

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

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017**

**2675 MLK JR. BLVD.
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.
2675 Martin Luther King Jr. Blvd
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, 2018 and 2017, 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, 2018 and 2017, 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
November 27, 2018

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

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	ASSETS	
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 833,576	\$ 159,003
Grants and Contracts Receivable	183,156	212,975
Medical Assessment Receivable	185,999	-
Accounts Receivable	13,000	13,250
Prepaid Expenses	37,984	33,257
Other Current Assets	269	1,907
Total Current Assets	<u>1,253,984</u>	<u>420,392</u>
INVESTMENTS	<u>184,791</u>	<u>310,543</u>
FIXED ASSETS		
Leasehold Improvements	940	2,319
Furniture & Equipment	144,427	174,245
Vehicle	14,141	14,141
Less Accumulated Depreciation	<u>(137,970)</u>	<u>(155,146)</u>
Total Fixed Assets	<u>21,538</u>	<u>35,559</u>
TOTAL ASSETS	<u><u>\$ 1,460,313</u></u>	<u><u>\$ 766,494</u></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)
JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 28,196	\$ 24,243
Accrued Payroll & Related Expenses	30,461	31,229
Accrued PTO Payable	29,891	21,305
Deferred Grant Revenue	-	6,038
Total Current Liabilities	<u>88,548</u>	<u>82,815</u>
TOTAL LIABILITIES	<u>88,548</u>	<u>82,815</u>
NET ASSETS		
Unrestricted		
Undesignated	1,072,897	461,808
Board Designated	68,191	-
Temporarily Restricted	<u>230,677</u>	<u>221,871</u>
Total Net Assets	<u>1,371,765</u>	<u>683,679</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 1,460,313</u>	<u>\$ 766,494</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, 2018 AND 2017

	2018		
	Unrestricted	Temporarily Restricted	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
Released from Restriction	28,674	(28,674)	-
Total Revenues & Support	<u>1,899,082</u>	<u>8,806</u>	<u>1,907,888</u>
EXPENSES			
Program Services	945,615	-	945,615
Total Program Services	<u>945,615</u>	<u>-</u>	<u>945,615</u>
Management Activities			
General & Administrative	170,155	-	170,155
Fundraising	104,032	-	104,032
Total Management Activities	<u>274,187</u>	<u>-</u>	<u>274,187</u>
Total Expenses	<u>1,219,802</u>	<u>-</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 ACTIVITIES (Continued)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2017		
	Unrestricted	Temporarily Restricted	Total
REVENUES & SUPPORT			
Government Grants & Funds	\$ 855,124	\$ 200	\$ 855,324
Contributions	28,727	-	28,727
Fundraising Event	77,888	-	77,888
Investments Income(Loss)	2,803	(1,971)	832
In-Kind Donations	62,916	-	62,916
Medical Assessments	19,638	-	19,638
Miscellaneous Revenue	3,858	-	3,858
Total Revenues & Support	<u>1,050,954</u>	<u>(1,771)</u>	<u>1,049,183</u>
EXPENSES			
Program Services	954,308	-	954,308
Total Program Services	<u>954,308</u>	<u>-</u>	<u>954,308</u>
Management Activities			
General & Administrative	77,058	-	77,058
Fundraising	58,094	-	58,094
Total Management Activities	<u>135,152</u>	<u>-</u>	<u>135,152</u>
Total Expenses	<u>1,089,460</u>	<u>-</u>	<u>1,089,460</u>
INCREASE (DECREASE) IN NET ASSETS	(38,506)	(1,771)	(40,277)
NET ASSETS - BEGINNING	<u>500,314</u>	<u>223,642</u>	<u>723,956</u>
NET ASSETS - ENDING	<u>\$ 461,808</u>	<u>\$ 221,871</u>	<u>\$ 683,679</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, 2018 AND 2017

	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	\$ 945,615	\$ 170,155	\$ 104,032	\$ 1,219,802

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, 2018 AND 2017

	2017			
	Program Services	Support Services		Total Expenses
		General and Administrative	Fundraising	
FUNCTIONAL EXPENSES				
Personnel Costs	\$ 507,238	\$ 34,722	\$ 17,643	\$ 559,603
Officer & Key Employees	147,588	17,268	2,878	167,734
Occupancy				
In-Kind Facility Lease	62,436	-	-	62,436
Rent	18,960	4,320	720	24,000
Utilities	16,933	3,858	643	21,434
Janitorial	4,493	1,024	171	5,688
Insurance	16,349	3,725	621	20,695
Education & support	35,290	-	-	35,290
Fundraising	-	-	30,739	30,739
Technology & Hardware	19,863	4,526	754	25,143
Audit	4,424	1,008	168	5,600
LCOG Support	14,781	352	-	15,133
Bookkeeping	13,612	3,101	517	17,230
Legal	1,407	-	-	1,407
Board of Directors	1,138	259	43	1,440
In-Kind Office Supplies	480	-	-	480
Office Supplies	6,812	1,662	277	8,751
Advocacy	48,029	-	-	48,029
Medical Expenses	8,758	-	-	8,758
Intervention	1,482	370	-	1,852
MDT Food/Other	7,882	-	-	7,882
Support Group	133	-	-	133
Contract Labor	4,750	-	2,920	7,670
Depreciation	11,470	863	-	12,333
Total Functional Expenses	<u>\$ 954,308</u>	<u>\$ 77,058</u>	<u>\$ 58,094</u>	<u>\$ 1,089,460</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Collections From Grants, Contributions, Programs & Services	\$ 1,730,439	\$ 962,563
Cash Paid to Vendors & Employees	(1,181,493)	(1,009,651)
Net Cash Provided (Used) by Operating Activities	<u>548,946</u>	<u>(47,088)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	310,593	-
Purchase of Investments	(184,966)	(207,193)
Net Cash Provided (Used) by Investing Activities	<u>125,627</u>	<u>(207,193)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	674,573	(254,281)
CASH & CASH EQUIVALENTS - BEGINNING	<u>159,003</u>	<u>413,284</u>
CASH & CASH EQUIVALENTS - ENDING	<u>\$ 833,576</u>	<u>\$ 159,003</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Change in Net Assets (Decrease)	\$ 688,086	\$ (40,277)
ADJUSTMENT TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Depreciation	11,254	12,333
Loss on Disposition of Assets	2,769	-
Unrealized (Gain)/Loss on Investments	123	(832)
(Increase) Decrease in Assets		
Grants & Contracts Receivable	(155,930)	(23,704)
Prepaid Expenses	(4,727)	(19,366)
Other Current Assets	1,638	(1,907)
Increase (Decrease) in Liabilities		
Accounts Payable	3,953	4,672
Accrued Payroll & Related Expenses	7,818	15,955
Deferred Revenue	(6,038)	6,038
Net Cash Provided (Used) by Operating Activities	<u>\$ 548,946</u>	<u>\$ (47,088)</u>

