

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center**
Report on Financial Statements
Year Ended December 31, 2019



**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center
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December 31, 2019**

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**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center
Statement of Financial Position
December 31, 2019**

Assets

Current Assets

Cash and cash equivalents	\$	400,713
Accounts receivable, net		2,730
Grants receivable		172,256
Promises to give, net		522,464
Prepaid expenses		5,974
		1,104,137

Non-current Assets

Non-depreciable assets		300,000
Property and equipment, net		1,677,856
		1,977,856

Total Assets

\$ 3,081,993

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$	12,250
Accrued payroll and liabilities		24,587
		36,837

Total Current Liabilities

Total Liabilities

36,837

Net assets

Without donor restrictions		2,393,136
With donor restrictions		652,020
		3,045,156

Total Net Assets

Total Liabilities and Net Assets

\$ 3,081,993

Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center
Statement of Activities
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 29,821	\$ 22,623	\$ 52,444
Special events and fundraising	176,263	-	176,263
Dorchester County referendum	46,998	603,817	650,815
Grants	578,329	164,265	742,594
Program services	6,820	2,255	9,075
Investment income	6,721	-	6,721
Inkind contributions	6,607	-	6,607
Miscellaneous revenue	220	-	220
Net assets released from restrictions	911,753	(911,753)	-
Total Support and Revenue	1,763,532	(118,793)	1,644,739
Expenses			
Program services	1,462,373	-	1,462,373
Supporting services			
Management and general	109,630	-	109,630
Fundraising	114,400	-	114,400
Total Expenses	1,686,403	-	1,686,403
Change in Net Assets	77,129	(118,793)	(41,664)
Beginning Net Assets	2,316,007	770,813	3,086,820
Ending Net Assets	\$ 2,393,136	\$ 652,020	\$ 3,045,156

Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Personnel				
Salaries and wages	\$ 865,850	\$ 82,188	\$ 62,879	\$ 1,010,917
Payroll taxes	70,106	6,655	5,091	81,852
Employee benefits	79,359	7,533	5,763	92,655
Total Personnel	1,015,315	96,376	73,733	1,185,424
Other functional expenses				
Advertising	-	-	143	143
Bank fees	-	-	1,083	1,083
Casual labor	1,354	131	99	1,584
Contract services	30,055	-	-	30,055
Contract services - IT support	16,549	1,606	1,216	19,371
Depreciation	102,730	1,154	1,049	104,933
Equipment and rentals	13,301	-	-	13,301
Fundraising costs	12,318	1,195	29,744	43,257
Furniture and fixtures	2,932	285	216	3,433
Insurance	42,683	4,142	3,138	49,963
Interest expense	3	-	-	3
Janitorial and housekeeping	11,870	133	121	12,124
Maintenance	32,552	366	333	33,251
Membership and licenses	4,899	475	360	5,734
Miscellaneous	1,497	21	16	1,534
Printing and postage	3,690	192	293	4,175
Professional services - accounting	17,616	1,709	1,295	20,620
Professional services - legal	12,720	-	-	12,720
Program expense - grant costs	61,682	-	-	61,682
Subscriptions	7,910	-	-	7,910
Supplies	9,857	957	725	11,539
Taxes	1,226	-	-	1,226
Program supplies	5,357	-	-	5,357
Telephone and utilities	34,501	388	352	35,241
Training	11,012	375	368	11,755
Travel and meetings	8,744	125	116	8,985
Total Other Functional Expenses	447,058	13,254	40,667	500,979
Total Functional Expenses	\$ 1,462,373	\$ 109,630	\$ 114,400	\$ 1,686,403

**Children in Crisis in Dorchester County, Inc.
 dba Dorchester Children's Advocacy Center
 Statement of Cash Flows
 Year Ended December 31, 2019**

Cash Flows from Operating Activities:	
Change in net assets	\$ (41,664)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	104,933
Change in:	
Accounts receivable	14,989
Grants receivable	(12,293)
Promises to give	(8,551)
Prepaid expenses	14,541
Accounts payable	(19,200)
Accrued payroll and liabilities	(4,305)
Net cash provided by operating activities	<u>48,450</u>
Cash Flows from Investing Activities:	
Purchase of property and equipment	<u>(51,643)</u>
Net cash used in investing activities	<u>(51,643)</u>
Net Decrease in Cash and Cash Equivalents	(3,193)
Cash and Cash Equivalents, Beginning of Year	<u>403,906</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 400,713</u></u>

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

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 expenses are recognized when incurred.

