

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center**
Report on Financial Statements
Year Ended December 31, 2020



**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
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December 31, 2020**

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Independent Auditor's Report

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

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, 2020, 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.

Auditor's 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, 2020, 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.

Veris LLC

Mount Pleasant, South Carolina

June 21, 2021



**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center
Statement of Financial Position
December 31, 2020**

Assets

Current Assets

Cash and cash equivalents	\$ 591,061
Accounts receivable, net	420
Grants receivable	207,594
Promises to give	585,268
Prepaid expenses	<u>13,199</u>
Total Current Assets	<u>1,397,542</u>

Noncurrent Assets

Non-depreciable assets	300,000
Property and equipment, net	<u>1,586,196</u>
Total Noncurrent Assets	<u>1,886,196</u>

Total Assets	<u><u>\$ 3,283,738</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 7,003
Accrued payroll and liabilities	32,783
Accrued expenses	<u>8,568</u>
Total Current Liabilities	<u>48,354</u>

Total Liabilities	<u>48,354</u>
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Net assets

Without donor restrictions	2,533,874
With donor restrictions	<u>701,510</u>
Total Net Assets	<u>3,235,384</u>

Total Liabilities and Net Assets	<u><u>\$ 3,283,738</u></u>
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**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
Statement of Activities
Year Ended December 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 139,699	\$ 18,000	\$ 157,699
Special events and fundraising	76,111	-	76,111
Dorchester County referendum	70,220	689,680	759,900
Grants	742,215	107,036	849,251
Program services	4,410	3,460	7,870
Investment income	5,811	-	5,811
In-kind contributions	8,696	-	8,696
Miscellaneous revenue	682	-	682
Net assets released from restrictions	768,686	(768,686)	-
Total Support and Revenue	1,816,530	49,490	1,866,020
Expenses			
Program services	1,409,579	-	1,409,579
Supporting services			
Management and general	160,024	-	160,024
Fundraising	106,189	-	106,189
Total Expenses	1,675,792	-	1,675,792
Change in Net Assets	140,738	49,490	190,228
Beginning Net Assets	2,393,136	652,020	3,045,156
Ending Net Assets	\$ 2,533,874	\$ 701,510	\$ 3,235,384

See accompanying notes to financial statements and independent auditor’s report.

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center
Statement of Functional Expenses
Year Ended December 31, 2020**

	Program Services	Management and General	Fundraising	Total
Personnel				
Salaries and wages	\$ 878,401	\$ 122,294	\$ 68,309	\$ 1,069,004
Employee benefits	94,009	13,088	7,311	114,408
Payroll taxes	64,548	8,987	5,020	78,555
Total Personnel	1,036,958	144,369	80,640	1,261,967
Other functional expenses				
Depreciation	94,148	3,374	2,011	99,533
Insurance	43,387	4,211	3,189	50,787
Program expense - grant costs	43,033	-	-	43,033
Professional services	32,899	1,869	1,416	36,184
Telephone and utilities	33,661	1,206	719	35,586
Equipment and rentals	23,232	-	-	23,232
Fundraising costs	6,118	594	14,773	21,485
Maintenance	19,591	702	418	20,711
Contract services - IT support	15,811	1,534	1,162	18,507
Janitorial and housekeeping	10,431	374	223	11,028
In-kind expenses	8,522	87	87	8,696
Training	8,039	273	268	8,580
Contract services	7,714	-	-	7,714
Supplies	5,558	539	409	6,506
Miscellaneous	4,830	102	56	4,988
Membership and licenses	3,165	307	233	3,705
Travel and meetings	2,832	40	38	2,910
Printing and postage	2,148	190	305	2,643
Subscriptions	2,209	-	-	2,209
Program supplies	1,890	-	-	1,890
Furniture and fixtures	1,610	156	118	1,884
Casual labor	995	97	73	1,165
Taxes	798	-	-	798
Bank fees	-	-	51	51
Total Other Functional Expenses	372,621	15,655	25,549	413,825
Total Functional Expenses	\$ 1,409,579	\$ 160,024	\$ 106,189	\$ 1,675,792

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
Statement of Cash Flows
Year Ended December 31, 2020**

