

**Children in Crisis in Dorchester County, Inc.  
dba Dorchester Children's Advocacy Center  
Report on Financial Statements  
Year Ended December 31, 2017**

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**Children in Crisis in Dorchester County, Inc.**  
**dba Dorchester Children's Advocacy Center**  
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**December 31, 2017**

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*Independent Auditors' Report*

Board of Directors  
Children in Crisis in Dorchester County, Inc.  
dba Dorchester Children's Advocacy Center  
Summerville, South Carolina

**Report on the Financial Statements**

We have audited the accompanying financial statements of Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center, which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center as of December 31, 2017, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*McCay Kiddy LLC*

Mount Pleasant, South Carolina  
June 29, 2018

**Children in Crisis in Dorchester County, Inc.  
dba Dorchester Children's Advocacy Center  
Statement of Financial Position  
December 31, 2017**

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**Assets**

Current Assets

Cash and cash equivalents	\$	347,893
Accounts receivable, net		8,454
Grants receivable		195,783
Current portion of pledges receivable		513,733
Prepaid expenses		25,062
Total Current Assets		1,090,925

Non-current Assets

Pledges receivable, net of current portion		1,262
Land		300,000
Property and equipment, net		1,671,548
Total Non-Current Assets		1,972,810

<b>Total Assets</b>	<b>\$</b>	<b>3,063,735</b>
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**Liabilities and Net Assets**

Current Liabilities

Accounts payable	\$	2,929
Accrued payroll and liabilities		22,246
Total Current Liabilities		25,175
Total Liabilities		25,175

Net assets

Unrestricted net assets		1,875,834
Temporarily restricted net assets		1,162,726
Total Net Assets		3,038,560

<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>3,063,735</b>
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**Children in Crisis in Dorchester County, Inc.  
dba Dorchester Children's Advocacy Center  
Statement of Activities  
Year Ended December 31, 2017**

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	Unrestricted	Temporarily Restricted	Total
<b>Revenue and Support</b>			
Contributions	\$ 41,932	\$ 540,345	\$ 582,277
Special events and fundraising	141,277	-	141,277
Dorchester County referendum	50,547	550,000	600,547
Grants	268,225	193,483	461,708
Program services	23,800	-	23,800
Investment income	1,737	-	1,737
Miscellaneous revenue	5,411	-	5,411
Net assets released from restrictions	767,534	(767,534)	-
Total Support and Revenue	<u>1,300,463</u>	<u>516,294</u>	<u>1,816,757</u>
<b>Expenses</b>			
Program services	1,111,943	-	1,111,943
Management and general	128,034	-	128,034
Fundraising	101,263	-	101,263
Total Expenses	<u>1,341,240</u>	<u>-</u>	<u>1,341,240</u>
<b>Change in Net Assets</b>	(40,777)	516,294	475,517
Beginning Net Assets	<u>1,916,611</u>	<u>646,432</u>	<u>2,563,043</u>
<b>Ending Net Assets</b>	<u>\$ 1,875,834</u>	<u>\$ 1,162,726</u>	<u>\$ 3,038,560</u>

**Children in Crisis in Dorchester County, Inc.  
dba Dorchester Children's Advocacy Center  
Statement of Functional Expenses  
Year Ended December 31, 2017**

