

CHILD ADVOCACY CENTER OF CULLMAN, INC.
FINANCIAL STATEMENTS
September 30, 2016

CHILD ADVOCACY CENTER OF CULLMAN, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Child Advocacy Center of Cullman, Inc.

We have audited the accompanying financial statements of Child Advocacy Center of Cullman, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2016 and 2015, and the related statements of activities, 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 misstatements 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Advocacy Center of Cullman, Inc. as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 5 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Byrd, Smalley & Adams, P.C.

Decatur, Alabama

May 5, 2017

CHILD ADVOCACY CENTER OF CULLMAN, INC.

Statements of Financial Position

For the year ended September 30, 2016 and 2015

ASSETS

CURRENT ASSETS	2016	2015
Cash	\$ 18,677	\$ 43,118
Accounts Receivable	1,772	3,295
Grants Receivable	31,698	24,046
Prepaid Expenses	<u>2,342</u>	<u>2,137</u>
Total Current Assets	54,489	72,596
PROPERTY AND EQUIPMENT, NET	<u>169,896</u>	<u>167,469</u>
OTHER ASSETS		
Deposits	<u>115</u>	<u>115</u>
Total Assets	<u>\$ 224,500</u>	<u>\$ 240,180</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 12,040	\$ 5,698
Accrued Liabilities	7,130	7,730
Line of Credit	900	-
Current Portion of Long-term debt	<u>6,663</u>	<u>6,271</u>
Total Current Liabilities	26,733	19,699
LONG-TERM LIABILITIES		
Notes payable, net of current portion	<u>33,297</u>	<u>39,962</u>
Total Liabilities	60,030	59,661
NET ASSETS		
Unrestricted	<u>164,470</u>	<u>180,519</u>
Total Net Assets	<u>164,470</u>	<u>180,519</u>
Total Liabilities and Net Assets	<u>\$ 224,500</u>	<u>\$ 240,180</u>

See accompanying notes

CHILD ADVOCACY CENTER OF CULLMAN, INC.

Statements of Activities

For the year ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Revenue and Other Support		
Grants & Contracts	\$ 201,589	\$ 153,582
Rent	10,800	10,800
Contributions	40,898	38,189
Service Fees	3,200	-
Fundraising	1,823	4,191
Special Event Revenue	\$ 17,958	\$ 24,982
Less: Costs of direct benefits to donors	<u>(7,259)</u>	<u>(11,166)</u>
Net revenues from special events	10,699	13,816
Interest Income	507	464
Insurance Proceeds	-	34,833
Gain on Sale of Assets	<u>1,100</u>	<u>-</u>
	<u>270,616</u>	<u>255,875</u>
Expenses		
Program services	258,705	244,910
Management and general	25,358	30,340
Fundraising	<u>2,602</u>	<u>1,965</u>
	<u>286,665</u>	<u>277,215</u>
Increase (Decrease) in Net Assets	(16,049)	(21,340)
Net Assets at Beginning of Year	<u>180,519</u>	<u>201,859</u>
Net Assets at End of Year	<u>\$ 164,470</u>	<u>\$ 180,519</u>

See accompanying notes

CHILD ADVOCACY CENTER OF CULLMAN, INC.

Statements of Cash Flows

For the year ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (16,049)	\$ (21,340)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	13,529	12,965
(Gain) Loss on disposal of assets	(1,100)	-
(Increase) decrease in accounts receivable	1,523	4,176
(Increase) decrease in grants receivable	(7,652)	(9,426)
(Increase) decrease in prepaid expenses	(205)	(810)
Non-Cash equipment - donated	(3,885)	-
Increase (decrease) in accounts payable	6,342	1,104
Increase (decrease) in accrued expenses	<u>(600)</u>	<u>5,970</u>
Net cash provided by operating activities	<u>(8,097)</u>	<u>(7,361)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(12,071)	(3,984)
Cash proceeds from the sale of property	<u>1,100</u>	<u>-</u>
Net cash (used) by investing activities	<u>(10,971)</u>	<u>(3,984)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from draws on revolving line of credit	3,900	-
Repayments on revolving line of credit	(3,000)	-
Principal payments on long-term debt	<u>(6,273)</u>	<u>(5,901)</u>
Net cash provided (used) by financial activities	<u>(5,373)</u>	<u>(5,901)</u>
INCREASE (DECREASE) IN CASH	(24,441)	(17,246)
CASH AT BEGINNING OF YEAR	<u>43,118</u>	<u>60,364</u>
CASH AT END OF YEAR	<u>\$ 18,677</u>	<u>\$ 43,118</u>
Supplemental Disclosures of Cash Flow Information		
Cash paid for interest	\$ 2,760	\$ 3,011

