

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**

**FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2024 and 2023**



FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
FINANCIAL STATEMENTS  
For the Years Ended June 30, 2024 and 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Friends of the Child Advocacy Center, Inc.  
Eugene, Oregon

### Opinion

We have audited the accompanying financial statements of Friends of the Child Advocacy Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows 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 Friends of the Child Advocacy Center, Inc. as of June 30, 2024 and 2023, 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.

### Basis for Opinion

We conducted our audits 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 Friends of the Child Advocacy Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the financial statements in accordance with 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 Friends of the Child Advocacy Center, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities 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 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 Friends of the Child Advocacy Center, 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 Friends of the Child Advocacy Center, 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.



Jones & Roth, P.C.  
Eugene, Oregon  
January 29, 2025

## FINANCIAL STATEMENTS

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,196,464	\$ 3,554,902
Investments	1,894,875	-
Grants and contracts receivable	308,225	312,276
Patient services receivable, net of allowance for contractual adjustments and allowance for credit losses	264,264	308,502
Current portion of pledges receivable	1,900	3,416
Prepaid expenses and deposits	<u>62,960</u>	<u>34,300</u>
Total current assets	<u>4,728,688</u>	<u>4,213,396</u>
<b>Property and equipment</b>		
Building	2,366,901	2,342,759
Land	770,262	770,262
Furniture and equipment	108,349	87,090
Vehicle	<u>14,141</u>	<u>14,141</u>
	3,259,653	3,214,252
Accumulated depreciation	<u>(372,765)</u>	<u>(292,934)</u>
Property and equipment, net	<u>2,886,888</u>	<u>2,921,318</u>
<b>Non-current assets</b>		
Operating lease, right-of-use asset	21,511	-
Pledges receivable, net of current portion and allowance for doubtful accounts	<u>1,995</u>	<u>4,294</u>
Total non-current assets	<u>23,506</u>	<u>4,294</u>
<b>Total assets</b>	<u><u>\$ 7,639,082</u></u>	<u><u>\$ 7,139,008</u></u>

	<u>2024</u>	<u>2023</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 62,184	\$ 45,921
Accrued payroll and related expenses	92,627	83,108
Accrued paid time off payable	38,523	56,072
Refundable advances	9,944	3,874
Current portion of long-term debt	42,579	40,789
Operating lease liability, current portion	<u>5,268</u>	<u>-</u>
Total current liabilities	251,125	229,764
<b>Long-term liabilities</b>		
Operating lease liability, non-current portion	16,243	-
Long-term debt, net of current portion and unamortized deferred financing fees	<u>1,245,596</u>	<u>1,286,292</u>
Total long-term liabilities	<u>1,261,839</u>	<u>1,286,292</u>
Total liabilities	<u>1,512,964</u>	<u>1,516,056</u>
<b>Net assets</b>		
Without donor restrictions:		
Undesignated	3,596,992	3,011,180
Board designated operating reserve	906,254	883,644
Invested in property and equipment	<u>1,598,713</u>	<u>1,594,237</u>
Total net assets without donor restrictions	6,101,959	5,489,061
With donor restrictions	<u>24,159</u>	<u>133,891</u>
Total net assets	<u>6,126,118</u>	<u>5,622,952</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 7,639,082</u></u>	<u><u>\$ 7,139,008</u></u>

The accompanying notes are an integral part of these statements.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and support</b>			
Patient services revenue, net	\$ 1,390,680	\$ -	\$ 1,390,680
Grants and contributions	1,293,854	17,600	1,311,454
Fundraising events	88,067	-	88,067
In-kind donations	19,135	-	19,135
Investment and interest income, net	313,697	-	313,697
Miscellaneous revenue	18,813	-	18,813
Net assets released from restrictions	<u>127,332</u>	<u>(127,332)</u>	<u>-</u>
 Total revenues and support	 <u>3,251,578</u>	 <u>(109,732)</u>	 <u>3,141,846</u>
<b>Expenses</b>			
Program services	<u>2,139,579</u>	<u>-</u>	<u>2,139,579</u>
Support services:			
General and administrative	315,463	-	315,463
Fundraising	<u>183,638</u>	<u>-</u>	<u>183,638</u>
 Total support services	 <u>499,101</u>	 <u>-</u>	 <u>499,101</u>
 Total expenses	 <u>2,638,680</u>	 <u>-</u>	 <u>2,638,680</u>
 <b>Change in net assets</b>	 612,898	 (109,732)	 503,166
 Net assets, beginning of year	 <u>5,489,061</u>	 <u>133,891</u>	 <u>5,622,952</u>
 Net assets, end of year	 <u>\$ 6,101,959</u>	 <u>\$ 24,159</u>	 <u>\$ 6,126,118</u>

The accompanying notes are an integral part of these statements.



FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and support</b>			
Patient services revenue, net	\$ 1,387,879	\$ -	\$ 1,387,879
Grants and contributions	1,504,025	225,714	1,729,739
Fundraising events	75,977	-	75,977
In-kind donations	24,740	-	24,740
Interest income	16,071	-	16,071
Miscellaneous revenue	11,876	-	11,876
Net assets released from restrictions	<u>233,489</u>	<u>(233,489)</u>	<u>-</u>
 Total revenues and support	 <u>3,254,057</u>	 <u>(7,775)</u>	 <u>3,246,282</u>
<b>Expenses</b>			
Program services	<u>2,305,278</u>	<u>-</u>	<u>2,305,278</u>
Support services:			
General and administrative	244,723	-	244,723
Fundraising	<u>148,466</u>	<u>-</u>	<u>148,466</u>
 Total support services	 <u>393,189</u>	 <u>-</u>	 <u>393,189</u>
 Total expenses	 <u>2,698,467</u>	 <u>-</u>	 <u>2,698,467</u>
 <b>Change in net assets</b>	 555,590	 (7,775)	 547,815
 Net assets, beginning of year	 <u>4,933,471</u>	 <u>141,666</u>	 <u>5,075,137</u>
 Net assets, end of year	 <u>\$ 5,489,061</u>	 <u>\$ 133,891</u>	 <u>\$ 5,622,952</u>

The accompanying notes are an integral part of these statements.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2024

	Program Services	Support Services		Total
		General and Administrative	Fundraising	
<b>Functional expenses</b>				
Personnel costs	\$ 1,587,870	\$ 271,344	\$ 112,555	\$ 1,971,769
Occupancy:				
Interest expense	51,574	2,018	2,076	55,668
Building insurance	6,708	276	281	7,265
Utilities	13,949	571	581	15,101
Telecommunications	13,324	549	559	14,432
Maintenance and janitorial	62,884	2,589	2,635	68,108
Equipment and furnishings	5,441	2,054	1,280	8,775
Operating and administration:				
Financial services	906	22,625	38	23,569
Legal	11,162	213	217	11,592
Contracted labor	13,038	611	3,311	16,960
Office supplies	14,642	494	1,062	16,198
Insurance	44,074	869	904	45,847
Dues and subscriptions	15,546	283	614	16,443
Meetings	1,250	313	91	1,654
Technology and hardware	105,766	7,049	2,772	115,587
Training, travel, education, and support	62,257	317	100	62,674
Fundraising events	-	-	33,506	33,506
Program development	3,876	50	220	4,146
Board of Directors	271	-	-	271
Advocacy	9,267	9	9	9,285
Evaluation and assessment supplies	6,461	-	-	6,461
MDT meetings	9,680	-	-	9,680
Contracted services	17,645	-	-	17,645
Donated supplies	1,255	-	17,545	18,800
Other expenses	6,860	276	277	7,413
Depreciation	73,873	2,953	3,005	79,831
 Total functional expenses	 <u>\$ 2,139,579</u>	 <u>\$ 315,463</u>	 <u>\$ 183,638</u>	 <u>\$ 2,638,680</u>

The accompanying notes are an integral part of these statements.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2023

		Support Services		
	Program Services	General and Administrative	Fundraising	Total
<b>Functional expenses</b>				
Personnel costs	\$ 1,787,486	\$ 204,486	\$ 80,707	\$ 2,072,679
Occupancy:				
Interest expense	50,848	4,132	2,131	57,111
Building insurance	6,518	380	273	7,171
Utilities	14,235	585	596	15,416
Telecommunications	12,241	504	513	13,258
Maintenance and janitorial	45,828	1,888	1,921	49,637
Equipment and furnishings	-	-	-	-
Operating and administration:				
Financial services	854	22,079	35	22,968
Legal	7,129	88	89	7,306
Contracted labor	12,319	20	20	12,359
Office supplies	27,971	1,416	1,338	30,725
Insurance	30,210	710	722	31,642
Dues and subscriptions	11,732	31	3,127	14,890
Meetings	1,507	153	24	1,684
Technology and hardware	96,049	5,787	3,452	105,288
Training, travel, education, and support	58,651	1,305	258	60,214
Fundraising events	-	-	30,781	30,781
Program development	3,796	56	57	3,909
Board of Directors	1,908	-	-	1,908
Advocacy	15,275	1	1	15,277
Evaluation and assessment supplies	8,459	-	-	8,459
MDT meetings	8,718	-	-	8,718
Contracted services	27,854	-	-	27,854
Donated supplies	368	-	18,737	19,105
Other expenses	2,505	140	632	3,277
Depreciation	72,817	962	3,052	76,831
 Total functional expenses	 <u>\$ 2,305,278</u>	 <u>\$ 244,723</u>	 <u>\$ 148,466</u>	 <u>\$ 2,698,467</u>

