



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

We have audited the financial statements of The Child Advocacy Center of Northeast Missouri, Inc. d/b/a/ The Child Center for the year ended June 30, 2023, and have issued our report thereon dated September 27, 2023. 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. The Center adopted the requirement of ASU 2016-02, *Leases* during the fiscal year ended June 30, 2023. 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.

- Management records the estimated value of contributed services in accordance with FASB Accounting Standards Codification Topic 958, as described in Note 2 to the financial statements.
- Management’s estimate of the collectability of accounts and pledges receivable is based on management’s experience and expectation of collection.
- Operating lease liability and related right-to-use asset are calculated based on an implied interest rate at the time of lease signing or amendments.

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.

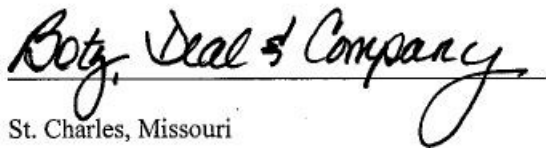
Other Audit Findings or Issues

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.

Bank Deposits - As of June 30, 2023, the amount on deposit at one bank, exceeded Federal Deposit Insurance Corporation (FDIC) coverage by \$289,358. While rare, if the bank would fail, there is no guarantee those funds in excess of FDIC limits would be recovered timely, if at all. We recommend management consider additional options, to ensure all funds on deposit are covered by FDIC, other similar insurance coverage, and/or otherwise secured, to mitigate the risk of loss.

Management Response: Management has reviewed the risk and performs on-going credit evaluations of their primary bank. Although the Center is directly affected by the financial stability of its bank, the Finance Committee does not believe significant credit risk exists as of June 30, 2023. In August 2023, the Center established master repurchase agreements with the primary bank to provide additional security for balances held by the bank in excess of the FDIC coverage.

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 27, 2023

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

***FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022***

***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***

Opinion

We have audited the accompanying financial statements of The Child Advocacy Center of Northeast Missouri, Inc. d/b/a The Child Center, (a not-for-profit agency) which comprise the statement of financial position as of June 30, 2023 and 2022 and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Child Advocacy Center of Northeast Missouri, Inc. as of June 30, 2023 and 2022, and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Child Advocacy Center of Northeast Missouri, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Child Advocacy Center of Northeast Missouri, Inc.'s ability to continue as a going concern for a reasonable period of time.

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


St. Charles, Missouri

September 27, 2023

THE CHILD ADVOCACY CENTER OF NORTHEAST MISSOURI, INC.

