

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

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

**299 E 18TH AVE
EUGENE, OR 97401**

WITH AUDITORS' REPORT BY:

**JOHNSON, GLAZE & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS**

**3085 RIVER ROAD N.
SALEM, OREGON 97303**

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

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Accounting for real people, real business, real life.
Going beyond the tax return year after year.



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Friends of the Child Advocacy Center, Inc.
299 E 18th Ave
Eugene, OR 97401

We have audited the accompanying financial statements of **Friends of the Child Advocacy Center Inc** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows 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 audits. We conducted our audits 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 from 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 auditor's 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 **Friends of the Child Advocacy Center Inc**, as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sincerely,

A handwritten signature in black ink that reads "Johnson, Glaze + Co. P.C." in a cursive script.

Johnson, Glaze & Co., P.C.
Certified Public Accountants
Salem, Oregon
December 20, 2019

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

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

	ASSETS	
	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 1,129,092	\$ 833,576
Grants & Contracts Receivable	274,682	183,156
Medical Assessment Receivable, Less Allowance for Doubtful Accounts of \$9,200 and \$0	115,000	185,999
Accounts Receivable	-	13,000
Pledges Receivable, Less Allowance of Doubtful Accounts of \$1,906 and \$0	36,217	-
Prepaid Expenses	31,324	37,984
Other Current Assets	583	269
Total Current Assets	<u>1,586,898</u>	<u>1,253,984</u>
INVESTMENTS	<u>409,700</u>	<u>184,791</u>
FIXED ASSETS		
Building Construction in Progress	1,818,635	-
Leasehold Improvements	940	940
Furniture & Equipment	144,427	144,427
Vehicle	14,141	14,141
Less Accumulated Depreciation	<u>(148,114)</u>	<u>(137,970)</u>
Total Fixed Assets	<u>1,830,029</u>	<u>21,538</u>
LONG-TERM ASSET		
Pledges Receivable, Less Allowance of Doubtful Accounts of \$1,036 and \$0	<u>19,680</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 3,846,307</u>	<u>\$ 1,460,313</u>

See Auditors' Report and Notes to the Financial Statements.

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF FINANCIAL POSITION (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

LIABILITIES & NET ASSETS		
	2019	2018
CURRENT LIABILITIES		
Accounts Payable	\$ 32,914	\$ 28,196
Accrued Payroll & Related Expenses	39,717	30,461
Accrued PTO Payable	26,093	29,891
Current Portion of Long Term Debt	12,660	-
Total Current Liabilities	<u>111,384</u>	<u>88,548</u>
 LONG TERM LIABILITIES		
Building Loan - Columbia Bank	1,275,000	-
Less Current Portion of Long Term Debt	<u>(12,660)</u>	<u>-</u>
Total Current Liabilities	<u>1,262,340</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>1,373,724</u>	 <u>88,548</u>
 NET ASSETS		
Without Donor Restrictions		
Undesignated	2,448,586	1,072,897
Board Designated	-	68,191
With Donor Restrictions	<u>23,997</u>	<u>230,677</u>
Total Net Assets	<u>2,472,583</u>	<u>1,371,765</u>
 TOTAL LIABILITIES & NET ASSETS	 <u>\$ 3,846,307</u>	 <u>\$ 1,460,313</u>

See Auditors' Report and Notes to the Financial Statements.

FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)

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

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES & SUPPORT			
Government Grants & Funds	\$ 1,051,773	\$ -	\$ 1,051,773
Contributions	50,383	-	50,383
Fundraising Event	317,330	30,390	347,720
Interest Income	15,025	-	15,025
Unrealized Gain/(Loss)	157	-	157
In-Kind Donations	30,385	-	30,385
Medical Assessments	862,205	-	862,205
Miscellaneous Revenue	3,855	-	3,855
Released from Restriction	237,070	(237,070)	-
Total Revenues & Support	<u>2,568,183</u>	<u>(206,680)</u>	<u>2,361,503</u>
EXPENSES			
Program Services	959,180	-	959,180
Total Program Services	<u>959,180</u>	<u>-</u>	<u>959,180</u>
Support Services			
General & Administrative	218,307	-	218,307
Fundraising	83,198	-	83,198
Total Support Services	<u>301,505</u>	<u>-</u>	<u>301,505</u>
Total Expenses	<u>1,260,686</u>	<u>-</u>	<u>1,260,686</u>
INCREASE (DECREASE) IN NET ASSETS	1,307,498	(206,680)	1,100,818
NET ASSETS - BEGINNING	<u>1,141,088</u>	<u>230,677</u>	<u>1,371,765</u>
NET ASSETS - ENDING	<u>\$ 2,448,586</u>	<u>\$ 23,997</u>	<u>\$ 2,472,583</u>