The accompanying notes are an integral part of these statements.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
STATEMENTS OF CASH FLOWS  
For the Years Ended June 30, 2024 and 2023

	2024	2023
<b>Cash flows from operating activities</b>		
Collections from grants, contributions, programs, and services	\$ 2,928,986	\$ 3,216,431
Cash paid to vendors and employees	(2,523,608)	(2,549,594)
Cash paid for interest	(53,630)	(55,073)
Net cash flows provided by operating activities	<u>351,748</u>	<u>611,764</u>
<b>Cash flows from investing activities</b>		
Purchase of investments	(1,713,831)	-
Sale of investments	39,990	-
Proceeds from maturity of certificates of deposit	50,000	-
Purchase of fixed assets	(45,401)	-
Net cash flows used by investing activities	<u>(1,669,242)</u>	<u>-</u>
<b>Cash flows from financing activities</b>		
Payments on long term debt	(40,944)	(39,500)
Net cash flows used by financing activities	<u>(40,944)</u>	<u>(39,500)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(1,358,438)	572,264
Cash and cash equivalents, beginning of year	<u>3,554,902</u>	<u>2,982,638</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 2,196,464</u>	<u>\$ 3,554,902</u>
<b>Reconciliation of change in net assets to net cash provided by operating activities:</b>		
Change in net assets	\$ 503,166	\$ 547,815
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of deferred financing fees	81,869	78,869
Provision for credit losses and contractual write offs	(17,972)	39,311
Unrealized gains	(271,034)	-
(Increase) decrease in assets:		
Receivables	70,076	(4,377)
Prepaid expenses and deposits	(28,660)	1,606
Increase (decrease) in liabilities:		
Accounts payable	16,263	3,881
Accrued payroll and related expenses	9,519	10,133
Accrued paid time off payable	(17,549)	(689)
Refundable advances	6,070	(64,785)
Net cash flows provided by operating activities	<u>\$ 351,748</u>	<u>\$ 611,764</u>
<b>Supplemental disclosure of cash flow information</b>		
In-kind donations	<u>\$ 19,135</u>	<u>\$ 24,740</u>

The accompanying notes are an integral part of these statements.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

**1. 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. The Organization also provides therapy services for children who screen into the program during their first visit. 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 patient service 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 (U.S. GAAP). Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported 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.

*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. Amounts received with donor restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets without donor restrictions.

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

**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.  
NOTES TO FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies, continued**

**Income Tax Status**

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, no provision for federal or state income taxes has been included in these financial statements. 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). The Organization's federal exempt organization information returns are generally subject to examination by authorities for a period of three years after filing.

**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**

Investments are measured at fair value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statements of activities as increases or decreases in net assets without donor restriction, unless the income or loss is restricted by donor or law. The Organization has some exposure to investment risks, including interest rate, market, and credit risks. Due to the level of risk exposure, it is possible that near-term valuation changes for investment securities may occur to an extent that could materially affect the amounts reported in the accompanying financial statements.

**Grants and Contracts Receivable**

Grants and contracts receivable is comprised primarily of amounts due from various governmental agencies for promises to give and expense reimbursement based grants and contracts. 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, 2024 and 2023. No interest is charged on grants and contracts receivable and the receivables are unsecured.

**Patient Services Receivable**

Patient services receivable is comprised of amounts due from third party payors for services rendered by the Organization and are presented net of an allowance for contractual adjustments and write offs and an allowance for credit losses. Management records as receivable only those amounts billed to insurance companies for which there are established contracted billing rates, which indicates probable collection. The allowance for credit losses is calculated based on a review of outstanding receivables, historical collection information, existing economic conditions and reasonable forecasts. It is reasonably possible that the Organization's estimate of the allowances will change. A delinquent receivable is one on which a scheduled or expected payment did not occur. Delinquent receivables are written-off based on individual credit evaluation and specific circumstances of third-party payors after collection efforts are exhausted. No interest is charged on patient services receivable and the receivables are unsecured.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

**1. 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. 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 contributions with donor restriction. 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.