D/B/A THE CHILD CENTER

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 602,891	\$ 484,830
Accounts receivable	238,888	95,350
Promises to give	33,332	6,000
Prepaid expenses	17,650	18,287
TOTAL CURRENT ASSETS	<u>892,761</u>	<u>604,467</u>
PROPERTY AND EQUIPMENT		
Equipment	156,588	136,184
Furniture and fixtures	10,848	8,230
Leasehold improvements	525,945	297,829
Right-of-use asset - operating leases	343,754	-
Total Cost	<u>1,037,135</u>	<u>442,243</u>
Less: accumulated depreciation and amortization	<u>(248,428)</u>	<u>(136,952)</u>
Net Fixed Assets and right-of-use assets	<u>788,707</u>	<u>305,291</u>
OTHER ASSETS		
Beneficial interest in Assets held at YouthBridge Community Foundation	<u>51,084</u>	<u>22,888</u>
TOTAL ASSETS	<u>\$ 1,732,552</u>	<u>\$ 932,646</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 28,331	\$ 15,724
Accrued payroll and payroll tax liabilities	68,242	56,262
Deferred revenues	95,104	4,200
Lease liability - operating	59,756	-
TOTAL CURRENT LIABILITIES	<u>251,433</u>	<u>76,186</u>
NONCURRENT LIABILITIES		
Lease liabilities - operating	208,798	-
Accrued compensated absences	27,839	27,317
TOTAL NONCURRENT LIABILITIES	<u>236,637</u>	<u>27,317</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	1,186,150	798,143
With donor restrictions:		
Time	8,332	6,000
Permanently restricted - endowment	50,000	25,000
TOTAL NET ASSETS	<u>1,244,482</u>	<u>829,143</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,732,552</u>	<u>\$ 932,646</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
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
SUPPORT AND OTHER REVENUE			
Federal grants	\$ 572,842	\$ -	\$ 572,842
State grants	604,107	-	604,107
Local grants	1,228,327	-	1,228,327
Foundation grants	65,470	-	65,470
Other grants	32,992	-	32,992
Corporate donations	86,486	-	86,486
Foundation donations	16,731	-	16,731
Individual donations	125,272	-	125,272
United Way	15,164	8,332	23,496
In-kind donations	204,319	-	204,319
Fundraisers and special events	563,215	-	563,215
Less: direct benefits to donors	(117,484)	-	(117,484)
Interest income	774	-	774
Miscellaneous	2,950	-	2,950
Gain on investments	3,400	-	3,400
Net assets released from restriction - passage of time	6,000	(6,000)	-
TOTAL SUPPORT AND OTHER REVENUE	<u>3,410,565</u>	<u>2,332</u>	<u>3,412,897</u>
EXPENSES			
Program Services:			
Prevention services	666,119	-	666,119
Victim services	1,738,442	-	1,738,442
Total Program Services	<u>2,404,561</u>	<u>-</u>	<u>2,404,561</u>
Support Services:			
General and administrative	313,642	-	313,642
Development and fundraising	279,355	-	279,355
Total Support Services	<u>592,997</u>	<u>-</u>	<u>592,997</u>
TOTAL EXPENSES	<u>2,997,558</u>	<u>-</u>	<u>2,997,558</u>
CHANGE IN NET ASSETS	413,007	2,332	415,339
NET ASSETS - BEGINNING OF YEAR	<u>823,143</u>	<u>6,000</u>	<u>829,143</u>
NET ASSETS - END OF YEAR	<u>\$ 1,236,150</u>	<u>\$ 8,332</u>	<u>\$ 1,244,482</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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND OTHER REVENUE			
Federal grants	\$ 529,681	\$ -	\$ 529,681
State grants	401,912	-	401,912
Local grants	732,281	-	732,281
Foundation grants	70,750	-	70,750
Other grants	5,100	-	5,100
Corporate donations	73,552	-	73,552
Foundation donations	31,143	-	31,143
Individual donations	113,764	-	113,764
United Way	12,248	6,000	18,248
In-kind donations	184,887	-	184,887
Fundraisers and special events	523,538	-	523,538
Less: direct benefits to donors	(132,274)	-	(132,274)
Conference income	30,350	-	30,350
Interest income	257	-	257
Miscellaneous	2,291	-	2,291
Loss on investments	(2,326)	-	(2,326)
Net assets released from restriction - passage of time	6,000	(6,000)	-
TOTAL SUPPORT AND OTHER REVENUE	2,583,154	-	2,583,154
EXPENSES			
Program Services:			
Prevention services	554,288	-	554,288
Victim services	1,532,436	-	1,532,436
Total Program Services	2,086,724	-	2,086,724
Support Services:			
General and administrative	314,134	-	314,134
Development and fundraising	179,852	-	179,852
Total Support Services	493,986	-	493,986
TOTAL EXPENSES	2,580,710	-	2,580,710
CHANGE IN NET ASSETS	2,444	-	2,444
NET ASSETS - BEGINNING OF YEAR	820,699	6,000	826,699
NET ASSETS - END OF YEAR	\$ 823,143	\$ 6,000	\$ 829,143

