

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Financial Statements

December 31, 2016 and 2015

With Independent Auditor's Report Thereon

Independent Auditor's Report

330 AMHERST COURT, N.E.

ATLANTA, GEORGIA 30328

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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 statements of financial position as of December 31, 2016 and 2015 and the related statements of activities, cash flows, and functional expenses 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

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, 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.

James Dykhouse, CPA

May 30, 2017

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statements of Financial Position

December 31, 2016 and 2015

	<u>Assets</u>	
	<u>2016</u>	<u>2015</u>
Current assets:		
Cash and cash equivalents	\$ 621,088	495,530
Investments	1,799	29,393
Accounts receivable	299,701	245,410
Contributions receivable, less allowance of \$13,630 in 2016 and \$18,630 in 2015	25,732	20,950
Inventory	-	14,862
Prepaid expenses	28,991	26,699
Total current assets	977,311	832,844
Contributions receivable, less allowance of \$11,370 in 2016 and \$16,370 in 2015	7,530	16,370
Fixed assets, less accumulated depreciation	63,738	66,425
Total assets	\$ <u>1,048,579</u>	<u>915,639</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued expenses	\$ <u>117,567</u>	<u>123,404</u>
Net assets:		
Unrestricted	110,129	113,096
Temporarily restricted	820,883	679,139
Total net assets	931,012	792,235
Total liabilities and net assets	\$ <u>1,048,579</u>	<u>915,639</u>

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statement of Activities

Year ended December 31, 2016
(with comparative totals for 2015)

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Totals</u>	
			2016	2015
Revenue and support:				
Contributions	\$ 175,766	717,650	893,416	714,214
Contracts	1,113,141	-	1,113,141	1,079,470
Special events, net of expenses	281,051	-	281,051	220,394
Investment income	1,468	-	1,468	1,502
Program income	106,315	-	106,315	102,816
Program material sales	163,789	-	163,789	165,652
Other	1,223	-	1,223	26,650
Net assets released from restrictions	<u>575,906</u>	<u>(575,906)</u>	<u>-</u>	
Total	<u>2,418,659</u>	<u>141,744</u>	<u>2,560,403</u>	<u>2,310,698</u>
Expenses:				
Program services	2,078,633	-	2,078,633	1,977,971
Fund raising	195,391	-	195,391	288,520
Management and general	<u>147,602</u>	<u>-</u>	<u>147,602</u>	<u>205,108</u>
Total	<u>2,421,626</u>	<u>-</u>	<u>2,421,626</u>	<u>2,471,599</u>
Change in net assets	(2,967)	141,744	138,777	(160,901)
Net assets at beginning of year	<u>113,096</u>	<u>679,139</u>	<u>792,235</u>	<u>953,136</u>
Net assets at end of year	<u>\$ 110,129</u>	<u>820,883</u>	<u>931,012</u>	<u>792,235</u>

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statement of Activities

Year ended December 31, 2015

	Unrestricted	Temporarily restricted	Total
Revenue and support:			
Contributions	\$ 180,180	534,034	714,214
Contracts	1,079,470	-	1,079,470
Special events, net of expenses	220,394	-	220,394
Investment income	1,502	-	1,502
Program income	102,816	-	102,816
Program material sales	165,652	-	165,652
Other	26,650	-	26,650
Net assets released from restrictions	643,150	(643,150)	-
Total	2,419,814	(109,116)	2,310,698
Expenses:			
Program services	1,977,971	-	1,977,971
Fund raising	288,520	-	288,520
Management and general	205,108	-	205,108
Total	2,471,599	-	2,471,599
Change in net assets	(51,785)	(109,116)	(160,901)
Net assets at beginning of year	164,881	788,255	953,136
Net assets at end of year	\$ 113,096	679,139	792,235

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statements of Cash Flows

Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 138,777	(160,901)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,186	4,681
Unrealized (gain) loss on investments	668	2,359
Increase in accounts receivable	(54,291)	(8,676)
(Increase) decrease in contributions receivable	(4,782)	22,260
Decrease (increase) in inventory	14,862	(14,862)
Increase in prepaid expenses	(2,292)	(4,265)
Decrease (increase) in contributions receivable - long term	8,840	(3,740)
(Decrease) increase in accounts payable and accrued expenses	<u>(5,837)</u>	<u>(5,029)</u>
Net cash provided by (used in) operating activities	<u>104,131</u>	<u>(168,173)</u>
Cash flows from investing activities:		
Purchase of investments	(507)	(4,866)
Sale of investments	27,432	-
Purchase of property and equipment	<u>(5,498)</u>	<u>(40,924)</u>
Net cash provided by (used in) investing activities	<u>21,427</u>	<u>(45,790)</u>
Increase (decrease) in cash and cash equivalents	125,558	(213,963)
Cash and cash equivalents at beginning of year	<u>495,530</u>	<u>709,493</u>
Cash and cash equivalents at end of year	<u>\$ 621,088</u>	<u>495,530</u>