	Program Services	Management and General	Fundraising	Total
Personnel				
Salaries and wages	\$ 633,040	\$ 102,101	\$ 52,504	\$ 787,645
Payroll taxes	54,048	8,717	4,483	67,248
Employee benefits	67,046	6,310	5,521	78,877
Total Personnel	<u>754,134</u>	<u>117,128</u>	<u>62,508</u>	<u>933,770</u>
Other functional expenses				
Advertising	-	-	1,666	1,666
Bad debt (recovery)	(1,780)	-	-	(1,780)
Bank fees	-	-	1,876	1,876
Contract services	9,403	-	-	9,403
Contract services - IT support	14,004	1,318	1,153	16,475
Depreciation	119,588	2,082	1,889	123,559
Equipment and rentals	7,273	-	-	7,273
Insurance	28,678	499	453	29,630
Interest expense	10,605	185	168	10,958
Janitorial and housekeeping	12,606	220	199	13,025
Maintenance	11,644	203	184	12,031
Membership and licenses	7,977	751	657	9,385
Miscellaneous	4,860	457	400	5,717
Printing and postage	6,332	24	195	6,551
Professional services - accounting	16,882	1,589	1,390	19,861
Professional services - legal	10,295	-	-	10,295
Program expense - grant costs	30,176	-	-	30,176
Program expense - fundraising event	-	-	24,819	24,819
Subscriptions	6,320	-	-	6,320
Supplies	16,753	1,577	1,380	19,710
Taxes	338	-	-	338
Taxes - hospitality	-	-	558	558
Telephone and utilities	30,179	526	477	31,182
Training	4,997	470	412	5,879
Travel and meetings	10,679	1,005	879	12,563
Total Other Functional Expenses	<u>357,809</u>	<u>10,906</u>	<u>38,755</u>	<u>407,470</u>
<b>Total Functional Expenses</b>	<u><u>\$ 1,111,943</u></u>	<u><u>\$ 128,034</u></u>	<u><u>\$ 101,263</u></u>	<u><u>\$ 1,341,240</u></u>

**Children in Crisis in Dorchester County, Inc.  
dba Dorchester Children's Advocacy Center  
Statement of Cash Flows  
Year Ended December 31, 2017**

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<b>Cash Flows from Operating Activities:</b>	
Change in net assets	\$ 475,517
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	123,559
Change in:	
Accounts receivable	4,132
Grants receivable	(106,519)
Pledges receivable	(2,097)
Prepaid expenses	(19,084)
Accounts payable	(20,481)
Accrued payroll and liabilities	1,794
Net cash provided by operating activities	<u>457,821</u>
<b>Cash Flows from Investing Activities:</b>	
Purchase of property and equipment	<u>(50,204)</u>
Net cash used in investing activities	<u>(50,204)</u>
<b>Cash Flows from Financing Activities:</b>	
Principal payments on note payable	<u>(346,144)</u>
Net cash used in financing activities	<u>(346,144)</u>
<b>Net Increase in Cash and Cash Equivalents</b>	61,473
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>286,420</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 347,893</u></u>
<b>Supplemental Disclosure:</b>	
Cash paid for interest	<u><u>\$ 10,958</u></u>

**Children in Crisis in Dorchester County, Inc.  
dba Dorchester Children's Advocacy Center  
Notes to Financial Statements**

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**Note A – Nature of Operations**

Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center (the Center) is a nonprofit organization incorporated in South Carolina. The Center provides services for emergency care for children who are victims of abuse or neglect to include interdisciplinary evaluations, intervention, evidence gathering and counseling. The Center also provides community outreach, education, and advocacy for children and families who are experiencing problems with abuse and neglect. The Center is funded primarily by donor contributions, special events, grants and a county tax levy.

**Note B – Summary of Significant Accounting Policies**

Basis of Accounting

The Center's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America, and accordingly reflect all significant receivables, payables, and other liabilities. Under this basis, revenue is recognized when earned and expenditures are recognized when incurred.

Basis of Presentation

The Center's financial statement presentation follows the recommendations of the Financial Accounting Standards Board of the United States of America in its Accounting Standards Codification (ASC) 958 – 205, *Not-For-Profit Entities – Presentation of Financial Statements*. These standards require classification of net assets and changes in net assets as unrestricted, temporarily restricted, and permanently restricted as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to explicit or implicit donor-imposed stipulations that may or will be met either by actions of the Center and/or the passage of time.