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, 2023

	PROGRAM SERVICES			SUPPORT SERVICES		Total
	Prevention Services	Victim Services	Total Program Services	General and Administration	Development/Fundraising	
Salaries, benefits, and payroll taxes	\$ 515,856	\$ 1,273,231	\$ 1,789,087	\$ 224,705	\$ 228,526	\$ 2,242,318
Advertising and marketing	-	744	744	-	3,854	4,598
Contracted services	5,383	69,898	75,281	180	-	75,461
Credit card fees	-	-	-	14,811	-	14,811
Depreciation	8,541	19,437	27,978	3,396	2,539	33,913
Employee development and training	14,713	42,767	57,480	4,452	893	62,825
Equipment and furnishings	1,220	20,953	22,173	446	2,641	25,260
Fundraising events	-	-	-	-	117,484	117,484
Insurance	4,351	9,902	14,253	1,730	1,294	17,277
Janitorial	2,796	6,364	9,160	1,112	831	11,103
Memberships	-	6,573	6,573	896	1,659	9,128
Miscellaneous	-	-	-	167	-	167
Office expenses	6,066	13,804	19,870	2,412	8,653	30,935
Office expenses in-kind	6,000	13,654	19,654	2,385	1,784	23,823
Office supplies	2,349	5,345	7,694	934	698	9,326
Program supplies	9,838	25,301	35,139	-	-	35,139
Postage and delivery	78	12	90	1,088	1,857	3,035
Professional fees	-	5,155	5,155	18,183	-	23,338
Professional fees in-kind	-	2,360	2,360	1,297	-	3,657
Rent	26,752	75,610	102,362	10,607	5,698	118,667
Rent in-kind	39,526	89,952	129,478	15,714	11,750	156,942
Repairs and maintenance	2,092	8,761	10,853	832	622	12,307
Security system	821	1,868	2,689	326	244	3,259
Telephone	4,471	10,175	14,646	1,777	1,329	17,752
Travel	10,637	26,041	36,678	4,352	3,107	44,137
Utilities	4,629	10,535	15,164	1,840	1,376	18,380
TOTAL EXPENSES	666,119	1,738,442	2,404,561	313,642	396,839	3,115,042
Less expenses included with revenues on the statement of activities:						
Fundraising events - direct benefits to donors	-	-	-	-	(117,484)	(117,484)
Total expenses on statement of activities	\$ 666,119	\$ 1,738,442	\$ 2,404,561	\$ 313,642	\$ 279,355	\$ 2,997,558

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, 2022

	PROGRAM SERVICES			SUPPORT SERVICES		Total
	Prevention Services	Victim Services	Total Program Services	General and Administrative	Development/Fundraising	
Salaries, benefits and payroll taxes	\$ 419,132	\$ 1,158,212	\$ 1,577,344	\$ 224,155	\$ 139,436	\$ 1,940,935
Advertising and marketing	-	-	-	-	2,410	2,410
Conference expenses	-	34,810	34,810	-	-	34,810
Contracted services	4,375	46,405	50,780	2,740	-	53,520
Credit card fees	-	-	-	15,388	-	15,388
Depreciation	7,449	16,364	23,813	3,073	1,561	28,447
Employee development and training	2,293	7,271	9,564	2,337	917	12,818
Equipment and furnishings	3,471	4,912	8,383	1,416	1,057	10,856
Fundraising events	-	-	-	-	132,274	132,274
Insurance	4,200	14,687	18,887	1,733	880	21,500
Janitorial	2,570	5,645	8,215	1,060	539	9,814
Memberships	-	4,501	4,501	1,155	4,280	9,936
Miscellaneous	-	400	400	-	-	400
Office expenses	6,660	14,633	21,293	2,987	5,529	29,809
Office expenses in-kind	6,029	13,247	19,276	2,487	1,264	23,027
Office supplies	3,265	7,173	10,438	1,348	684	12,470
Program supplies	7,269	11,843	19,112	-	-	19,112
Postage and delivery	78	278	356	1,255	1,794	3,405
Professional fees	-	84	84	21,418	-	21,502
Rent	26,574	57,733	84,307	7,474	3,994	95,775
Rent in-kind	41,018	90,115	131,133	16,923	8,597	156,653
Repairs and maintenance	1,717	7,771	9,488	708	360	10,556
Security system	917	2,014	2,931	378	192	3,501
Telephone	4,517	9,924	14,441	1,863	947	17,251
Travel	7,661	13,226	20,887	2,135	4,344	27,366
Utilities	5,093	11,188	16,281	2,101	1,067	19,449
TOTAL EXPENSES	554,288	1,532,436	2,086,724	314,134	312,126	2,712,984
Less expenses included with revenues on the statement of activities:						
Fundraising events - direct benefits to donors	-	-	-	-	(132,274)	(132,274)
Total expenses on statement of activities	\$ 554,288	\$ 1,532,436	\$ 2,086,724	\$ 314,134	\$ 179,852	\$ 2,580,710