See accompanying notes

CHILD ADVOCACY CENTER OF CULLMAN, INC.

Statements of Functional Expenses

For the year ended September 30, 2016 and 2015

	2016				2015			
	Program	Support	Fundraising	Total	Program	Support	Fundraising	Total
Salaries & Wages	\$ 152,320	\$ 16,925	\$ -	\$ 169,245	\$ 109,784	\$ 15,683	\$ -	\$ 125,467
Payroll Taxes	11,992	1,332	-	13,324	8,345	1,192	-	9,537
Retirement Benefits	1,106	123	-	1,229	1,986	284	-	2,270
Accounting Fees	3,744	416	-	4,160	4,034	576	-	4,610
Advertising Expense	-	-	-	-	189	27	-	216
Auto Expense	851	95	-	946	539	77	-	616
Contract Labor	24,879	-	-	24,879	30,137	-	-	30,137
Consulting Fees	-	-	-	-	35	5	-	40
Dues & Subscriptions	891	99	-	990	3,237	463	-	3,700
Equipment	201	22	-	223	1,936	277	-	2,213
Insurance	13,826	1,536	-	15,362	9,999	1,428	-	11,427
Miscellaneous Expenses	277	31	-	308	4,694	671	-	5,365
Postage	43	5	-	48	257	37	-	294
Property Management	972	108	-	1,080	945	135	-	1,080
Repairs & Maintenance	16,716	1,857	-	18,573	40,226	5,747	-	45,973
Supplies	3,896	433	-	4,329	4,575	654	-	5,229
Telephone	3,286	365	-	3,651	3,567	510	-	4,077
Training	5,609	-	-	5,609	2,407	-	-	2,407
Utilities	3,436	382	-	3,818	4,039	577	-	4,616
Depreciation	12,176	1,353	-	13,529	11,344	1,621	-	12,965
Interest Expense	2,484	276	-	2,760	2,635	376	-	3,011
Fundraising	-	-	2,602	2,602	-	-	1,965	1,965
	<u>\$ 258,705</u>	<u>\$ 25,358</u>	<u>\$ 2,602</u>	<u>\$ 286,665</u>	<u>\$ 244,910</u>	<u>\$ 30,340</u>	<u>\$ 1,965</u>	<u>\$ 277,215</u>

See accompanying notes

CHILD ADVOCACY CENTER OF CULLMAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Child Advocacy Center of Cullman, Inc. is a nonprofit corporation organized in 1998 to respond to the community-wide issue of physical and sexual abuse of children by providing counseling and advocacy services to the child and non-offending family members. The Organization also coordinates necessary services of other involved agencies from the time the initial report of abuse is made to the final case disposition. In addition, the Organization provides education and other services to the community as they strive toward prevention and eradication of child abuse of any kind.

Basis of Accounting

The financial statements of The Child Advocacy Center of Cullman, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Contributions received are recorded as increases in unrestricted, temporarily restricted or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Contributions that are restricted by donors are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the contributions are recognized. All other donor-imposed restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Center does not have any temporarily or permanently restricted assets.

Revenues from service fees (grants) and other exchange transactions (resources requested in exchange for specified services or benefits) are recorded as revenue in the period when earned (i.e. the requirements or services were provided).