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

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates and Assumptions

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

Cash and Cash Equivalents

The Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Pledges

Unconditional pledges are recognized as receivables and revenue or gains in the period the pledge is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges are recognized only when the conditions on which they depend are substantially met, and the promises become



**Children in Crisis in Dorchester County, Inc.**  
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**Notes to Financial Statements**

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unconditional. Unconditional pledges due in subsequent years are reported at present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are to be received.

The Center uses the allowance method to determine uncollectible pledges when deemed necessary. The allowance is based on prior years’ experience and management’s analysis of specific accounts. Bad debts are charged to expense in the year they are considered uncollectible. Recoveries are credited to revenue in the year collected.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded in accordance with ASC 958 – 605, *Not-For-Profit Entities – Revenue Recognition*. These standards require that contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Functional Allocation of Expenses

Expenses are primarily charged to program services, management and general and fundraising expenses based on direct expenses incurred. Expenses not directly chargeable are allocated to the categories of program services, management and general and fundraising based upon management’s estimates. Management reviews and adjusts its methodology for these estimates periodically.

Income Tax Status

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from federal and state income taxes unless income is generated from unrelated business activities. There is no unrelated business income for 2017. The Center qualifies for the charitable contribution deduction under Section 170(b)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Financial Accounting Standards Board (FASB) provides guidance on the Center’s evaluation of accounting for uncertainty in income taxes. Management evaluated the Center’s position and concluded that the Center had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Generally, items costing \$1,500 or more are capitalized; lesser amounts for property and equipment are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Management periodically determines if any property and equipment is impaired and removes fully depreciated assets from the accounts. Useful lives of property and equipment are as follows:

Furniture and equipment	5 - 10 years
Buildings and improvements	10 - 40 years

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time. Some grantors may retain a reversionary interest in specific assets if the mission of the Center changes.

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Donated Services

Donated services are recognized as contributions in accordance with ASC 958 – 605, *Not-For-Profit Entities – Revenue Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Volunteers also provided many hours in fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under ASC 958 – 605 are not met.

Compensated Absences

The Center provides paid time off to employees to be used during absences from work. Employees accrue paid time off each pay period and an employee can carry up to 80 hours to the next year, but will be paid for the first 40 hours in January of the following year. Any remaining hours rolled over must be used within 6 months or they are forfeited by the employee. When an employee terminates employment with the Center, the employee is not entitled to any payment for any unused paid time off, however upon separation from service, the Center may award an employee the value of accrued, unused and available paid time off at its discretion.

Advertising Expenses

The Center expenses advertising costs as they are incurred. Advertising and marketing expenses totaled \$1,666 for the year ended December 31, 2017.

Recent Accounting Pronouncements - In 2016, the FASB issued guidance related to disclosures and presentation of financial statements for not-for-profit entities. The guidance changes how not-for-profit entities present their net assets on the face of the financial statements, as well as requires additional disclosures for expenses by nature and function and for the liquidity and availability of resources. This guidance is effective for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. The Center is currently evaluating the impact of the adoption of this guidance on the Center’s financial statements.

**Note C – Pledges Receivable**

Pledges receivable are unconditional promises to pay a certain amount and consist of the following at December 31, 2017:

Pledges Receivable	\$ 517,154
Less:	
Allowance for uncollectible pledges	(1,000)
Discount on noncurrent pledges	(1,159)
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Pledges Receivable, net	<u>\$ 514,995</u>
Amounts receivable in:	
2018	\$ 513,733
2019	1,262
2020	-
	<hr/>
Total Pledges Receivable	<u>\$ 514,995</u>

Management evaluates the collectability of receivables and records an allowance for estimated uncollectible amounts. The Center recorded a provision for uncollectible pledges of \$1,000 at December 31, 2017.

**Children in Crisis in Dorchester County, Inc.  
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Notes to Financial Statements**

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**Note D – Conditional Pledges**

In November 2014, Roper Saint Francis Physician’s Endowment pledged to match cash or pledge contributions for \$500,000. The purpose of the funds is for the expansion and renovation of the building and property at 303 East Richardson Avenue. The grant period is 36 months: November 19, 2014 through December 1, 2017. The pledged match was earned and received during the year ended December 31, 2017.