See Auditors' Report and Notes to the Financial Statements.

FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)

STATEMENTS OF ACTIVITIES (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES & SUPPORT			
Government Grants & Funds	\$ 907,224	\$ 35,936	\$ 943,160
Contributions	39,640	-	39,640
Fundraising Event	95,447	-	95,447
Interest Income	828	1,629	2,457
Unrealized Gain/(Loss)	(38)	(85)	(123)
Gain/(Loss) on Disposition of Assets	(2,769)	-	(2,769)
In-Kind Donations	21,519	-	21,519
Medical Assessments	802,514	-	802,514
Miscellaneous Revenue	6,043	-	6,043
Release from Restrictions	28,674	(28,674)	-
Total Revenues & Support	<u>1,899,082</u>	<u>8,806</u>	<u>1,907,888</u>
EXPENSES			
Program Services	<u>945,615</u>	-	<u>945,615</u>
Total Program Services	<u>945,615</u>	-	<u>945,615</u>
Support Services			
General & Administrative	170,155	-	170,155
Fundraising	<u>104,032</u>	-	<u>104,032</u>
Total Support Services	<u>274,187</u>	-	<u>274,187</u>
Total Expenses	<u>1,219,802</u>	-	<u>1,219,802</u>
INCREASE (DECREASE) IN NET ASSETS	679,280	8,806	688,086
NET ASSETS - BEGINNING	<u>461,808</u>	<u>221,871</u>	<u>683,679</u>
NET ASSETS - ENDING	<u>\$ 1,141,088</u>	<u>\$ 230,677</u>	<u>\$ 1,371,765</u>

See Auditors' Report and Notes to the Financial Statements.

FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			
	Program Services	Support Services		Total Expenses
		General and Administrative	Fundraising	
FUNCTIONAL EXPENSES				
Personnel Costs	\$ 434,616	\$ 140,029	\$ 40,641	\$ 615,285
Officer & Key Employees	223,466	48,015	5,636	277,118
Occupancy				
In-Kind Facility Lease	20,385	-	-	20,385
Rent	18,070	4,696	1,234	24,000
Building Interest	15,186	4,190	790	20,166
Building Insurance	1,688	469	88	2,244
Utilities	8,602	2,283	564	11,449
Telecommunications	3,184	827	218	4,228
Building Maintenance/Janitorial	4,001	1,055	272	5,328
Insurance	20,589	3,180	830	24,599
Training, Travel, Education & Support	57,960	453	182	58,596
Fundraising	-	-	28,081	28,081
Program Development	3,663	378	53	4,095
Meetings	122	110	68	301
Contracted Labor	1,952	548	15	2,516
Dues and Subscriptions	3,018	102	329	3,449
Technology & Hardware	26,521	4,975	2,367	33,863
Financial Services	19,110	2,353	432	21,895
Legal	1,930	859	-	2,789
Office Supplies	5,373	1,648	819	7,840
Board of Directors	2,156	-	-	2,156
Advocacy	3,407	-	52	3,460
Contracts	44,189	-	-	44,189
Medical Assessment	6,070	-	-	6,070
Intervention	7,088	-	-	7,088
Support Group	7,219	-	-	7,219
Bad Debt	12,136	-	-	12,136
Depreciation	7,480	2,137	526	10,143
Total Functional Expenses	<u>\$ 959,180</u>	<u>\$ 218,307</u>	<u>\$ 83,198</u>	<u>\$ 1,260,686</u>

See Auditors' Report and Notes to the Financial Statements.