**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, earned and unused PTO leave will be paid to the employee up to a maximum of 80 hours. 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. PTO accruals are adjusted quarterly and recorded as an accrued liability on the statement of financial position.

**Charity Care**

The Organization provides care to patients who meet certain criteria without charge or at amounts less than established rates. Such amounts are not recognized as revenue by the Organization.

**Revenue Recognition**

Grant and contract revenue and contributions are considered to be available for unrestricted use unless specifically restricted by the donor or the terms of a grant. Cost reimbursement government grants are recognized as revenue in the period the qualifying allowable expenditures are incurred or as otherwise stipulated in the underlying agreement. For cost reimbursement grants, amounts received before expenses are incurred are reported as refundable advances (liability) until the expenses are incurred. Contribution revenue is recognized at the time an unconditional promise to give or transfer of assets is made. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets without donor restrictions.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

**1. Summary of Significant Accounting Policies, continued**

**Revenue Recognition, continued**

Revenues from patient services is recognized at the time the service is provided, which is considered satisfaction of the performance obligation, and is reported at the estimated net realizable amounts from third party payors for services rendered. Amounts are due when the services are rendered and billed. Patient services revenue is considered without donor restriction. Amounts collected in advance but unearned, if any, are reflected in the statements of financial position as deferred revenue. There are no elements of variable consideration; however, amounts are subject to contractual write offs for agreed upon rates.

**Donated Materials and Services**

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

**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.

**Recent Accounting Standards Adopted**

On July 1, 2023, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, and all related amendments (ASC 326), which replaced the incurred loss methodology for recognizing credit losses with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. CECL requires an estimate of lifetime expected credit losses to be recognized for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts, and for the financial assets to be presented at the net amount expected to be collected on the statement of financial position. Financial assets held by the Organization that are subject to ASC 326 are patient services receivable.

The Organization adopted ASC 326 effective July 1, 2023, using the retrospective approach for all applicable financial assets. The impact of adoption was not considered material to the financial statements and primarily resulted in new and enhanced disclosures only.

**Subsequent Events**

Management evaluates events and transactions that occur after the statements of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.



FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
NOTES TO FINANCIAL STATEMENTS

**2. Liquidity and Availability of Resources**

The Organization has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2024 and 2023, the Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 2,196,464	\$ 3,554,902
Investments	1,894,875	-
Receivables, current	<u>574,389</u>	<u>624,194</u>
	4,665,728	4,179,096
Less those unavailable for general expenditure within one year due to:		
Board designated operating reserves	(906,254)	(883,644)
Purpose or time restrictions	<u>(24,159)</u>	<u>(133,891)</u>
Financial assets available for general expenditure within one year	<u>\$ 3,735,315</u>	<u>\$ 3,161,561</u>

The Board of Directors designated a portion of the net assets without donor restriction as an operating reserve. The goal of the operating reserve is to reserve approximately four months of operating expenses. The Board of Directors can modify the amount and/or purpose of the reserve at its discretion.

**3. Patient Services Revenue**

Patient services revenue is reported net of contractual adjustments, provision for credit losses (bad debts) and charity care for the years ended June 30, as follows:

	<u>2024</u>	<u>2023</u>
Gross patient services revenue	\$ 1,644,257	\$ 1,686,220
Contractual adjustments and write offs	(173,639)	(249,947)
Provision for credit losses	(14,381)	(6,596)
Charity care	<u>(65,557)</u>	<u>(41,798)</u>
Patient services revenue, net	<u>\$ 1,390,680</u>	<u>\$ 1,387,879</u>

**4. Patient Services Receivable and Allowance for Credit Losses**

Patient services receivable is reported net of an allowance for contractual adjustments and write offs and an allowance for credit losses. At June 30, the Organization's patient services receivable, net are comprised of the following:

	<u>2024</u>	<u>2023</u>
Patient services receivable	\$ 309,377	\$ 367,446
Allowance for contractual adjustments and write offs	(41,173)	(52,029)
Allowance for credit losses	<u>(3,940)</u>	<u>(6,915)</u>
Patient services receivable, net	<u>\$ 264,264</u>	<u>\$ 308,502</u>

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**4. Patient Services Receivable and Allowance for Credit Losses, continued**

The balance in patient services receivable at July 1, 2022 was \$384,053, net of an allowance for contractual adjustment and write offs and credit losses of \$20,039.

