

**ELLIS COUNTY**  
**CHILDREN'S ADVOCACY CENTER, INC.**  
**FINANCIAL STATEMENTS**

Years Ended August 31, 2020 and 2019



**Misty Culpepper, CPA**  
208 W. Knox Street  
Ennis, TX 75119  
P.O. Box 8, Ennis, TX 75120  
Office: 972.268.6940  
Fax: 972.200.1715  
misty@mistyculpeppercpa.com

## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Ellis County Children's Advocacy Center, Inc.

I have audited the accompanying financial statements of Ellis County Children's Advocacy Center, Inc. (a Texas nonprofit Corporation) which comprise the statements of financial position as of August 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles general 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***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

To the Board of Directors of  
Ellis County Children's Advocacy Center, Inc.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Ellis County Children's Advocacy Center, Inc. as of August 31, 2020 and 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Misty Culpepper, CPA, PLLC*

Misty Culpepper, CPA, PLLC  
*Certified Public Accountant*

November 11, 2020

ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 AUGUST 31, 2020 and 2019

ASSETS

	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 250,122	\$ 97,134
Grants receivable	93,706	61,813
Accrued interest receivable	609	-
<b>Total Current Assets</b>	<u>344,437</u>	<u>158,947</u>
<b>PROPERTY AND EQUIPMENT</b>		
Property and equipment	624,559	612,150
Less: Accumulated Depreciation	(186,977)	(179,771)
<b>Net Property and Equipment</b>	<u>437,582</u>	<u>432,379</u>
<b>LONG-TERM INVESTMENTS</b>	<u>399,670</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,181,689</u>	<u>\$ 591,326</u>

LIABILITIES

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ -	\$ -
Accrued payroll and related expenses	4,239	4,352
Note payable	79,600	-
<b>Total Current Liabilities</b>	<u>83,839</u>	<u>4,352</u>
<b>Total Liabilities</b>	<u>83,839</u>	<u>4,352</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,070,754	578,217
With donor restrictions	27,096	8,757
<b>Total Net Assets</b>	<u>1,097,850</u>	<u>586,974</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,181,689</u>	<u>\$ 591,326</u>

The accompanying notes are an integral part of these financial statements.

ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED AUGUST 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 142,850	\$ 15,500	\$ 158,350
Special events	118,834	-	118,834
United Way	49,983	-	49,983
Grant revenues	5,000	485,941	490,941
Interest income	650	-	650
Other income	1,064	-	1,064
Net investment return	400,279	-	400,279
Net assets released from restrictions	475,352	(475,352)	-
<b>Total support and revenue</b>	<u>1,194,012</u>	<u>26,089</u>	<u>1,220,101</u>
<b>EXPENSES</b>			
Program services:			
Children's advocacy and therapy	567,176	7,750	574,926
Total program services			
Supporting services:			
Management and general	104,562	-	104,562
Fundraising	29,737	-	29,737
Total support services	<u>134,299</u>	<u>-</u>	<u>134,299</u>
<b>Total Expenses</b>	<u>701,475</u>	<u>7,750</u>	<u>709,225</u>
<b>INCREASE IN NET ASSETS</b>	492,537	18,339	510,876
Net Assets at Beginning of Year	578,217	8,757	586,974
Net Assets at End of Year	<u>\$ 1,070,754</u>	<u>\$ 27,096</u>	<u>\$ 1,097,850</u>

The accompanying notes are an integral part of these financial statements.

ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.  
 STATEMENT OF ACTIVITIES  
 YEAR ENDED AUGUST 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 45,500	\$ 1,000	\$ 46,500
Special events	125,376	-	125,376
United Way	49,127	-	49,127
Grant revenues	1,000	295,136	296,136
Interest income	338	-	338
Other income	600	-	600
Net assets released from restrictions	296,136	(296,136)	-
<b>Total support and revenue</b>	<u>518,077</u>	<u>-</u>	<u>518,077</u>
<b>EXPENSES</b>			
Program services:			
Children's advocacy and therapy	434,248	574	434,822
Total program services			
Supporting services:			
Management and general	82,992	-	82,992
Fundraising	27,207	-	27,207
Total support services	<u>110,199</u>	<u>-</u>	<u>110,199</u>
<b>Total Expenses</b>	<u>544,447</u>	<u>574</u>	<u>545,021</u>
<b>INCREASE IN NET ASSETS</b>			
	(26,370)	(574)	(26,944)
Net Assets at Beginning of Year	604,587	9,331	613,918
Net Assets at End of Year	<u>\$ 578,217</u>	<u>\$ 8,757</u>	<u>\$ 586,974</u>

The accompanying notes are an integral part of these financial statements.

**ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED AUGUST 31, 2020**

	<u>Program Services</u>	<u>Support Services</u>		<u>Total Program &amp; Supporting Services</u>
	Children's Advocacy and Therapy	Management and General	Fund Raising	
Compensation and payroll taxes	\$ 405,617	\$ 71,580	\$ -	\$ 477,197
Employee benefits	63,656	11,233	-	74,889
Conferences and training	150	-	-	150
Depreciation	15,039	2,654	-	17,693
Advertising	6,267	-	-	6,267
Insurance	14,772	-	-	14,772
Occupancy	14,369	2,536	-	16,905
Professional fees	-	14,669	-	14,669
Miscellaneous	5,972	-	-	5,972
Travel	19,577	-	-	19,577
Repairs and maintenance	10,713	1,890	-	12,603
Office supplies	18,794	-	-	18,794
Gala expenses	-	-	29,737	29,737
<b>Total Expenses</b>	<u><u>\$ 574,926</u></u>	<u><u>\$ 104,562</u></u>	<u><u>\$ 29,737</u></u>	<u><u>\$ 709,225</u></u>

The accompanying notes are an integral part of these financial statements.

ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 YEAR ENDED AUGUST 31, 2019

	Program Services	Support Services		Total Program & Supporting Services
	Children's Advocacy and Therapy	Management and General	Fund Raising	
Compensation and payroll taxes	\$ 276,489	\$ 48,792	\$ -	\$ 325,281
Employee benefits	42,404	7,483	-	49,887
Conferences and training	7,373	-	-	7,373
Depreciation	13,583	2,397	-	15,980
Advertising	3,558	-	-	3,558
Insurance	7,885	-	-	7,885
Occupancy	9,007	1,589	-	10,596
Professional fees	27,919	18,857	-	46,776
Miscellaneous	6,820	2,038	-	8,858
Travel	10,184	-	-	10,184
Repairs and maintenance	10,408	1,836	-	12,244
Office supplies	19,192	-	-	19,192
Gala expenses	-	-	27,207	27,207
Total Expenses	<u>\$ 434,822</u>	<u>\$ 82,992</u>	<u>\$ 27,207</u>	<u>\$ 545,021</u>

The accompanying notes are an integral part of these financial statements.



**ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED AUGUST 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Position	\$ 510,876	\$ (26,944)
Adjustments to reconcile change in net assets		
(Loss) to net cash provided by (used in) operating activities:		
Depreciation	17,693	15,980
(Increase) Decrease in grants receivable	(31,893)	(34,225)
(Increase) Decrease in accrued interest receivable	(609)	-
Increase (Decrease) in accrued payroll and other liabilities	(113)	2,114
Total Adjustments	<u>(14,922)</u>	<u>(16,131)</u>
<b>Net Cash Provided (Used) By Operating Activities</b>	<u>495,954</u>	<u>(43,075)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>		
Purchase of property and equipment	<u>(22,896)</u>	<u>(9,768)</u>
<b>Net Cash Provided (Used) By Capital and Related Activities</b>	<u>(22,896)</u>	<u>(9,768)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of long-term investments	<u>(399,670)</u>	<u>-</u>
<b>Net Cash Provided (Used) By Investing Activities</b>	<u>(399,670)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	<u>79,600</u>	<u>-</u>
<b>Net Cash Provided (Used) By Financing Activities</b>	<u>79,600</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	152,988	(52,843)
<b>CASH, BEGINNING OF YEAR</b>	<u>97,134</u>	<u>149,977</u>
<b>CASH, END OF YEAR</b>	<u>\$ 250,122</u>	<u>\$ 97,134</u>

The accompanying notes are an integral part of these financial statements.

**ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 and 2019**

**NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

1. *Nature of Activities:* The Ellis County Children's Advocacy Center, Inc. (the Center), serves the children of Ellis County are between the ages of 0 – 17, and have been victims of severe physical or sexual abuse. The goal of the Center is to reduce the trauma that child abuse victims suffer by eliminating the number of times a child tells his or her abuse story and by providing immediate support and therapy services. The Center is supported primarily through grants and contributions.

2. *Contributed Services:* During the years ended August 31, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financials statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Center, but these services do not meet the criteria for recognition as contributed services.

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

4. *Tax Exempt Status:* The Center is tax exempt under the provisions of Section 501(c)(3) of the Internal Revenue Code and contributions to it are deductible within the limitations prescribed by law. Accordingly, no provisions for income taxes are made in the accompanying financial statements. The Center's tax returns are generally no longer subject to examination by the Internal Revenue Service for years before 2016.

5. *Cash and Cash Equivalents:* For purposes of the statements of cash flows, the Center considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

5. *Investments:* Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by donor are reported as increases in unrestricted net assets if restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. Short-term investments consist of debt securities with original maturities of twelve months or less. Long-term investments consist of debt securities with original maturities greater than twelve months.

6. *Property and Equipment:* Purchased property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or

**ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 and 2019**

**NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

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. The Center follows the practice of capitalizing all expenditures for property and equipment in excess of \$500.

Depreciation is provided using the straight-line method for forty years for buildings, five years for equipment and five years for furniture and fixtures.

7. *Contributions:* Contributions are recorded at their fair market value and are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

8. *Grant Revenue:* Grants are received from the federal and state governments. Revenues on cost reimbursement contracts are recognized when allowable and reimbursable expenses are incurred, and upon meeting the legal and contractual requirements of the funding source. Revenues on fee for service contracts are recognized when the services required by the contractual agreements are satisfactorily performed. These revenues are generally considered exchange transactions, and are thereby recorded as revenue recognition criteria is recorded, if applicable, as refundable advances in the Statements of Financial Position.

9. *Basis of Accounting:* The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

10. *Basis of Presentation:* The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Organization's financial statements are presented based on the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into two classes of net assets - net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions are net assets which are not subject to donor-imposed stipulations while net assets with donor restrictions are net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time.

11. *Functional Allocation of Expenses:* 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 and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases used in conjunction with the Center's cost allocation plan.

**ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 and 2019**

**NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)**

Supporting services are those related to operating and managing the Center and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for the Center's programs.

12. *Date of Management's Review:* The Center has evaluated subsequent events through November 11, 2020, the date which the financial statements were issued, and noted no events that require disclosure.

**NOTE B – INVESTMENTS**

The fair value of long-term investments totaled \$399,670 and \$0 at August 31, 2020 and 2019. All investments are classified as unrestricted with internal designations. The following schedule summarizes investment returns in the statement of activities for the year then ended:

	2020	2019
Interest Income	\$ 609	\$ -
Investment Income	397,350	-
Net realized and unrealized gains (losses)	2,320	-
Total investment return	\$ 400,279	\$ -

**NOTE C - PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment as of August 31, 2020 and 2019:

	2020	2019
Land	\$ 20,018	\$ 20,018
Buildings	550,463	550,463
Office furniture and equipment	54,078	41,669
	624,559	612,150
Less accumulated depreciation	(186,977)	(179,771)
Total	\$ 437,582	\$ 432,379

**ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2020 and 2019**

**NOTE D – NOTES PAYABLE**

Notes payable at August 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Note payable in amount of \$79,600, deferral of payments for six months with remaining 18 monthly payments being amortized over remaining balance; interest at 1.0%, due in 2 years from date of Note.	\$ 79,600	\$ -
	79,600	-
Less current portion	<u>(79,600)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>

**NOTE E - NEW ACCOUNTING PRONOUNCEMENTS**

On August 18, 2016, the FASB issues ASU 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The Organization implemented this accounting pronouncement for the year ended August 31, 2019 and adjusted the presentation of its financial statements, accordingly, applying the changes retrospectively. The new standard changes the following aspects of the Organization's financial statements: 1) The temporarily and permanently restricted net assets classes have been combined into a single net asset class called net assets with donor restrictions, 2) The unrestricted net assets has been renamed net assets without donor restrictions and 3) The financial statements include a statement of functional expenses to report the expenses by both natural categories and functional uses.