

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Financial Statements

December 31, 2012

With Independent Auditor's Report Thereon

Independent Auditor's Report

330 AMHERST COURT, N.E.

ATLANTA, GEORGIA 30328

770•393•1364 PHONE

The Board of Directors
Georgia Center for Child Advocacy, Inc.:

Report on the Financial Statements

I have audited the accompanying financial statements of the Georgia Center for Child Advocacy, Inc. (“the Organization”) which comprise the statement of financial position as of December 31, 2012 and the related statements of activities, cash flows, and functional expenses 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

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 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, 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.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

James Dykhouse, CPA

April 17, 2013

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statement of Financial Position

December 31, 2012

Assets

Current assets:

Cash and cash equivalents	\$	635,390
Investments		18,139
Accounts receivable		164,442
Contributions receivable less allowance of \$15,650		44,560
Prepaid expenses		<u>16,357</u>

Total current assets 878,888

Contributions receivable less allowance of \$19,350		-
Fixed assets, less accumulated depreciation of \$268,473		<u>73,150</u>

Total assets \$ 952,038

Liabilities and Net Assets

Current liabilities:

Accounts payable and accrued expenses	\$	<u>70,124</u>
---------------------------------------	----	---------------

Net assets:

Unrestricted (deficit)		(85,290)
Temporarily restricted		<u>967,204</u>

Total net assets 881,914

Total liabilities and net assets \$ 952,038

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statement of Activities

Year ended December 31, 2012

	Unrestricted	Temporarily restricted	Total
Revenue and support:			
Contributions	\$ 154,523	477,458	631,981
Contracts	514,780	-	514,780
Special events, net of expenses	133,970	-	133,970
Contributed services	3,255	-	3,255
Investment income	3,354	-	3,354
Other	85,850	-	85,850
Net assets released from restrictions	575,887	(575,887)	-
Total	1,471,619	(98,429)	1,373,190
Expenses:			
Program services	1,286,863	-	1,286,863
Fund raising	263,264	-	263,264
Management and general	139,567	-	139,567
Total	1,689,694	-	1,689,694
(Decrease) in net assets	(218,075)	(98,429)	(316,504)
Net assets at beginning of year	132,785	1,065,633	1,198,418
Net assets at end of year - (deficit)	\$ (85,290)	967,204	881,914

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statement of Functional Expenses

Year ended December 31, 2012

	<u>Program Services</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Total</u>
Personnel and benefits	\$ 920,379	210,226	101,968	1,232,573
Program supplies	100,853	-	-	100,853
Occupancy	107,019	4,370	2,015	113,404
Depreciation	36,594	9,023	4,512	50,129
Professional fees and consultants	29,031	354	27,417	56,802
Information technology	2,376	586	293	3,255
Insurance	9,917	2,445	1,223	13,585
Marketing	462	4,579	-	5,041
Travel	34,656	2,192	15	36,863
Office expense	45,576	9,489	2,124	57,189
Other - bad debt expense	-	20,000	-	20,000
	<u>\$ 1,286,863</u>	<u>263,264</u>	<u>139,567</u>	<u>1,689,694</u>

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statement of Cash Flows

Year Ended December 31, 2012

Cash flows from operating activities:	
Change in net assets	\$ (316,504)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	50,129
Unrealized gain on investments	(822)
Increase in accounts receivable	(80,376)
Decrease in contributions receivables	118,803
Decrease in prepaid expenses	176
Decrease in contributions receivable - long term	31,313
Increase in accounts payable and accrued expenses	<u>16,270</u>
Net cash (used in) operating activities	<u>(181,011)</u>
Net (decrease) in cash and cash equivalents	(181,011)
Cash and cash equivalents at beginning of year	<u>816,401</u>
Cash and cash equivalents at end of year	<u><u>\$ 635,390</u></u>

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2012

(1) Summary of Significant Accounting Policies

(a) Organization

Georgia Center for Child Advocacy, Inc. (the "Organization") mission is to champion the needs of sexually and severely physically abused children through prevention, intervention, therapy, and collaboration. These services are provided at no cost to children who reside in DeKalb and Fulton County. The Organization's role throughout the criminal investigation is to focus on the child's needs, rather than focusing on the crime itself. The Organization was established as a private, non-profit agency in 1987. In 1992, the Organization was the 10th agency in the country to become an accredited member of the National Children's Alliance and the first in Georgia.

(b) Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as unrestricted, temporarily or permanently restricted.

Unrestricted net assets include amounts that are not subject to donor-imposed stipulations which are used to account for resources available to carry out the purposes of the Organization in accordance with the limitations of its charter and bylaws.