Cash Flows from Operating Activities	
Change in net assets	\$ 190,228
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	99,533
Change in:	
Accounts receivable, net	2,310
Grants receivable	(35,338)
Promises to give	(62,804)
Prepaid expenses	(7,225)
Accounts payable	3,321
Accrued payroll and liabilities	8,196
Net cash provided by operating activities	<u>198,221</u>
Cash Flows from Investing Activities	
Purchase of property and equipment	<u>(7,873)</u>
Net cash used in investing activities	<u>(7,873)</u>
Net Increase in Cash and Cash Equivalents	190,348
Cash and Cash Equivalents, Beginning of Year	<u>400,713</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 591,061</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 (U.S. GAAP), 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 U.S. GAAP, 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 2020. The Center qualifies for the charitable contribution deduction under Section 170(b)(1) 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.
dba Dorchester Children’s Advocacy Center
Notes to Financial Statements**

Property and Equipment

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:

Buildings and improvements	15 - 39 years
Office equipment	5 years
Computer equipment	5 years
Furniture and fixtures	7 years
Medical equipment	5 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.

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

Accounting Pronouncements Pending Implementation

In February 2016, the FASB issued Accounting Standards (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 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. The FASB issued ASU 2020-05 which delays the effective date of ASU 2016-02. The delayed 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 \$585,268 as of December 31, 2020. All promises to give are collectible within one year from December 31, 2020. 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, 2020.

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.
dba Dorchester Children’s Advocacy Center
Notes to Financial Statements**

Note F – Property and Equipment, Net

Property and equipment consisted of the following at December 31, 2020:

Depreciable Assets:	
Buildings and improvements	\$ 2,064,101
Office equipment	86,570
Computer equipment	86,749
Furniture and fixtures	133,400
Medical equipment	74,033
Total Depreciable Assets	2,444,853
Less: accumulated depreciation	(858,657)
Total Depreciable Assets, Net	1,586,196
 Non-Depreciable Assets:	
Land	300,000
Total Non-Depreciable Assets	300,000
Total Property and Equipment, Net	\$ 1,886,196

Depreciation expense for the year ended December 31, 2020 totaled \$99,533.

Note G – Related Party Transactions

The Center’s board members or affiliated companies of board members contributed a total of \$19,525 for the year ended December 31, 2020.

The Center conducted business with a company that was owned by a Board Member for the Center’s information technology and other support. Payments made to this vendor totaled \$38,114 for the year ended December 31, 2020.

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, 2020.

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
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, 2020:

Subject to Purpose Restrictions	
Capital campaign/long-term facilities maintenance	\$ 28,364
Clinical services	2,036
Community outreach	<u>1,270</u>
Subtotal	<u>31,670</u>
Subject to Time Restrictions	
Dorchester County referendum	650,000
Clinical services	<u>19,840</u>
Subtotal	<u>669,840</u>
Total	<u>\$ 701,510</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, 2020:

Subject to Purpose Restrictions	
Clinical services	\$ 105,000
Community programs	17,740
Community outreach	1,230
Other	<u>1,220</u>
Subtotal	<u>125,190</u>
Subject to Time Restrictions	
Dorchester County referendum	603,817
Clinical services	<u>39,679</u>
Subtotal	<u>643,496</u>
Total	<u>\$ 768,686</u>

The Center’s net assets without donor restrictions at December 31, 2020 are as follows:

Undesignated	\$ 2,183,874
Board designated for long-term facilities maintenance	<u>350,000</u>
	<u>\$ 2,533,874</u>

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
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 \$5,136 for the year ended December 31, 2020.

Note K – Paycheck Protection Program

During the year ended December 31, 2020, the Center received \$94,340 from a bank in conjunction with the Paycheck Protection Program. The funds were fully spent in accordance with the requirements of the program during the year, therefore, in accordance with ASC 958-605, *Not-For-Profit Entities – Revenue Recognition*, the Center recognized grant revenue of \$94,340 for the year ended December 31, 2020.

Note L – 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.

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

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

Cash and cash equivalents	\$	591,061
Accounts receivable, net		420
Grants receivable		207,594
Promises to give		<u>585,268</u>
Total Financial Assets		<u>1,384,343</u>
Less: amounts not available to be used within one year:		
Net assets with donor restrictions		(701,510)
Add back: net assets with purpose or time restrictions to be met within one year		673,146
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>
Total Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$	<u>1,005,979</u>

Note M – Subsequent Events

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

The COVID-19 pandemic has caused business disruptions domestically and is 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 impact of COVID-19 on overall demand for Center’s services, all of which are highly uncertain and cannot be predicted.