Basis of Presentation

The Center's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) 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 the Center to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations and may be expended for any purposes in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center's management and Board of Directors.

Net assets with donor restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expense

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The Center allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to the appropriate expenditure classification. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, such expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include janitorial, facilities maintenance, depreciation, and utilities, which are allocated based on a square footage basis, as well as salaries and wages and payroll taxes, which are allocated based on estimates of time and responsibilities, and benefits, supplies, dues, licenses, insurance, professional services, and information technology support, which are allocated on the basis of estimates of usage.

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

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.

Promises to Give

Unconditional promises to give are recognized as receivables and revenue or gains in the period the promise to give is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met, and the promises become unconditional. Unconditional promises to give 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 promises to give 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, which at times, may include unconditional promises to give, are recognized as revenues in the period received or promised. Contributions receivable due beyond one year are stated at net present value of the estimated cash flows using a risk-adjusted rate. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be without donor restrictions unless specifically restricted by the donor for time or purpose.

The Center reports contributions in the donor restricted net asset class if they are received with donor stipulations as to their use and/or time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released and reclassified to net assets without donor restriction in the Statements of Activities.

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 2019. 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 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.

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

Property and Equipment, net

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Generally, items costing \$1,500 or more are capitalized; lesser amounts for property and equipment and costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Management periodically determines if any property and equipment is impaired. 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 net assets without donor restrictions 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 net assets with donor restrictions to net assets without donor restrictions at that time. Some grantors may retain a reversionary interest in specific assets if the mission of the Center changes.

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.

Adoption of Accounting Pronouncement

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), requires entities to recognize revenue when control of the promised good or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. The Center adopted this standard on January 1, 2019 using the modified retrospective method. The adoption of this standard did not have a material impact on the amount and timing of revenue recognition and did not materially affect changes in net assets, financial position, or cash flows.

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

Accounting Pronouncements Pending Implementation

In February 2016, the FASB issued ASU 2016-02, Leases. ASU 2016-02 requires that lease arrangements longer than 12 months result in an entity recognizing an asset and a liability. The updated guidance is effective for interim and annual periods beginning after December 15, 2018, and early adoption is permitted. The standard requires use of the modified retrospective transition approach. While the Center is currently evaluating this standard, given the small number of leases the Center is party to, the Center expects this standard will not have a significant impact on the Center's financial statements from the recognition of right of use assets and related liabilities. This guidance is effective for the Center for fiscal years beginning after December 15, 2021.

Note C – Promises to Give

Promises to give are unconditional promises to pay a certain amount and totaled \$522,464 as of December 31, 2019. All promises to give are collectible within one year from December 31, 2019. Management evaluates the collectability of receivables and records an allowance for estimated uncollectible amounts. The Center recorded no provision for uncollectible promises to give as of December 31, 2019.

Note D – 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. The receivable for these funds is included in the "Promises to Give" asset category, and the revenue is separately stated.

Note E – 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.

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

Note F – Property and Equipment

Property and equipment consisted of the following at December 31, 2019:

Depreciable Assets:	
Buildings and improvements	\$ 2,060,229
Office equipment	86,570
Computer equipment	86,749
Furniture and fixtures	136,264
Medical equipment	<u>70,033</u>
Total Depreciable Assets	2,439,845
Less: accumulated depreciation	<u>(761,989)</u>
Total Depreciable Assets, Net	<u>1,677,856</u>
 Non-Depreciable Assets:	
Land	<u>300,000</u>
Total Non-Depreciable Assets	<u>300,000</u>
Total Property and Equipment, Net	<u><u>\$ 1,977,856</u></u>

Depreciation expense for the year ended December 31, 2019 totaled \$104,933.

