

GEORGIA CENTER FOR CHILD ADVOCACY, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

With Independent Auditor's Report Thereon

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

Independent Auditor's Report	1-2
Financial Statements	
Statements of Financial Position	3
Statement of Activities	4-5
Statement of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to the Financial Statements	9-15
Single Audit Section	
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards	18
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	21-22
Schedules of Findings and Questioned Costs	23-24

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Georgia Center for Child Advocacy, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Georgia Center for Child Advocacy, Inc. ("GCCA") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of GCCA as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the GCCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the GCCA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 GCCA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the GCCA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 audit 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2024 on our consideration of the GCCA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the GCCA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the GCCA's internal control over financial reporting and compliance.

Julien A Korte LLC

Morrow, Georgia
May 24, 2024

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS		<u>2023</u>	<u>2022</u>
Current assets			
Cash and cash equivalents	\$	1,255,435	\$ 1,544,086
Investments		5,298	4,378
Grants receivable		461,928	535,066
Prepaid expenses		<u>32,191</u>	<u>38,688</u>
Total current assets		1,754,852	2,122,218
Property and equipment, net		1,001,242	1,135,752
Right-of-use asset – operating lease		1,118,500	1,267,343
Security deposit		<u>14,575</u>	<u>14,575</u>
Total assets	\$	<u><u>3,889,169</u></u>	<u><u>\$ 4,539,888</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$	71,539	\$ 60,123
Accrued payroll and other compensation		80,413	73,712
Accrued expenses		4,267	18,174
Operating lease liability – short term		155,457	144,955
Deferred revenue		<u>-</u>	<u>9,353</u>
Total current liabilities		311,676	306,317
Operating lease liability – long term		<u>1,085,436</u>	<u>1,240,893</u>
Total liabilities		1,397,112	1,547,210
Net assets			
Without donor restrictions		1,789,765	1,886,266
With donor restrictions		<u>702,292</u>	<u>1,106,412</u>
Total net assets		<u>2,492,057</u>	<u>2,992,678</u>
Total liabilities and net assets	\$	<u><u>3,889,169</u></u>	<u><u>\$ 4,539,888</u></u>

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

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023 Without Donor Restriction	2023 With Donor Restriction	2023 Total	2022
REVENUE AND SUPPORT				
Grant revenue	\$ 2,147,527	\$ -	\$ 2,147,527	\$ 1,931,909
Contributions	328,989	363,500	692,489	807,657
Special events, net of cost of direct benefit to donors of \$99,807 and \$71,207, respectively	217,762	-	217,762	237,210
Program income	130,715	-	130,715	220,329
Program material sales	39,556	-	39,556	102,050
Investment income	28,537	-	28,537	2,746
Other revenue	<u>6,385</u>	<u>-</u>	<u>6,385</u>	<u>22,555</u>
Revenue and support	2,899,471	363,500	3,262,971	3,324,456
Net assets released from restrictions	<u>767,620</u>	<u>(767,620)</u>	<u>-</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	3,667,091	(404,120)	3,262,971	3,324,456
EXPENSES				
Program activities	3,385,229	-	3,385,229	3,269,654
Supporting services:				
Management and general expenses	203,124	-	203,124	185,188
Fundraising expenses	<u>175,239</u>	<u>-</u>	<u>175,239</u>	<u>139,523</u>
Total supporting services	<u>378,363</u>	<u>-</u>	<u>378,363</u>	<u>324,711</u>
TOTAL EXPENSES	<u>3,763,592</u>	<u>-</u>	<u>3,763,592</u>	<u>3,594,365</u>
CHANGE IN NET ASSETS	(96,501)	(404,120)	(500,621)	(269,909)
NET ASSETS AT:				
BEGINNING OF YEAR	<u>1,886,266</u>	<u>1,106,412</u>	<u>2,992,678</u>	<u>3,262,587</u>
END OF YEAR	<u>\$ 1,789,765</u>	<u>\$ 702,292</u>	<u>\$ 2,492,057</u>	<u>\$ 2,992,678</u>