Property and Equipment

All property acquired by the Organization has been recorded at cost, or in the case of donated assets, fair market value. Depreciation is computed by the straight-line method over the estimated useful lives of 3 to 20 years. The Organization's capitalization policy is to capitalize items over \$500 and any items considered to be equipment under grant contracts.

Use of Estimates

The preparation of financial statement 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.

CHILD ADVOCACY CENTER OF CULLMAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

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

Income Taxes

The Organization is exempt from Federal and State income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization's Federal Income Tax Returns for the prior years are subject to examination by the IRS, generally for three years after they are filed.

Cash Equivalents

For purposes of the purposes of the Statement of Cash Flows, the Center considers all investments with an initial maturity of three months or less to be cash equivalents.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations and various committee assignments. The value of the time of volunteers has not been reflected in the financial statements. However, if the organization benefits from the donation of time from professionals with specific expertise, the value of that time would be recorded.

Compensated Absences

Full time employees of the Organization shall be eligible for Paid Time Off earned at a rate of 16 hours (2 days) per month. PTO will be accrued during the probationary period, but may not be taken as paid leave until the employee successfully completes the probationary period. As employees accumulate PTO each pay period it is up to the employee to allocate how he/she will use it. Although the employee may carry over unused PTO time from year to year, there is a cap on the amount which can be carried over into the following year. The maximum amount of time that may be carried over to the next calendar year is 15 days. Should the employee leave the Organization for any reason, the maximum amount of PTO the Organization would pay any employee would be

Revenue and Support

The Organization's revenues consist primarily of grants from federal, state and local government agencies and contributions from businesses and individuals.

CHILD ADVOCACY CENTER OF CULLMAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 PROPERTY AND EQUIPMENT

Property and Equipment consists of the following:

	<u>2016</u>	<u>2015</u>
Leasehold Improvements	\$ 52,714	\$ 40,643
Furniture and equipment	157,127	157,127
Transportation equipment	3,885	21,160
Land and building	<u>236,900</u>	<u>236,900</u>
	450,626	455,830
Accumulated depreciation	<u>(280,730)</u>	<u>(288,361)</u>
	<u>\$ 169,896</u>	<u>\$ 167,469</u>

NOTE 3 CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in two financial institutions in Cullman, Alabama. The balances at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of September 30, 2016 and 2015, the Organization had no uninsured cash balances.

NOTE 4 CONTINGENT LIABILITIES

The federal awards received by the Organization are subject to audit and adjustment by grantor agencies. Any disallowed amounts may constitute a liability of the Organization. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

NOTE 5 LEASES

The Center entered into a property management agreement that provides short-term rental income from its unused facilities. Upon expiration of the initial term ending on July 30, 2013, the agreement was automatically renewed and extended for a like period of time.

NOTE 6 NOTES PAYABLE

Notes payable consists of the following:

	<u>2016</u>	<u>2015</u>
Note payable to Merchants Bank of Alabama, payable in monthly installments at 6% interest secured by real estate.	\$ 39,960	\$ 46,233
Less Current Portion	<u>(6,663)</u>	<u>(6,271)</u>
Total Long Term Debt	<u>\$ 33,297</u>	<u>\$ 39,962</u>

The Center also has a new line of credit with Merchant's Bank for \$3,000. The unused portion as of September 30, 2016 is \$2,100.

CHILD ADVOCACY CENTER OF CULLMAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 NOTES PAYABLE (continued)

Long term debt matures over the next five years as follows:

2017	\$ 6,663
2018	7,080
2019	7,524
2020	7,995
2021 and thereafter	<u>10,698</u>
	<u>\$ 39,960</u>

NOTE 7 RETIREMENT PLAN

The Center has a SIMPLE salary reduction plan as defined by the Internal Revenue Service. The Center makes matching contributions of 3% for participants. Employees are allowed to have contributions deducted from their compensation as contributions to the plan. The company made matching contributions of \$1,229 and \$2,270 for 2016 and 2015, respectively.

NOTE 8 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 5, 2017, the date which the financial statements were available to be issued.