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statement of Functional Expenses

Year ended December 31, 2016

	<u>Program Services</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Total</u>
Personnel and benefits	\$ 1,522,368	162,285	96,808	1,781,461
Program supplies	151,657	1,232	-	152,889
Occupancy	113,357	4,086	2,406	119,849
Depreciation	6,876	819	491	8,186
Professional fees and consultants	118,778	2,308	32,472	153,558
Insurance	25,950	3,089	1,854	30,893
Travel	76,838	3,309	3,205	83,352
Bad debt expense	-	13,467	-	13,467
Office expense	56,111	4,796	8,779	69,686
Other	6,698	-	1,587	8,285
	<u>\$ 2,078,633</u>	<u>195,391</u>	<u>147,602</u>	<u>2,421,626</u>

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Statement of Functional Expenses

Year ended December 31, 2015

	<u>Program Services</u>	<u>Fund Raising</u>	<u>Management and General</u>	<u>Total</u>
Personnel and benefits	\$ 1,369,168	235,975	153,594	1,758,737
Program supplies	205,334	8,390	-	213,724
Occupancy	111,353	4,098	2,382	117,833
Depreciation	3,511	655	515	4,681
Professional fees and consultants	144,726	5,785	33,582	184,093
Insurance	17,558	3,278	2,575	23,411
Travel	63,264	5,293	882	69,439
Office expense	59,848	6,259	11,100	77,207
Bad debt expense	-	18,773	-	18,773
Other	3,209	14	478	3,701
	<u>\$ 1,977,971</u>	<u>288,520</u>	<u>205,108</u>	<u>2,471,599</u>

See accompanying notes to financial statements.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(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, 2016 and 2015

(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:

	Life
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 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, 2016 and 2015:

	2016	2015
Unconditional promises expected to be collected in:		
Less than one year	\$ 39,362	39,580
One year to five years	18,900	32,740
Over five years	-	-
	58,262	72,320
Less allowances for uncollectible promises to give	(25,000)	(35,000)
	\$ 33,262	37,320

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(3) Investments

At December 31, 2016 and 2015, the fair value of investments is as follows:

		<u>2016</u>		<u>2015</u>
Equity securities	\$	<u>1,799</u>		<u>29,393</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, 2016 and 2015:

December 31, 2016:					
		Total	Level 1	Level 2	Level 3
Publicly traded securities	\$	1,799	1,799	-	-
December 31, 2015:					
		Total	Level 1	Level 2	Level 3
Publicly traded securities	\$	29,393	29,393	-	-

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

Notes to Financial Statements

December 31, 2016 and 2015

(5) Fixed Assets

Fixed assets consisted of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Furniture and fixtures	\$ 108,292	108,292
Leasehold improvements	142,163	142,163
Equipment	<u>142,588</u>	<u>137,090</u>
	393,043	387,545
Less accumulated depreciation	<u>(329,305)</u>	<u>(321,120)</u>
	\$ <u>63,738</u>	<u>66,425</u>

(6) Restricted Net Assets

In 2015, the Organization determined that certain contributions that had previously been classified as temporarily restricted should have been classified as unrestricted.

This change resulted in the following restatement of the 2014 financial statements:

	Ending Unrestricted <u>Net Assets</u>	Ending Temporarily Restricted <u>Net Assets</u>
December 31, 2014, balances, as previously reported	\$ 128,214	824,922
Reclassification	<u>36,667</u>	<u>(36,667)</u>
Balances as restated	<u>\$ 164,881</u>	<u>788,255</u>

Temporarily restricted net assets at December 31, 2016 and 2015 consist of funds for the following:

	<u>2016</u>	<u>2015</u>
Capital Improvement Fund	\$ 79,303	86,570
Prevention Program	528,724	557,911
General Operating Support	<u>212,856</u>	<u>34,658</u>
	<u>\$ 820,883</u>	<u>679,139</u>

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Notes to Financial Statements

December 31, 2016 and 2015

Temporarily restricted net assets released from donor restrictions during 2016 and 2015 as a result of expenses being incurred to satisfy the restricted purposes specified by donors or the passage of time are as follows:

	<u>2016</u>	<u>2015</u>
Prevention Program	\$492,687	557,255
Capital Improvements	7,268	13,430
General Operating Support	<u>75,951</u>	<u>72,465</u>
	<u>\$575,906</u>	<u>643,150</u>

(7) 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 \$64,977 for the year ended December 31, 2016.

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

2017	\$ 58,831
2018	<u>60,606</u>
	<u>\$119,437</u>

(8) 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%. At December 31, 2016, there was no amount outstanding on this line of credit.

(9) 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, 2016 and 2015 was \$21,402 and \$19,281, respectively.

(10) Subsequent Events

Subsequent events have been evaluated through May 30, 2017 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.