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF FUNCTIONAL EXPENSES (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	2018			
	Program Services	Support Services		Total Expenses
		General and Administrative	Fundraising	
FUNCTIONAL EXPENSES				
Personnel Costs	\$ 579,549	\$ 92,272	\$ 42,173	\$ 713,994
Officer & Key Employees	103,022	53,032	8,213	164,267
Occupancy				
In-Kind Facility Lease	20,385	-	-	20,385
Rent	18,652	3,971	1,377	24,000
Utilities	6,075	1,293	448	7,816
Telecommunications	3,674	782	271	4,727
Janitorial	4,670	994	345	6,009
Insurance	16,916	3,601	1,249	21,766
Education & Support	61,237	-	-	61,237
Fundraising	-	-	45,791	45,791
Meetings	-	35	-	35
Dues and Subscriptions	4,457	134	450	5,041
Technology & Hardware	25,116	5,347	1,854	32,317
Financial Services	15,503	1,602	407	17,512
Legal	6,060	1,290	447	7,797
Board of Directors	1,143	-	-	1,143
Office Supplies	4,885	1,040	361	6,286
Advocacy	7,349	-	-	7,349
Contracts	34,005	-	-	34,005
Medical Assessment	9,868	-	-	9,868
Intervention	7,281	-	-	7,281
Support Group	7,022	-	-	7,022
Contract Labor	-	2,900	-	2,900
Depreciation	8,746	1,862	646	11,254
Total Functional Expenses	<u>\$ 945,615</u>	<u>\$ 170,155</u>	<u>\$ 104,032</u>	<u>\$ 1,219,802</u>

See Auditors' Report and Notes to the Financial Statements.

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

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

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections From Grants, Contributions, Programs & Services	\$ 2,267,694	\$ 1,730,439
Cash Paid to Vendors & Employees	<u>(1,203,793)</u>	<u>(1,181,493)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,063,902</u>	<u>548,946</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	184,793	310,593
Purchase of Fixed Assets	(1,818,636)	-
Purchase of Investments	<u>(409,543)</u>	<u>(184,966)</u>
Net Cash Provided (Used) by Investing Activities	<u>(2,043,386)</u>	<u>125,627</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan	<u>1,275,000</u>	-
Net Cash Provided (Used) by Financing Activities	<u>1,275,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	295,516	674,573
CASH & CASH EQUIVALENTS - BEGINNING	<u>833,576</u>	<u>159,003</u>
CASH & CASH EQUIVALENTS - ENDING	<u>\$ 1,129,092</u>	<u>\$ 833,576</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in Net Assets (Decrease)	\$ 1,100,818	\$ 688,086
ADJUSTMENT TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation	10,143	11,254
Loss on Disposition of Assets	-	2,769
Unrealized (Gain)/Loss on Investments	(157)	123
(Increase) Decrease in Assets		
Grants & Contracts Receivable	(63,424)	(155,930)
Prepaid Expenses	6,660	(4,727)
Other Current Assets	(314)	1,638
Increase (Decrease) in Liabilities		
Accounts Payable	4,718	3,953
Accrued Payroll & Related Expenses	5,458	7,818
Deferred Revenue	-	(6,038)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,063,902</u>	<u>\$ 548,946</u>
In-Kind Donations	\$ 30,385	\$ 21,519

See Auditors' Report and Notes to the Financial Statements.

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

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

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Friends of the Child Advocacy Center, Inc. dba Kids First Center (the Organization) was incorporated on June 30, 1994, as a non-profit corporation in the State of Oregon.

The Organization provides intervention and advocacy for children who are victims of, or witnesses to crime; and coordinates Lane County's multidisciplinary team response to child abuse. The Organization provides comprehensive assessments that include forensic interviews, forensic medical examinations, and victim advocacy/support for children and their non-offending caregivers. These services are provided at no cost to victims and families.