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

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grant revenue	\$ 1,931,909	\$ -	\$ 1,931,909
Contributions	315,348	492,309	807,657
Special events, net of cost of direct benefit to donors of \$71,207	237,210	-	237,210
Program income	220,329	-	220,329
Program material sales	102,050	-	102,050
Investment income	2,746	-	2,746
Other revenue	<u>22,555</u>	<u>-</u>	<u>22,555</u>
Revenue and support	2,832,147	492,309	3,324,456
Net assets released from restrictions	<u>851,085</u>	<u>(851,085)</u>	<u>-</u>
TOTAL REVENUE AND SUPPORT	3,683,232	(358,776)	3,324,456
EXPENSES			
Program activities	3,269,654	-	3,269,654
Supporting services:			
Management and general expenses	185,188	-	185,188
Fundraising expenses	<u>139,523</u>	<u>-</u>	<u>139,523</u>
Total supporting services	<u>324,711</u>	<u>-</u>	<u>324,711</u>
TOTAL EXPENSES	<u>3,594,365</u>	<u>-</u>	<u>3,594,365</u>
CHANGE IN NET ASSETS	88,867	(358,776)	(269,909)
NET ASSETS AT:			
BEGINNING OF YEAR	<u>1,797,399</u>	<u>1,465,188</u>	<u>3,262,587</u>
END OF YEAR	\$ <u>1,886,266</u>	\$ <u>1,106,412</u>	\$ <u>2,992,678</u>

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

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total
Personnel and benefits	\$ 2,448,752	\$ 132,090	\$ 141,737	\$ 2,722,579
Occupancy	289,502	5,125	10,250	304,877
Professional fees and consultants	224,788	36,911	7,276	268,975
Depreciation	150,760	2,796	8,502	162,058
Office expense	116,427	8,639	3,742	128,808
Travel	72,225	-	1,376	73,601
Insurance	38,447	713	2,168	41,328
Program supplies	32,717	-	83	32,800
Other	11,611	4,915	105	16,631
Bad debt expense	<u>-</u>	<u>11,935</u>	<u>-</u>	<u>11,935</u>
 TOTAL EXPENSES	 <u>\$ 3,385,229</u>	 <u>\$ 203,124</u>	 <u>\$ 175,239</u>	 <u>\$ 3,763,592</u>

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

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total
Personnel and benefits	\$ 2,382,081	\$ 116,754	\$ 104,952	\$ 2,603,787
Professional fees and consultants	267,954	34,314	15,605	317,873
Occupancy	245,029	4,741	8,993	258,763
Depreciation	148,628	5,654	6,652	160,934
Office expense	90,538	7,618	1,500	99,656
Program supplies	47,872	672	-	48,544
Travel	40,271	2,205	760	43,236
Insurance	24,147	11,725	26	35,898
Other	23,134	880	1,035	25,049
Bad debt expense	<u>-</u>	<u>625</u>	<u>-</u>	<u>625</u>
TOTAL EXPENSES	<u>\$ 3,269,654</u>	<u>\$ 185,188</u>	<u>\$ 139,523</u>	<u>\$ 3,594,365</u>

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

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (500,621)	\$ (269,909)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	162,058	160,934
Unrealized (gain) loss on investments	(821)	690
Amortization of right-of-use asset – operating lease	148,843	148,428
Decrease (Increase) in operating assets		
Grants receivable	73,138	270,987
Contributions receivable	-	105,115
Prepaid expenses	6,497	(5,437)
Increase (Decrease) in operating liabilities		
Accounts payable	11,416	(23,057)
Accrued payroll and other compensation	6,701	(4,270)
Accrued expenses	(13,907)	18,174
Operating lease liability	(144,955)	(139,069)
Deferred revenue	<u>(9,353)</u>	<u>9,353</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(261,004)	271,939
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(27,548)	-
Purchases of investments	<u>(99)</u>	<u>(46)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(27,647)</u>	<u>(46)</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>-</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(288,651)	271,893
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEARS	<u>1,544,086</u>	<u>1,272,193</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEARS	\$ <u><u>1,255,435</u></u>	\$ <u><u>1,544,086</u></u>

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

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

1. ORGANIZATION

Georgia Center for Child Advocacy, Inc.'s ("GCCA"), 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. GCCA's role throughout the criminal investigation is to focus on the child's needs, rather than focusing on the crime itself. GCCA was established as a private, non-profit agency in 1987. In 1992, GCCA was the 10th agency in the country to become an accredited member of the National Children's Alliance and the first in Georgia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

GCCA classifies its net assets and revenues and expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of GCCA and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of GCCA. These net assets may be used at the discretion of GCCA's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Those restrictions will be met by actions of GCCA or by the passage of time.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases 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 in the statement of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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. For the years ended December 31, 2023 and 2022, GCCA had cash equivalents of \$1,121,578 and \$1,311,619, respectively.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentrations of credit risk

GCCA maintains its funds with a financial institution that insures cash balances up to \$250,000 as of December 31, 2023, through the Federal Deposit Insurance Corporation. As of December 31, 2023, the GCCA held funds of \$714,540 that exceeded the insured limits. GCCA performs on-going evaluations of the financial institution to limit its concentration of credit risk exposure. GCCA has not experienced any losses in such accounts and management believes the GCCA is not exposed to any significant credit risk related to cash.