**5. Long-term Debt**

The Organization purchased a building and property for a new facility on February 5, 2019. 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 percent with a maturity date of February 1, 2045. However, the lender has the option to call the loan at either February 1, 2030 or February 1, 2040. The loan is collateralized by the property. Interest only payments were allowed until March 1, 2020 at which time monthly payments of principal and interest in the amount of \$7,880 began. The loan agreement includes various negative and affirmative loan covenants all of which management believes the Organization was in compliance for the years ended June 30, 2024 and 2023. Total interest expense for the year ended June 30, 2024 and 2023 was \$55,668 and \$57,111, respectively, and includes amortization of the deferred financing fees of \$2,038.

At June 30, long-term debt consisted of the following:

	<u>2024</u>	<u>2023</u>
Loan balance	\$ 1,330,119	\$ 1,371,062
Current portion	(42,579)	(40,789)
Unamortized deferred financing fees	<u>(41,944)</u>	<u>(43,981)</u>
Long-term debt, net current portion and unamortized deferred financing fees	<u>\$ 1,245,596</u>	<u>\$ 1,286,292</u>

Long-term debt maturities for the next five years are as follows:

For the Year Ended June 30,

2025	\$ 42,579
2026	44,294
2027	46,077
2028	47,805
2029	49,857
Thereafter	<u>1,099,507</u>
Total	<u>\$ 1,330,119</u>

**6. Fair Value Measurement**

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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**6. Fair Value Measurement, continued**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to its fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under professional standards are as follows:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities for which the Organization has the ability to access at the measurement date.

Level 2: Inputs (other than quoted market prices included within Level 1) that are observable for the asset or liability, either directly or indirectly such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets;

Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Mutual funds:* Valued at the daily closing price as reported by the fund. All mutual funds held are open-ended funds that are registered with the SEC and are deemed to be actively traded.

*Certificate of deposit:* Valued based on the quoted price for identical asset in inactive market.

The following table presents the Center's fair value hierarchy for those assets measured at fair value on a recurring basis:

	Assets at Fair Value as of June 30, 2024			
	Level 1	Level 2	Level 3	Total
Mutual funds – equities and bonds	\$ 1,054,362	\$ -	\$ -	\$ 1,054,362
Exchange traded funds – equities and bonds	790,533	-	-	790,533
Certificate of deposit	-	49,980	-	49,980
Total assets at fair value	<u>\$ 1,844,895</u>	<u>\$ 49,980</u>	<u>\$ -</u>	<u>\$ 1,894,875</u>

There were no assets stated at fair value at June 30, 2023.

**7. Retirement Plans**

The Organization operates a Simple IRA plan for its employees wherein the Organization matches the employee's contribution to his or her Simple IRA up to 3 percent of salary. The Organization contributed \$36,025 and \$44,265 on behalf of its employees for the years ended June 30, 2024 and 2023, respectively.

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**8. Financial Instruments and Concentration of Deposit Risk and Credit Risk**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization places its cash and cash equivalents with financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In 2024 and 2023, bank balances exceeded FDIC insurance limits at various times during the year. At June 30, 2024 and 2023, cash balances held in excess of federally insured limits were \$1,159,602 and \$861,953, respectively.

Approximately 76 percent and 78 percent of the gross patient services receivable as of June 30, 2024 and 2023, respectively, were due from one payor.

Approximately 95 percent and 73 percent of the gross grants and contracts receivable as of June 30, 2024 and 2023, respectively, were due from three and two agencies, respectively.

**9. Revenue Concentrations**

The Organization received a significant portion of its patient services revenue from a concentrated number of payors. For the year ended June 30, 2024, amounts received from two payors comprised approximately 88 percent of total net patient services revenue. For the year ended June 30, 2023, amounts received from two payors comprised approximately 87 percent of total net patient services revenue.

The Organization also received a significant portion of its grant and contribution revenue from a concentrated number of government grants. For the year ended June 30, 2024, grants from two government agencies comprised approximately 79 percent of total grant and contribution revenue. For the year ended June 30, 2023, grants from three government agencies comprised approximately 72 percent of total grant and contribution revenue.

**10. Insurance Coverage**

The Organization maintains insurance coverage as recommended by its insurance agent of record.

**11. Reclassification**

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications had no impact on previously stated net assets or change in net assets.

**12. Subsequent Event**

Subsequent to year end, in January 2025, the Organization executed an addendum to a purchase agreement setting a purchase price of \$425,000 for property in Eugene, Oregon.