Funding for the Organization's activities is primarily provided by "Child Abuse Multidisciplinary Intervention" Account grant funds from the State of Oregon, "Victims of Crime Act" grant funding from the Department of Justice, and medical assessment fees from health insurance payers.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP), and accordingly reflect all significant receivables, payables, and other liabilities. Assets and liabilities are presented on the basis of historical cost rather than estimated current values and amounts.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets; without donor restrictions and with donor restrictions described as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for the general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Net Assets With Donor Restrictions

Net assets with donor restrictions consists of assets whose use is limited by donor-imposed, time and/or purpose restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Expenses are reported as a decrease in without donor restricted net assets. Gains and losses are reported as increases or decreases in without donor restricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of with donor restrictions on net assets are reported as net assets released from restrictions.

Revenue Recognition

Contributions and grants received are recorded as support that is with or without donor restriction. Classification is based on the existence and nature of any donor restrictions imposed on the contributions or grant. Support that is restricted by the donor is reported as an increase in without donor restriction if the restriction expires during the year in which the support is recognized.

Grant revenue is recognized as earned and funds are received. Deferred revenue is recorded when funds are received in advance of being earned. Medical assessment revenue is recorded on a monthly basis only for those services provided to clients affiliated with an insurance payer who has a contracted billing rate with the Organization. All other medical assessment revenue is recorded in the month it is received. Medical assessment revenues are recorded as without donor restriction revenue.

Pledges are recognized when a signed pledge card is received.

Estimates

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

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services, Materials and Occupancy

The estimated donated value of building occupancy, in excess of the amount billed for such, is recorded at the estimated fair value at donation. For both years ended June 30, 2019 and 2018 the amount for the rent was \$20,385 and the other donated items meeting the recognition policy for the year ended June 30, 2019 and 2018 was \$10,000 and \$1,134 respectively.

Donated materials are recorded at their estimated fair values at the date on donation.

Donated services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Cash and Cash Equivalents

For purposes of the financial statements, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

The Organization invests in debt securities. Fair values for investments are determined by reference to quoted market prices for similar investments. Interest, dividends and gains and losses, both realized and unrealized, on investments are included in the statement of activities in revenues, gains and other support. Investment income that is related to funds that are classified as with donor restrictions are also considered to have the same classification restriction.

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are capitalized at cost, or at fair market at date of donation if donated. Assets with a useful life greater than one year are capitalized if more than \$5,000 in value. Donations are reported as without donor restriction support unless the donor has restricted the asset to a specific purpose. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts and resulting gains or losses are reflected in revenues and expenses. Depreciation is computed over the estimated useful lives of the property and equipment using the straight-line method, with estimated useful lives between five and forty years.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restriction contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies these net assets to without donor restriction at that time.

Functional Expense Allocations

The Organization allocates expenses on a functional basis among its various programs and supporting services. The statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be identified with specific program or supporting service are reported accordingly. Expenses that are common to several functions are allocated equitably by the ratio of personnel costs by program and service areas.

Contributions

The Organization recognizes donations from individual donors, foundations and private grants, as contribution support. Contributions are recorded as an increase under the appropriate level of restriction, depending on the existence or nature of any donor restrictions. Restricted contributions that are received and meet their restrictions in the same fiscal period are recorded as without donor restriction revenue per the Organization's policy.

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state laws. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Organization's federal exempt organization information returns (Forms 990) are subject to examination by the Internal Revenue Service for the years ended June 30, 2016 through 2019.

As required by ASC 740, management has evaluated tax positions taken and has determined that any uncertainty in those positions would not have a material effect on the financial statements.

Compensated Absences

Paid Time Off (PTO) is accrued by regular employees with full time equivalent (FTE) status throughout the year. The rate of accrual is based on the employee's years of service, unless an alternate rate was agreed on during hiring negotiations in which case the rate of accrual would be identified in the employees signed offer letter. Employees may carry their unused portion forward until it is used as long as the total number of accrued hours remains below the cap of 220 hours for new employees. Once employees reach the maximum accrual, PTO accrual will cease until the current allocation is used and falls below 220 hours. If an employee terminates employment and provides a minimum of two weeks' written notice, all earned and unused PTO leave will be paid to the employee up to the maximum 220 allowable limit. In all other cases, accrued but unused PTO will be forfeited. PTO is paid at the employee's hourly rate at the time the PTO benefit is used or cashed out, no matter what the rate was when the benefit was earned. Annual PTO accruals are recorded as an accrued liability at the Organization's fiscal year end.