Note G – Related Party Transactions

The Center’s board members or affiliated companies of board members contributed a total of \$38,227 for the year ended December 31, 2019.

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 \$30,987 for the year ended December 31, 2019.

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 \$21,605 for the year ended December 31, 2019.

Note H – Line of Credit

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 on July 30, 2021. Any borrowings would bear interest at 5%, 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, 2019.

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

Note I – Net Assets

The Center's net assets with donor restrictions are restricted for the following purposes at December 31, 2019:

Subject to Purpose Restrictions	
Capital campaign	\$ 28,364
Subtotal	<u>28,364</u>
Subject to Time Restrictions	
Dorchester County Referendum	603,817
Clinical services	<u>19,839</u>
Subtotal	<u>623,656</u>
Total	<u>\$ 652,020</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors. Releases from restrictions are as follows for the year ended December 31, 2019:

Subject to Purpose Restrictions	
Clinical services	\$ 151,860
Community outreach	7,029
Capital campaign	95,014
Community programs	20,073
Other	<u>1,737</u>
Subtotal	<u>275,713</u>
Subject to Time Restrictions	
Dorchester County Referendum	560,000
Clinical services	<u>76,040</u>
Subtotal	<u>636,040</u>
Total	<u>\$ 911,753</u>

The Center's net assets without donor restrictions at December 31, 2019 are as follows:

Undesignated	\$ 2,043,136
Board designated for long-term facilities maintenance	<u>350,000</u>
	<u>\$ 2,393,136</u>

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

Note J – 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 \$4,715 for the year ended December 31, 2019.

Note K – Liquidity and Availability of Financial Assets

The Center's working capital and cash flows have seasonal variations during the year attributable to the timing of revenue and support. To manage liquidity, the Center evaluates cash on a regular basis as part of the monthly review of the internal financial statements, and estimates cash needs based on budgeted and current expenses. As part of its liquidity plan, excess cash is invested in short-term investments, such as money market accounts. The Center operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Additionally, the Center's Board has designated a portion of its unrestricted resources for the long-term maintenance of its facilities. These funds are intended to be invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. The Center also maintains a line-of-credit of \$100,000 with a bank that can be used to supplement cash flows when needed. See Note H for further description of the line of credit.

The following reflects the Center's financial assets as of the date of the statement of net position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

Financial Assets	
Cash and cash equivalents	\$ 400,713
Accounts receivable, net	2,730
Grants receivable	172,256
Promises to give	<u>522,464</u>
Total financial assets	<u>1,098,163</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(652,020)
Less net assets with purpose or time restrictions to be met in less than a year	623,656
Quasi-endowment established by the Board for long-term maintenance of facilities	<u>(350,000)</u>
Total amounts not available to be used within one year	<u>(378,364)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 719,799</u>

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

Note L – Subsequent Events

Management has evaluated events through the date which the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. The World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern" and characterized COVID-19 as a pandemic. The U.S. government implemented enhanced screenings, quarantine requirements, and travel restrictions in connection with the COVID-19 outbreak. The spread of this virus began causing business disruptions domestically beginning in January 2020 and are anticipated to continue for the foreseeable future. The Center expects the ramifications of COVID-19 to have an impact on its results. The extent of the impact of COVID-19 on the Center's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related restrictions and the impact of COVID-19 on overall demand for the Center's services, all of which are highly uncertain and cannot be predicted.

In April 2020, the Company received a note payable of \$94,340 from a bank in conjunction with the Paycheck Protection Program. The note matures on April 27, 2022 and bears interest at 1.00%. This note payable is eligible for forgiveness and management expects the full amount to be forgiven during 2020. If the full amount of the note is not forgiven, the expected monthly principal and interest payments of \$5,310 will begin in November 2020.