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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from service recipients and funding agencies	\$ 2,261,738	\$ 1,713,412
Cash received from contributors, grants, and special events	977,441	862,841
Cash paid to suppliers and employees	(2,848,704)	(2,506,903)
Interest received	774	257
Other cash receipts	2,950	2,291
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	394,199	71,898
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(251,138)	(22,717)
Cash invested for endowment	(25,000)	(25,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(276,138)	(47,717)
 NET INCREASE (DECREASE) IN CASH	118,061	24,181
 CASH - BEGINNING OF YEAR	484,830	460,649
 CASH - END OF YEAR	\$ 602,891	\$ 484,830

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**

	2023	2022
CHANGE IN NET ASSETS	\$ 415,339	\$ 2,444
 ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation	33,913	28,447
(Gain) Loss on endowment investment	(3,193)	2,112
Right of use - office space	2,360	-
(Increase) decrease in assets:		
Accounts receivable	(143,538)	49,538
Pledges receivable	(27,332)	-
Prepaid expenses	637	(955)
Increase (decrease) in liabilities:		
Accounts payable	12,607	(3,137)
Accrued payroll and payroll tax liabilities	11,980	(4,442)
Accrued compensated absences	522	1,281
Deferred revenues	90,904	(3,390)
TOTAL ADJUSTMENTS	(21,140)	69,454
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 \$ 394,199	 \$ 71,898

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, 2023 AND 2022

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 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 regular 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 staff 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. The governing board has designated from net assets without donor restrictions, as net assets for a board-designated endowment.

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 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, 2023, deposits in excess of FDIC limits totaled \$289,358.

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

Concentration of Revenue - The Center received approximately 68% and 61% of its total revenues from governmental agencies for the year ended June 30, 2023 and 2022, respectively. Three entities provided 48% and 49% of the Center's total revenue, for the years ended June 30, 2023 and 2022, 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. Approximately 99% and 94% of the accounts receivable balances were due from national, state, and local agencies, for the years ended June 30, 2023, and 2022, respectively. The Center considers a receivable to be past due after thirty days.

Advertising Costs - Advertising costs are expensed in the period in which the costs are incurred. Advertising expense was \$4,598 and \$2,410 for the years ended June 30, 2023 and 2022, 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 Advocacy 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 determined that the Center is not classified as 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, 2023 and 2022, 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 \$2,500 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	10 - 39 years
Furniture and equipment	Straight-line	5 - 10 years

Depreciation expense was \$33,913 and \$28,447 for the years ended June 30, 2023 and 2022, respectively.

Leases - The Center is a lessee for noncancellable leases for office space at multiple locations within their service area. The Center recognizes a lease payable and a right-to-use asset in the financial statements.

The Center initially measures the lease payable at the present value of payments expect to be paid during the lease period, in accordance with ASU 2016-02 Leases. Subsequently, the lease payable is reduced by the principal portion of the lease payments made. The right-to-use asset is initially measured as the initial amount of the lease payable, adjusted for the lease payments at or before the lease commencement date. Subsequently, the right-to-use asset is amortized over the life of the lease term.

Key estimates and judgments include how the Center determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Center uses its estimated incremental borrowing rate as the discount rate for leases. This rate is reduced if the incremental borrowing rate is more than the implied rate in the lease.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease payable is composed of fixed payments from the lease.

The Center monitors changes in circumstances that would require a measurement of its lease, and will remeasure the lease payable and right-to-use asset if certain changes occur that are expected to significantly affect the amounts of the lease payable.

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	\$	602,891
Accounts receivable		238,888
Promises to give		33,332
Endowment - YouthBridge		<u>51,084</u>
Financial assets, at year-end		<u>926,195</u>
Less those unavailable for general expenditures within one year due to donor-imposed restrictions:		
Restrictions by donor for time or purpose		(14,332)
Less those unavailable for general expenditures due to permanent restriction:		
Endowment YouthBridge		<u>(50,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>861,863</u>

4. PROMISES TO GIVE

Promises to give as of June 30, 2023 and 2022 are \$33,332 and 6,000, respectively. All pledges are receivable in less than one year and deemed 100% collectible.

For each of the years ended, June 30, 2023 and 2022, two and one donor accounted for 100% of total promises to give, respectively.

Promises to give totaling \$8,332 and \$6,000 received during the years ended June 30, 2023 and 2022, respectively, were restricted by donors for future-year operations and were reported as contributions with donor restrictions.