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements Adopted

In August 2016, the FASB issued ASU 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities" (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method).

NOTE B: CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Umpqua Checking	\$ -	\$ 2,971
Columbia Checking	703,576	715,001
Columbia Money Market	5,006	5,002
Undeposited Funds	41,703	-
Paypal	124	109
Petty Cash	499	1,584
Commonwealth Bank-Building Fund	109,673	50,706
Commonwealth Bank-Reserve Fund	<u>268,511</u>	<u>58,203</u>
Total Cash & Cash Equivalents	<u>\$ 1,129,092</u>	<u>\$ 833,576</u>

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE C: ACCOUNTS RECEIVABLE

Grants and Contracts Receivable

Grants and contracts receivable are recorded quarterly, at cost, as the related services are completed and billed. Management periodically assesses the need for an allowance for doubtful accounts based on historical experience and existing conditions affecting probable collection. Management has determined that no allowance for doubtful accounts were necessary as of June 30, 2019 and 2018. No interest is charged on receivables.

Medical Assessments Receivable

Medical assessments were recorded when received throughout the fiscal year, with an adjustment at year end to record accrued and expected Accounts Receivable for service dates through June 30, 2019. Management has only booked receivables for amounts billed to insurance companies who have contracted billing rates, which indicates probable collection. As such, Management has determined that the allowance for doubtful accounts as of June 30, 2019 and 2018 \$9,200 and \$0 respectively. No interest is charged on receivables.

Other Accounts Receivable

Other accounts receivable balances were from fundraising events.

NOTE D: FAIR VALUE MEASUREMENTS

FASB ASC 820-10 regarding fair value measurements clarifies the definition of fair value for financial reporting and establishes a three-tier framework for measuring fair value which requires the entity to give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements.

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
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**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE D: FAIR VALUE MEASUREMENTS (Continued)

Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date at the end of the period. The three levels of the fair value hierarchy under this standard are described as follows:

Level 1— Inputs are unadjusted quoted prices for identical instruments in active markets.

Level 2—Inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instrument in inactive markets.

Level 3—Inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value driver are observables.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

NOTE E: PLEDGES

The Organization began a capital campaign to raise funds to cover the cost of the capital project (purchase and renovation). Donors who wished to contribute to the campaign over varied lengths of time made conditional promises to give to the Organization to help fund the capital project. Pledges made towards this campaign through June 30, 2019 were \$93,930. Pledges received by June 30, 2019 were \$35,091.

The total pledges outstanding is \$58,839 less the allowance for doubtful accounts of \$2,942 as of June 30, 2019, are expected to be received in the following time frames:

June 30, 2020	\$36,217
June 30, 2021-2025	\$19,680

A 5% allowance for doubtful accounts was entered on the outstanding pledges as of June 30, 2019. Per the pledge agreements, any pledges that are unfulfilled will not be pursued or legally enforced by the Organization.

FRIENDS OF THE CHILD ADVOCACY CENTER INC
(A NONPROFIT ORGANIZATION)

NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

NOTE F: INVESTMENTS

In December 2018 investments were converted to cash and cash equivalents. The fair values and unrealized gain (loss) for short-term investments as of June 30, 2019 and 2018 are summarized as follows:

	2019		
	Original Cost	Fair Market Value	Unrealized Gain (Loss)
Government Money Market Funds Held in Bonds	409,543	409,700	157
Total Investments	<u>\$ 409,543</u>	<u>\$ 409,700</u>	<u>\$ 157</u>
	2018		
	Original Cost	Fair Market Value	Unrealized Gain (Loss)
Certificates of Deposits	184,966	184,791	(175)
Total Investments	<u>\$ 184,966</u>	<u>\$ 184,791</u>	<u>\$ (175)</u>