Temporarily restricted net assets are those resources currently available for use, but expendable only for purposes specified by the donor or grantor. Such resources originate from grants and contributions restricted for specific purposes. When a donor or grantor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets, and reported in the statement of activities as net assets released from restriction.

(c) Cash and Cash Equivalents

For the purpose of these statements, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to cash and having original maturities of three months or less, when purchased

(d) Investments

Investments are stated at fair value. Securities are carried at market value, as quoted on major stock exchanges. Net realized and unrealized gains or losses on sales of investments are recognized in the period in which they occur.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2012

(e) Property, equipment, and leasehold improvements

Expenditures for furniture, equipment and leasehold improvements are capitalized at cost. Contributed assets are recorded at their fair value at the date of gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets as follows:

	<u>Life</u>
Furniture and fixtures	\$ 5 - 7 years
Equipment	3 - 5 years
Leasehold improvements	6 - 7 years

(f) Functional Allocation of Expense

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

(g) Tax Status

The Organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The tax years ending 2011, 2010, and 2009 are still open to audit for both federal and state purposes. The organization is not classified as a private foundation.

(h) Use of Estimates

Management of the Organization has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(2) Contributions Receivable

Contributions receivable, net, are summarized as follows at December 31, 2012:

Unconditional promises expected to be collected in:	
Less than one year	\$ 60,210
One year to five years	19,350
Over five years	<u>-</u>
	79,560
Less allowances for uncollectible promises to give	<u>(35,000)</u>
	<u>\$ 44,560</u>

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2012

(3) Investments

At December 31, 2012, the fair value of investments is as follows:

	Fair value
Equity securities	\$ <u>18,139</u>

(4) Fair Value Measurements

The Organization follows the provisions of Statement of Financial Accounting Standards Board (FASB) Accounting Standards Codification ASC 820, *Fair Value Measurements and Disclosures*, for financial assets and liabilities. Under ASC 820, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Other significant observable inputs not quoted on active markets, but corroborated by market data.
- Level 3: Significant unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

The following table summarized the Organization's financial instruments measured at fair value on a recurring basis in accordance with ASC 820 as of December 31, 2012:

	Total	Level 1	Level 2	Level 3
Publically traded securities	\$ 18,139	18,139	-	-

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2012

(5) Fixed Assets

Fixed assets consisted of the following at December 31, 2012:

Furniture and fixtures	\$	90,330
Leasehold improvements		142,163
Equipment		<u>109,130</u>
		341,623
Less accumulated depreciation		<u>(268,473)</u>
	\$	<u>73,150</u>

(6) Contributed Services

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets, or would have been purchased in not provided by donation, require specialized skills, and are provided by individuals possessing such skills. For 2012, contributed services consisted of the following:

Computer services:		
Program	\$	2,376
Marketing services		586
Administrative services		<u>293</u>
	\$	<u>3,255</u>

(7) Restricted Net Assets

Temporarily restricted net assets at December 31, 2012 and consist of funds for the following:

Capital Improvement Fund	\$	100,000
Prevention Program		849,007
General Operating Support		9,429
United Way		<u>8,768</u>
	\$	<u>967,204</u>

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2012

Temporarily restricted net assets released from donor restrictions during 2012 as a result of expenses being incurred to satisfy the restricted purposes specified by donors or the passage of time are as follows:

Prevention Program	\$466,213
General Operating Support	<u>109,674</u>
	<u>\$575,887</u>

(8) Commitments

The Organization leases office equipment and space under operating leases for various terms. The Organization's facility is subleased from another nonprofit agency in Atlanta, Georgia. Rent expense was \$59,315 for the year ended December 31, 2012.

Minimum lease payments under the terms of these leases are as follows:

2013	<u>\$ 59,315</u>
------	------------------

(9) Line of Credit

The Organization has a line of credit with a bank of \$100,000 which is secured by all of the Organization's assets. The line of credit carries a floating interest rate of the prime rate plus 1% with a floor of 6%. At December 31, 2012, there was no amount outstanding on this line of credit.

(10) Retirement Plan

The Organization provides a Simple IRA plan for all employees who have at least \$5,000 in wages in the prior year. An employee can contribute up to \$10,000 (\$12,000 if age 50 or older) annually. The Organization can match the employee's contribution up to 3% of the employee's contribution. The Organization's contribution for the year ended December 31, 2012 was \$17,310.

(11) Subsequent Events

Subsequent events have been evaluated through April 17, 2013 which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.