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, 2018 AND 2017**

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 three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

Unrestricted net assets—Those net assets which are currently available for use in the Organization's activities which consists of net assets that are not subject to donor-implied stipulations and revenues and support that are restricted but whose restriction are met during the fiscal year.

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

NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Temporarily restricted net assets—Those net assets which are restricted by donors for specific purposes or time periods which consist of net assets subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

Permanently restricted net assets—Those net assets which are subject to donor-imposed stipulations that require they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Expenses are reported as a decrease in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets are reported as net assets released from restrictions.

Revenue Recognition

Contributions and grants received are recorded as support that is unrestricted, temporarily restricted, or permanently restricted. 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 unrestricted net assets 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 unrestricted revenue.

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, 2018 AND 2017**

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. This donated amount for the year ended June 30, 2018 and 2017 is estimated at \$20,385 and \$62,436 and allocated across functional expense categories.

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 restricted 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, 2018 AND 2017

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 unrestricted 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 restricted 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 temporarily restricted net assets to unrestricted net assets at that time.

Functional Expense Allocations

Directly identifiable expense are charged to program services. Expenses that are considered to have both program and management general cost components are reallocated, on an annual basis, to reflect proper functional expense categorizations. Management and general expenses provide for the overall support and direction of the Organization.

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

NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 unrestricted revenue per the Organization's policy.

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, 2015 through 2018.

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, 2018 AND 2017

NOTE B: CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Umpqua Checking	\$ 2,971	\$ 2,933
Columbia Checking	715,001	116,899
Columbia Money Market	5,002	5,001
Paypal	109	1,025
Petty Cash	1,584	2,304
Commonweath Bank-Building Fund	50,706	18,223
Commonweath Bank-Reserve Fund	58,203	12,618
Total Cash & Cash Equivalents	<u>\$ 833,576</u>	<u>\$ 159,003</u>

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, 2018 and 2017. 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, 2018. 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 no allowance for doubtful accounts is necessary as of June 30, 2018. No interest is charged on receivables.

Other Accounts Receivable

Other accounts receivable balances were from fundraising events.

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

NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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. 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.

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

NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE E: INVESTMENTS

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

The fair values and unrealized gain (loss) for short-term investments as of June 30, 2018 and 2017 are summarized as follows:

	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>
	2017		
	Original Cost	Fair Market Value	Unrealized Gain (Loss)
Government Mutual Funds	\$ 102,218	\$ 100,657	\$ (1,561)
Certificates of Deposits	209,996	209,886	(110)
Total Investments	<u>\$ 312,214</u>	<u>\$ 310,543</u>	<u>\$ (1,671)</u>

Earnings on investments as of June 30, 2018 and 2017 are summarized as follows:

	2018	2017
Interest & Dividend Income	\$ 2,457	\$ 2,803
Realized & Unrealized Gain (Loss) on Investments	<u>(123)</u>	<u>(1,971)</u>
Total Gain (Loss) on Investments	<u>\$ 2,334</u>	<u>\$ 832</u>

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE F: OPERATING LEASE

The Organization's lease agreement for its office spaced located in Eugene, Oregon was terminated June 30, 2018, but renewed for the next year. The renewed lease began June 30, 2018 and expires June 29, 2019, for a monthly rate of \$2,000.

Minimum future rental payments required under these leases as of June 30, 2018:

2019	\$24,000
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NOTE G: CONCENTRATIONS

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by those contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no material amounts received or receivable will be required to be returned in the future.

The passage of Oregon House Bill 2234 in 2015 provided that the services provided in a "child abuse medical assessment" be reimbursed and made part of the Insurance Code for the Oregon Health Authority. This legislature provided a new opportunity to support an in-house medical program in conjunction with the services the organization already provided through forensic interviews and advocacy services to families. While the organization had been predominately grant funded, the introduction of a new revenue stream through medical assessment fees have shifted the income concentration to 50% government grants from 80% in 2017. Medical assessments are anticipated to encompass a larger percentage of income as the organization establishes more contracts with insurance payers throughout the State and expands services into mental health.

NOTE H: 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, 2018 and 2017, the uninsured balances were \$405,510 and \$0.

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

NOTES TO FINANCIAL STATEMENTS (Continued)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

NOTE I: BOARD DESIGNATED UNRESTRICTED NET ASSETS

Board Designated unrestricted net assets as of June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Operating Reserves Fund	\$ 68,191	\$ -
Total Board Designated Net Assets	<u>\$ 68,191</u>	<u>\$ -</u>

NOTE J: SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 27, 2018 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.