

BLOUNT COUNTY CHILDREN'S ADVOCACY CENTER, INC.
Maryville, Tennessee

FINANCIAL STATEMENTS

December 31, 2019

BLOUNT COUNTY CHILDREN’S ADVOCACY CENTER, INC.
Maryville, Tennessee
December 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Blount County Children's Advocacy Center, Inc.
Maryville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Blount County Children's Advocacy Center, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2019, 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 auditors' 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 Blount County Children's Advocacy Center, Inc. as of December 31, 2019, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

PSH Audit & Assurance Services, PLLC

Certified Public Accountants

April 8, 2020

BLOUNT COUNTY CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2019

- ASSETS -

CURRENT ASSETS:

Cash	\$ 626,065
Accounts Receivable	<u>56,723</u>
Total Current Assets	<u>682,788</u>

FIXED ASSETS:

Property and Equipment	913,544
Less Accumulated Deprecation	<u>(260,334)</u>
Total Fixed Assets	<u>653,210</u>

TOTAL ASSETS \$ 1,335,998

- LIABILITIES AND NET ASSETS -

CURRENT LIABILITIES:

Accounts Payable	\$ 15,979
Notes Payable, Current Portion	<u>10,000</u>
Total Current Liabilities	<u>25,979</u>

Notes Payable, Long-Term Portion 63,884

Total Liabilities 89,863

NET ASSETS:

Without Donor Restrictions	381,827
With Donor Restrictions	<u>864,308</u>
Total Net Assets	<u>1,246,135</u>

\$ 1,335,998

TOTAL LIABILITIES AND NET ASSETS

See accompanying independent auditors' report and notes.

BLOUNT COUNTY CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2019

		Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT				
Contributions	\$	145,247	\$ 325,984	\$ 471,231
Special Events		147,758	-	147,758
State of Tennessee Grants		332,326	-	332,326
Other Grants		113,696	-	113,696
Medical Income		40,199	-	40,199
Interest and Dividends		50	-	50
Total Revenues		779,276	325,984	1,105,260
Net assets released from restrictions		1,107	(1,107)	-
Total Revenues and Support		780,383	324,877	1,105,260
EXPENSES				
Program Services		579,616	-	579,616
Management and General		134,572	-	134,572
Fundraising		43,716	-	43,716
Total Expenses		757,904	-	757,904
CHANGE IN NET ASSETS		22,479	324,877	347,356
NET ASSETS, BEGINNING OF YEAR		359,348	539,431	898,779
NET ASSETS, END OF YEAR	\$	381,827	\$ 864,308	\$ 1,246,135

See accompanying independent auditors' report and notes.

BLOUNT COUNTY CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2019

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-Raising</u>	
Salaries	\$ 365,941	\$ 97,276	\$ -	\$ 463,217
Payroll Taxes	28,352	6,854	-	35,206
Benefits	19,534	5,193	-	24,727
Contract Services	13,746	-	-	13,746
Interest Expense	3,369	842	-	4,211
Insurance	13,096	3,274	-	16,370
Continuing Education	23,943	-	-	23,943
Travel	1,821	-	-	1,821
Office Supplies	1,193	317	-	1,510
Postage and Shipping	204	-	-	204
Professional Fees	-	5,385	-	5,385
Utilities	9,524	2,381	-	11,905
Board Training and Development	-	447	-	447
Small Equipment Maintenance	6,682	1,671	-	8,353
Maintenance	1,370	342	-	1,712
Communications	7,800	-	-	7,800
Program Supplies	39,152	-	-	39,152
Advertising	1,525	-	-	1,525
Security	1,066	266	-	1,332
Housekeeping	2,304	576	-	2,880
Miscellaneous	7,897	1,974	-	9,871
Special Events	-	-	43,716	43,716
Rent Expense	14,589	3,647	-	18,236
Facility Expense	886	221	-	1,107
Depreciation	15,622	3,906	-	19,528
	<u>\$ 579,616</u>	<u>\$ 134,572</u>	<u>\$ 43,716</u>	<u>\$ 757,904</u>

See accompanying independent auditors' report and notes.

BLOUNT COUNTY CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ 347,356
Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:	
Depreciation	19,528
(Increase) decrease in accounts receivable	(39,339)
Increase (decrease) in accounts payable	14,770
Increase (decrease) in deferred revenue	(1,562)
Net Cash Provided by Operating Activities	<u>340,753</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of Property of Equipment	<u>(443,765)</u>
Net Cash Used in Investing Activities	<u>(443,765)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Principal Payments on Notes Payable	<u>(10,000)</u>
Net Cash Used in Financing Activities	<u>(10,000)</u>

NET DECREASE IN CASH (113,012)

CASH AT BEGINNING OF YEAR 739,077

CASH AT END OF YEAR \$ 626,065

Supplemental Disclosure for Cash Flows:

Interest Paid	\$ <u><u>4,211</u></u>
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See accompanying independent auditors' report and notes.

BLOUNT COUNTY CHILDREN’S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Blount County Children’s Advocacy Center, Inc. is dedicated to serving children who are victims of sexual and physical abuse through prevention, education and intervention. Primary objectives include providing team forensic interviews, medical examinations, advocacy and counseling services, community education programs and coordinating teams of professionals during investigations.

Basis of Presentation – Net Asset Accounting

The Entity follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958-205-05-6. Under FASB ASC 958-205-05-6, the Entity is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Entity is required to present a Statement of Cash Flows.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting and in accordance with the AICPA Audit and Accounting Guide, *Not-for-Profit Organizations*, and the Financial Accounting Standards Board (FASB) ASC 958-205-05-6. Under the accrual basis, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. The financial statements reflect all significant receivables, payables and other liabilities. The reserve method has been used to estimate the allowance for uncollectible amounts.