Promises to give totaling \$6,000 and \$-0- received during the years ended June 30, 2023 and 2022, respectively, were restricted by donors for a specific purpose and were reported as contributions with donor restrictions.

5. BENEFICIAL INTEREST IN ASSETS HELD AT YOUTHBRIDGE COMMUNITY FOUNDATION

The Center, as approved by the board of directors, established a quasi-endowment fund with YouthBridge with an initial deposit of \$25,000 in February 2022. The assets of the fund are held and owned by YouthBridge and subject to its investment policies. The principal is to be retained and earnings are available for distribution by YouthBridge to the Center, to provide unrestricted support for the maintenance and growth of its operations. The annual spending policy is defined as, four percent of the Fund's rolling three year quarterly average market value shall be paid and distributed to the Center at least annually.

5. **BENEFICIAL INTEREST IN ASSETS HELD AT YOUTHBRIDGE COMMUNITY FOUNDATION** - continued

Distributions in excess of the annual spending policy of the Fund may be made as determined by YouthBridges’s board of directors. The YouthBridge Board has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to any specific organization if, in the sole judgment of the Board such restriction or condition becomes in effect, unnecessary, obsolete incapable of fulfillment, or inconsistent with the charitable needs of the Center. The activity of the endowment fund held by YouthBridge as of June 30 is as follows:

	<u>2023</u>	<u>2022</u>
Balance at July 1,	\$ 22,888	\$ -
Additional amounts investend in fund	25,000	25,000
Increase/(decrease) in estimated value	3,196	(2,112)
Distribtuions	-	-
Balance as of June 30,	<u>\$ 51,084</u>	<u>\$ 22,888</u>

From time to time, the fair value associated with endowment funds may fall below the initial \$25,000 amount used to establish the endowment. As of June 30, 2023 the fund experienced net gains of \$3,196.

The Center was eligible for matching funds with YouthBridge up to 50% of the initial deposit to the Fund. YouthBridge established a separate fund of \$12,500, designating the Center as the beneficiary of earnings. The Center received an additional \$2,500 in matching funds during the year ended June 30, 2023, for a total of \$15,000 in YouthBridge matching funds. Distributions are made in accordance with YouthBridges’s spending policy and as determined by their board of directors. The Center received \$-0- in distributions related to this matching-fund during the years ended June 30, 2023 and 2022.

6. **INVESTMENTS**

The following is a summary of assets held at fair value for the years ending June 30, 2023 and 2022:

<u>Description</u>	<u>Total</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Held at YouthBridge Community Foundation	<u>\$ 22,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,888</u>

6. INVESTMENTS - continued

Description	2022			
	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets Held at YouthBridge				
Community Foundation	\$ 22,888	\$ -	\$ -	\$ 22,888

The beneficial interest in assets held at YouthBridge Community Foundation has been valued as a practical expedient, at the fair value of the Center’s share of the Foundation’s investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation, which includes private placements and other securities for which prices are not readily available, are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The Foundation’s investments are composed approximately of 40 percent domestic and international equities, 50 percent fixed income, and 10 percent cash equivalents. The beneficial interest in assets held at the YouthBridge Community Foundation is not redeemable by the Center as described in note 5.

Financial instruments classified as Level 3 in the fair value hierarchy represent the Center’s investments in financial instruments in which management has used at least one significant unobservable input in the valuation model. The following table represents a reconciliation of the activities for the Level 3 financial instruments:

	2023	2022
Balance at July 1,	\$ 22,888	\$ -
Additional amounts investend in fund	25,000	25,000
Increase/(decrease) in estimated value	3,196	(2,112)
Distribtuions	-	-
Balance as of June 30,	\$ 51,084	22,888

6. **INVESTMENTS** - continued

The components of the net return (loss) on investments, including Level 3 investments, as reported in the accompanying consolidated statements of activities are as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Investment Income	\$ -	\$ -
Gains (losses) on beneficial interest in assets held at, YouthBridge Community Foundation, net of investment income	3,196	(2,112)
Gain (loss) on donated stock	204	(214)
TOTAL INVESTMENT INCOME	<u>\$ 3,400</u>	<u>\$ (2,326)</u>

7. **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. None of the donated items or services were restricted.

