\$ 429,866	\$ 1,099,437	\$ 1,529,303	\$ 158,109	\$ 184,084	\$ 1,871,496

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
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from service recipients and funding agencies	\$ 1,578,629	\$ 1,269,703
Cash received from contributors, grants, and special events	719,747	460,647
Cash paid to suppliers and employees	(2,100,665)	(1,740,662)
Interest received	184	61
Other cash receipts	1,133	970
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	199,028	(9,281)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(83,344)	(5,539)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	-	277,352
 NET INCREASE (DECREASE) IN CASH	115,684	262,532
 CASH - BEGINNING OF YEAR	344,965	82,433
 CASH - END OF YEAR	\$ 460,649	\$ 344,965

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**

	2021	2020
CHANGE IN NET ASSETS	\$ 497,326	\$ (119,691)
 ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation	28,373	22,874
Loss on disposal of assets	4,399	49
CARES Act PPP forgiveness	(277,352)	-
(Increase) decrease in assets:		
Accounts receivable	(90,257)	77,693
Prepaid expenses	(5,543)	(3,490)
Pledges receivable	-	2,664
Increase (decrease) in liabilities:		
Accounts payable	3,554	(12,422)
Accrued payroll and payroll tax liabilities	31,578	10,236
Accrued compensated absences	6,860	5,806
Deferred revenues	90	7,000
TOTAL ADJUSTMENTS	(298,298)	110,410
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 \$ 199,028	 \$ (9,281)

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

1. DESCRIPTION OF OPERATIONS

The Child Advocacy Center of Northeastern Missouri, Inc. d/b/a The Child Center (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. The adoption of Topic 606 – Revenue from Contracts with Customers (ASU 2014-9), had no affect on the Center, as there are no revenue streams, meeting the required criteria.

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 two commercial banks. The balances are insured at each location up to the amounts allowed by the Federal Deposit Insurance Corporation (FDIC). As of June 30, 2021, deposits in excess of FDIC limits totaled \$181,531.

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

Concentration of Revenue - The Center received approximately 58% and 66% of its total revenues from governmental agencies for the year ended June 30, 2021 and 2020, respectively. Three entities provided 49% and 58% of the Center's total revenue, for the years ended June 30, 2021 and 2020, 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. For each of the years ended June 30, 2021, and 2020, approximately 82% of the accounts receivable balances were due from national, state, and local agencies. 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 \$5,927 and \$3,374 for the years ended June 30, 2021 and 2020, 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 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, 2021 and 2020, 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 \$2,000 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 \$28,373 and \$22,874 for the years ended June 30, 2021 and 2020, 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	\$	460,649
Accounts receivable		144,888
Promises to give		<u>6,000</u>
Financial assets, at year-end		<u>611,537</u>
Less those unavailable for general expenditures within one year due to donor-imposed restrictions:		
Restrictions by donor for time or purpose		<u>(6,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>605,537</u>

4. **PROMISES TO GIVE**

Promises to give as of June 30, 2021 and 2020 is \$6,000. All pledges are receivable in less than one year and deemed 100% collectible.

For each of the years ended, June 30, 2021 and 2020, one donor accounted for 100% of total promises to give, respectively.

Promises to give totaling \$6,000 received during the years ended June 30, 2021 and 2020, 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, 2021 and 2020, the Center received in-kind rent of \$149,078 and \$125,596, respectively.

The Center received additional in-kind donations in the form of printing and other fundraising supplies. For the years ended June 30, 2021 and 2020 the Center recognized \$44,122 and \$17,591, respectively.

The Center received in-kind information technology services of \$12,000 and \$9,000, for the years ended June 30, 2021 and 2020, respectively.

The Center received in-kind telephone services of \$4,613 and \$-0-, for the years ended June 30, 2021 and 2020, respectively.

The Center received in-kind building improvements of \$-0- and \$800, for the years ended June 30, 2021 and 2020, respectively.