Earnings on investments as of June 30, 2019 and 2018 are summarized as follows:

Earnings on investments	2019	2018
Interest & Dividend Income	\$ 2,232	\$ 2,457
Realized & Unrealized Gain (Loss) on Investments	157	(123)
Total Gain (Loss) on Investments	<u>\$ 2,389</u>	<u>\$ 2,334</u>

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
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**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE G: OPERATING LEASE

The Organization's lease agreement for its office spaced located in Eugene, Oregon was terminated June 30, 2019 but extended for six months with a contingency that no rent would be due if the office space was vacated by December 31, 2019. If the Organization missed this deadline the full amount for the six months would be due. The extended lease began June 30, 2019 and expires December 31, 2019, for a monthly rate of \$2,000, to accommodate the organization until their new building was ready for occupancy. The Organization also has a lease for a copier which began June 29, 2018. The terms are for sixty months with monthly payments of \$629.50.

Minimum future lease payments are as follows:

June 30	Amount
2020	\$ 19,554
2021	7,554
2022	7,554
2023	7,554
2024	-

NOTE H: RETIREMENT PLANS

The Organization operates a Simple IRA plan for its employees wherein Friends of the Child Advocacy Center, Inc. matches the employee's contribution to his or her Simple IRA up to 3% of salary. Friends of the Child Advocacy Center, Inc. contributed \$20,478 and \$19,325 on behalf of its employees for the years ended June 30, 2019 and 2018.

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
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**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE I: LONG-TERM DEBT

The Organization purchased a building and property for a new facility on February 5, 2019. The interest expense for the year ended June 30, 2019 and 2018 was \$20,166 and \$0 respectively. The Note is payable to Columbia State Bank and was issued in conjunction with the Oregon Facilities Authority SNAP Loan Program, for a tax exempt rate of 3.90% with a maturity date of February 1, 2045. The loan is collateralized by the property. Interest only payments are allowed until March 1, 2020 when principal and interest will begin. As such time monthly installments are estimated at \$7,835 with principal and interest.

	<u>2019</u>	<u>2018</u>
Loan Balance at June 30,	\$ 1,275,000	\$ -
Less Current Portion	(12,660)	-
Total Long-term Debt	<u>\$ 1,262,340</u>	<u>\$ -</u>

Long Term Debt maturities for the next five years are as follows:

<u>June 30</u>	<u>Amount</u>
2020	\$ 12,660
2021	31,236
2022	32,476
2023	33,766
2024	38,095
Thereafter	1,126,767

NOTE J: CONCENTRATIONS

The Organization's revenue from government grants represented 45% and 50% of total operating revenue for 2019 and 2018, respectively. For the period ending June 30, 2019 approximately 74% are non-competitive grants and 26% were competitively awarded.

Medical assessment revenue comprised 37% and 42% of total operating revenue for 2019 and 2018, respectively. For the period ending June 30, 2019 approximately 92% of all medical assessment revenues were earned from one vendor. This concentration can be diversified.

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
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**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE K: CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances at multiple financial institutions. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 per institution. As of June 30, 2019 and 2018, the uninsured balances were \$465,223 and \$405,510.

NOTE L: BOARD DESIGNATED WITHOUT DONOR RESTRICTION NET ASSETS

Board Designated without donor restricted assets as of June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Operating Reserves Fund	\$ -	\$ 68,191
Total Board Designated Net Assets	<u>\$ -</u>	<u>\$ 68,191</u>

NOTE M: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and Cash Equivalents	\$ 1,129,092
Grants Receivable	274,682
Medical Assessments Receivable	115,000
Pledges Receivable	36,217
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with purpose restrictions	<u>(23,997)</u>
Total Financial Assets Available for General Expenditure Within One Year	<u>\$ 1,530,994</u>

**FRIENDS OF THE CHILD ADVOCACY CENTER INC
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**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

NOTE N: SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 20, 2019 which is the date of the Auditors' Report and the date the financial statements were available to be issued. No significant events were identified that would require adjustment to the financial statements or disclosures as stated herein.