**Note E – Dorchester County Referendum**

Dorchester County provides the Center with funding from the County's tax levies. This funding is subject to approval by the Dorchester County Council each year and included in the annual budget.

**Note F – Credit Risk**

The Center maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts and management believes the Center is not exposed to any significant credit risk on cash and cash equivalents.

**Note G – Property and Equipment**

Property and equipment consisted of the following at December 31, 2017:

**Depreciable Assets:**

Buildings and improvements	\$ 1,881,076
Office equipment	186,649
Computer equipment	94,596
Furniture and fixtures	151,030
Medical equipment	6,692
Total Depreciable Assets	2,320,043
Less: accumulated depreciation	(648,495)
Total Depreciable Assets, Net	1,671,548

**Non-Depreciable Assets:**

Land	300,000
Total Non-Depreciable Assets	300,000
<b>Total Property and Equipment, Net</b>	<b>\$ 1,971,548</b>

Depreciation expense for the year ended December 31, 2017 totaled \$123,559.

**Note H – Related Party Transactions**

The Organization’s board members contributed a total of \$16,293 for the year ended December 31, 2017.

The outstanding balance of promises to give from its Board Members and employees was \$20,471 for the year ended December 31, 2017.

**Children in Crisis in Dorchester County, Inc.  
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The Center conducted business with a company that was owned by a Board Member for the expansion and renovation of current facilities. Payments made to this vendor totaled \$9,543 for the year ended December 31, 2017.

The Center conducted business with a company that was owned by a Board Member for the Center’s maintenance services. Payments made to this vendor totaled \$3,208 for the year ended December 31, 2017.

The Center conducted business with a company that was owned by a Board Member for the Center’s information technology support. Payments made to this vendor totaled \$22,312 for the year ended December 31, 2017.

**Note I – Line of Credit and Financing Arrangements**

The Center maintains an unsecured \$100,000 line of credit agreement with a bank to meet the Center's working capital needs. The line of credit agreement matures August 7, 2018. Any borrowings would bear interest at 6%, interest would be payable monthly, and any borrowings would be due at the annual maturity date. The Center has not borrowed on this line of credit for the year ended December 31, 2017.

**Note J – Note Payable**

In October 2015, the Center signed a promissory note with a bank to meet the Center’s capital expansion needs. The note payable required consecutive monthly payments of \$2,256 which included principal and interest at 4.35% over a 15 year term and one balloon payment of \$123,513 upon maturity. The Center repaid the remaining balance of the note as of December 31, 2017.

**Note K – Temporarily Restricted Net Assets**

The Organization has recognized revenue related to contributions that are restricted as to purpose or the expiration of time. The following is a detail of the nature of the restrictions on temporarily restricted net assets at December 31, 2017:

Clinical services	\$ 107,297
Capital Campaign	489,764
Community programs	13,920
For subsequent periods	550,000
Other	1,745
	<hr/>
Total	<u>\$ 1,162,726</u>

Released from restrictions for the year ended December 31, 2017 is as follows:

Clinical services	\$ 193,765
Capital campaign	32,736
Community programs	10,282
For subsequent periods	530,000
Other	751
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Total	<u>\$ 767,534</u>

**Children in Crisis in Dorchester County, Inc.  
dba Dorchester Children's Advocacy Center  
Notes to Financial Statements**

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**Note L – Defined Contribution Retirement Plan**

The Center has a defined contribution retirement plan covering substantially all of its employees. The Center may make a discretionary contribution to the plan each year (subject to prescribed limitations). The Center's contributions totaled approximately \$4,173 for the year ended December 31, 2017.

**Note M – Subsequent Events**

Management has evaluated events through the date which the financial statements were available to be issued. Based upon this evaluation, there were no material adjustment to these financial statements