6. **LINE OF CREDIT**

The Center established a \$125,000 line-of-credit at Bank of Old Monroe bearing an interest rate of 4.875%. The line-of-credit is secured by a Commercial Security Agreement and matures on February 25, 2020. This line-of-credit was renewed, and matures February 25, 2022. There were no borrowings or balances due during the years ended June 30, 2021 and 2020.

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, with an outstanding balance totaling \$277,352. This loan was officially forgiven February 18, 2021 and the entire balance of \$277,352 recognized as revenue for the year ended June 30, 2021.

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 360 hours of unused time to the following year. Up to 40 hours of accrued, unused PTO is paid to employees upon separation of employment.

9. **OPERATING LEASES**

The Center leases combined office space in Wentzville under operating leases that expire September 30, 2027. Annual lease payments at market value are \$208,979. The Center received an in-kind donation of \$143,599 and \$16,596 for the years ended June 30, 2021 and 2020, respectively. Total rent and common area maintenance costs paid were \$65,360 and \$59,878, for the fiscal years ended June 30, 2021 and 2020, respectively.

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

2022	\$	129,301
2023		130,091
2024		143,867
2025		157,511
2026		159,511
Thereafter		200,443

In addition, The Center agreed to a five-year lease, effective September 1, 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, 2021 and 2020, the Center received in-kind rent of \$5,500 and \$9,000, respectively. The Center paid rent of \$23,300 and \$19,800 for the years ended June 30, 2021 and 2020, respectively.

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

2022	\$	24,000
2023		24,000
2024		4,000

The Center entered into a 63 month copier lease effective March 21, 2016, which expired during the 2021 fiscal year. The Center entered into a new 60 month copier lease effective January 1, 2021. Total lease payments for the years ended June 30, 2021 and 2020 were \$6,081 and \$2,437, respectively.

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

2022	\$	8,028
2023		8,028
2024		8,028
2025		8,028
2026		4,014

10. **SERVICE AGREEMENTS**

The Center entered into a 60 month agreement for telephone services effective January 1, 2021 and expiring December 31, 2026. Monthly lease payments of \$700 include donated services discount of \$424. These monthly amounts are subject to change as devices are added and/or removed. Total telephone service payments for the years ended June 30, 2021 and 2020 were \$4,969 and \$-0, respectively.

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

2022	\$	8,400
2023		8,400
2024		8,400
2025		8,400
2026		4,200

The Center entered an agreement for information technology services effective September 1, 2018, with no expiration date and is subject to renegotiation and renewal annually. Monthly lease payments of \$985 include donated services discount that varies based on number of users. Total donated services discount amounted to \$12,000 and \$9,000 for the fiscal years ended June 30, 2021 and June 30, 2020, respectively. Total information technology payments for the years ended June 30, 2021 and 2020 were \$11,820 and \$12,070, respectively.

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

2022	\$	13,800
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11. **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, 2021 and 2020, management believes there are no material uncertain tax positions. The Center files form 990 Return of Organization Exempt From Income Tax. Returns prior to 2017 are closed.

12. **NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Personnel costs	\$ -	\$ 11,017
Supplies	-	6,845
	<u>-</u>	<u>17,862</u>
Subject to the passage of time:		
Future operations	<u>6,000</u>	<u>6,000</u>
Total Donor Restrictions	<u>\$ 6,000</u>	<u>\$ 23,862</u>

13. **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.

14. **RETIREMENT PLAN**

Effective April 1, 2013, the Center established The Child Center 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 \$25,378 and \$22,402 to the Plan for the fiscal year-ended June 30, 2021 and 2020, respectively.

15. **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.

16. **RISK AND UNCERTAINTY DUE TO COVID-19**

During the first quarter of 2020, there was a global outbreak of a novel strain of the coronavirus (COVID-19). The impact of this virus and the government mandated restrictions which resulted in a worldwide pandemic could have a significant affect the operations and future revenue of the Center. As of the date of the independent auditors' report, management cannot reasonably estimate the duration of the COVID-19 pandemic, nor the overall impact on the Center's operations. The accompanying financial statements do not include any adjustments for the risk and uncertainty of COVID-19.

17. **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.