The Center lease space in Hannibal, Missouri, at rent below market rate. This space is used for program services. The Center also rents space in Wentzville, Missouri at a below market rate in exchange for tax credits. This space is used for both program and supporting services and is allocated based on salaries. For the years ended June 30, 2023 and 2022, the Center received in-kind rent valued at \$156,942 and \$156,653, respectively. The donated rent is valued at the fair value of similar properties available in commercial real estate listings.

The Center received additional in-kind donations of supplies for use at fundraising events. For the years ended June 30, 2023 and 2022 the Center recognized \$19,895 and \$5,208, respectively. These items are valued at the fair value of similar items available for purchase in local markets.

The Center received in-kind office expenses which are valued at the fair value of comparable services in the area. In-kind office expenses include information technology services valued at \$14,596 and \$13,800, for the years ended June 30, 2023 and 2022, respectively. In addition to in-kind telephone services valued at \$9,227 and \$9,227, for the years ended June 30, 2023 and 2022, respectively. Donated office expenses are used for both program and supporting services and are allocated based on salaries.

8. **LINE OF CREDIT**

The Center established a \$150,000 line-of-credit at Bank of Old Monroe bearing an interest rate of 4.875% on February 28, 2022. The line-of-credit is secured by a Commercial Security Agreement and matured on February 25, 2023. This line-of-credit was renewed at an interest rate of 6.5% and matures February 25, 2024. There were no borrowings or balances due during the years ended June 30, 2023 and 2022.

9. **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.

10. **OPERATING LEASES**

The Center leases office space at various locations in Wentzville, Missouri, under three separate operating leases that expire September 30, 2027, with monthly payments increasing over the lease period. A portion of the rent was received as an in-kind donation valued at \$152,144 and 151,853 for the years ended June 30, 2023 and 2022. Total rent and common area maintenance costs paid were \$93,548 and \$71,775, for the fiscal years ended June 30, 2023 and 2022, respectively.

In addition, The Center leases space in Hannibal, Missouri under an agreement expiring August 31, 2023. The Center received an in-kind donation of \$4,800 for the years ended June 30, 2023 and 2022. The Center paid rent of \$24,000 for the years ended June 30, 2023 and 2022.

The Center implemented ASU 2016-02, *Leases* during the year ended June 30, 2023. As a result, a lease liability and a right-to-use asset was recorded for \$343,754. The leases require the Center to make variable payments for its portion of the common area maintenance and other charges. These variable payments are not included in the payments used to determine the lease liability and are recognized as variable costs when incurred. As of June 30, 2023, value of the lease liability was \$268,554. The value of the right-to-use asset at June 30, 2023 is \$266,192. The future payments for the years ended June 30, are as follows:

	Future Minimum Lease Payments
2024	\$ 71,159
2025	68,036
2026	69,443
2027	70,322
2028	17,629
Total payment	296,590
Imputed interest	(28,036)
Lease liability	<u>\$ 268,554</u>

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, 2023 and 2022, management believes there are no material uncertain tax positions. The Center files form 990 Return of Organization Exempt From Income Tax. Returns prior to 2019 are closed.

12. **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or future periods, as of June 30:

	<u>2023</u>	<u>2022</u>
Subject to the passage of time:		
Future operations	\$ 8,332	\$ 6,000
Permanently restricted:		
Endowment - YouthBridge Community Foundation	<u>50,000</u>	<u>25,000</u>
TOTAL	<u>\$ 58,332</u>	<u>\$ 31,000</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 \$36,587 and \$31,771 to the Plan for the fiscal year-ended June 30, 2023 and 2022, 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.

18. **ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT**

During the fiscal year ended June 30, 2023, the Organization adopted the requirements of ASU No. 2016-02, *Leases*. This new ASU results in the recognition of the assets and liabilities that arise from leases. There was no affect on the amounts reported in the financial statements beginning net assets.

19. **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.

Subsequent to year-end, the Center renewed the lease for office space in Hannibal, Missouri, commencing September 1, 2023 through August 31, 2028. Monthly rent payments total \$2,150 with annual increases up to \$2,350 over the lease term.

Effective August 4, 2023, the Center entered a Master Repurchase Agreement, to insure amounts exceeding FDIC limits are adequately collateralized.