Restricted and Unrestricted Support and Revenue

The Entity follows the recommendations of the Financial Accounting Standards Board (FASB) ASC 958-605-25. Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Revenue is considered to be available for unrestricted use unless specifically restricted by the donor or grantor.

Donor-restricted support is reported as an increase in net assets with donor restrictions. Support that is restricted by the donor and the restriction expires in the same reporting period in which the support is recognized is reported as an increase in net assets without donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For the purpose of reporting cash flows, cash includes cash on hand, cash on deposit in financial institutions and short-term investments. The Entity considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2019.

BLOUNT COUNTY CHILDREN’S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Investments

The Entity carries investments in marketable securities with readily determinable fair market values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Donated investments are reflected as contributions at their market value at date of receipt.

Fixed Assets

Property and equipment are valued at historical cost. The expenses for equipment in excess of \$500 are capitalized. Minor repairs and maintenance are expensed as incurred and additions and improvements that significantly extend the life of assets are depreciated over the remaining useful lives of the related fixed asset. At the time that assets are retired or disposed of, costs and accumulated depreciation are eliminated from the related accounts and gain or loss, if any, is credited or charged to income.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5-30 years
Furniture and fixtures	7-15 years
Equipment	5-7 years

Tax-Exempt Status

The Entity is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax and tax-related items has been made. The Organization is no longer subject to examinations by taxing authorities in any major tax jurisdiction for years before 2016.

Valuation of Donated Property and Equipment

Donated property and equipment are valued as contributions at estimated fair market value at the date of receipt. Such donations are reported as unrestricted support 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 support. Absent donor stipulations regarding how long those donated assets must be maintained, the Entity reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Entity reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Valuation of Donated Services

The Entity depends upon the services donated by its members to carry out many of its internal operations. The Entity follows the recommendations of FASB ASC 958-605-25-16 in reporting contributed services. Contributions of services are recognized as revenue and expenses if the services received create or enhance nonfinancial assets, require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Other contributed services that do not meet the above criteria are not recognized. The services donated do not meet the criteria, which would require recognition of their value in the financial statements.

BLOUNT COUNTY CHILDREN’S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Pledges Receivable

Donor’s promises to give are evaluated on the basis of criteria in FASB ASC 958-310-25. Those that meet the criteria are recorded as pledges receivable at the time the promises are received. They remain pledges receivable until collected or determined to be uncollectible.

Functional Expense

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

Revenue Recognition

Revenue is considered to be available for unrestricted use unless its use is temporarily or permanently restricted by the donor or grantor in accordance with FASB ASC 958-605-25.

Prepayment of Expenses

Expenses for insurance and maintenance extending over more than one accounting period are not allocated between accounting periods but reported as an expense in the period paid.

Advertising

Advertising costs are expensed as incurred.

Events Occurring after Reporting Date

The Entity has evaluated events and transactions that occurred between December 31, 2019 and April 8, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 2 – CASH

At December 31, 2019, the carrying amount of cash was \$626,065 and the bank balance was \$628,424. At times during the year, the bank balance may exceed the Federal depository insurance limit of \$250,000 per bank.

BLOUNT COUNTY CHILDREN'S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2019, consist of the following:

State Contracts	\$ 5,943
Other	<u>50,780</u>
Total	<u>\$ 56,723</u>

Based on subsequent collections and prior accounts receivable collection history, an allowance for doubtful accounts was not considered necessary.

NOTE 4 – FIXED ASSETS - NET

Changes in the fixed assets for the year ended December 31, 2019, were as follows:

	<u>Balance</u> <u>12-31-18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12-31-19</u>
Buildings and Improvements	\$ 272,539	\$ -	\$ -	\$ 272,539
Land	96,123	-	-	96,123
Furniture and Fixtures	19,724	49,144	-	68,868
Equipment	76,093	-	-	76,093
Construction in progress	<u>5,300</u>	<u>394,621</u>	<u>-</u>	<u>399,921</u>
Total	469,779	443,765	-	913,544
Accumulated Depreciation	<u>(240,806)</u>	<u>(19,528)</u>	<u>-</u>	<u>(260,334)</u>
Total Fixed Assets - Net	<u>\$ 228,973</u>	<u>\$ 424,237</u>	<u>\$ -</u>	<u>\$ 653,210</u>

Depreciation expense for the year ended December 31, 2019 was \$19,528.

NOTE 5 – NOTE PAYABLE

Notes payable consisted of a loan payable to a bank with four annual principal payments due in the amount of \$10,000 each, beginning December 2016. Interest payments are due monthly beginning January 2016 at a rate of 4.925% on the unpaid principal balance. All unpaid principal and interest is due in December 2020. The principal balance on the loan as of December 31, 2019 is \$73,884.

BLOUNT COUNTY CHILDREN’S ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

NOTE 6 – GRANT INCOME

The Entity recognized grant income during the year ended December 31, 2019, from the following:

State of Tennessee	\$ 332,326
Other	<u>113,696</u>
Total	<u>\$ 446,022</u>

NOTE 7 – FUNDING

The Entity receives a major portion of its funds from the Tennessee Department of Children’s Services for operations. A major reduction of funds by the grantor could have a significant effect on future operations.

NOTE 8 – COMMERCIAL INSURANCE

It is the policy of the Entity to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, worker’s compensation, and employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 9 –NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$864,308 consist of donations and expenses related to the construction of a new facility.