Investments

Investments in equity and debt securities are reported at fair value with realized and unrealized gains and losses included as investment income in the statement of activities.

Federal grants and grants receivable

Federal grants are considered conditional contributions. The principle condition attached to these awards is that GCCA must incur costs in accordance with the Office of Management and Budget's uniform guidance before costs can be reimbursed. GCCA exercises judgment regarding what constitutes a reimbursable cost per compliance with federal regulations. Grants receivable represent amounts due from funding organizations for reimbursable expenses incurred. Cash received under grants and contracts in advance of incurring the related expenses is reported as deferred revenue.

Promises to give

Unconditional promises to give involve fair value measurement only upon initial recognition. Unconditional promises to give, which are expected to be received in future years, are recorded at the present value of their estimated future cash flows using discount rates approximating the rate of return on U.S. government securities with similar maturities. Amortization of the discount is included in contribution revenue. GCCA provides for an allowance for doubtful receivables based on donor reputation and past giving history.

Revenue recognition

GCCA recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Federal, state and local grants

A portion of GCCA's revenue is derived from cost-reimbursable federal, state and local contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when GCCA has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. GCCA did not receive any advanced payments for the years ended December 31, 2023 and 2022, respectively.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special events

Special events consist primarily of ticket sales and sponsorships. GCCA records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Performance obligations related to special events are transferred to the customer at a point in time and is recognized at the conclusion of the event. Special event contributions are conditional promises to give and are not recognized as revenue in the financial statements until the event takes place. GCCA did not receive any advanced payments for the years ended December 31, 2023 and 2022.

Program income

Performance obligations related to program income contracts are transferred to the customer over time. The principal terms of revenue recognition is ratably over the term of the contract as GCCA satisfies the promised obligations. Payment terms vary from payments due up front to payments due per agreed upon payment schedule; therefore, contract assets and contract liabilities may exist at year end. GCCA did not receive any advanced payments for the years ended December 31, 2023 and 2022.

Program material sales

Program material sales consist primarily of Prevention Initiative trainings, curriculums, and workshops. Performance obligations related to program material sales are transferred to the customer at the point of service. Payments are generally due up front; therefore, contract assets and contract liabilities may exist at year end. GCCA did not receive any advanced payments for the years ended December 31, 2023 and 2022.

Property and equipment

Expenditures for property, equipment, and leasehold improvements are capitalized at cost. Contributed assets are recorded at their fair value at the date of the gift. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets as follows:

Furniture and fixtures	5 - 7 years
Equipment	3 - 5 years
Leasehold improvements	6 - 7 years

Contributed goods and services

The value of significant donated goods and services and free use of long-lived assets and facilities is reflected as contributions in the accompanying financial statements at the estimated fair value of such goods and services at the date of contribution.

Contributed services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional allocation of expenses

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 based on estimates of time and effort and space allocations.

Use of estimates

Management of GCCA 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.

Income taxes

GCCA qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. GCCA had no income from unrelated activities and has no income taxes due as of December 31, 2023.

GCCA's application of ASC 740 regarding uncertain tax positions had no effect on its financial position as management believes GCCA has no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. GCCA would account for any potential interest or penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense. GCCA is no longer subject to examination by federal, state or local tax authorities for periods before 2020.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent events

GCCA has evaluated subsequent events through May 24, 2024, the date which the financial statements were available to be issued.

3. CONTINGENCY

Certain federal grants which GCCA administers and for which it receives reimbursements are subject to audit and final acceptance by federal granting agencies. Current and prior year costs of such grants are subject to adjustment upon audit. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time, although GCCA expects such amounts, if any, would not have a significant impact of the financial position of GCCA.

4. RETIREMENT PLAN

GCCA 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 \$15,500 (\$19,000 if age 50 or older) annually. The GCCA can match the employee's contribution up to 3% of the employee's contribution. GCCA's contribution for the years ended December 31, 2023 and 2022 were \$38,756 and \$35,479, respectively.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

5. AVAILABILITY AND LIQUIDITY

Financial assets that are available for general expenditure within one year of December 31, 2023 are as follows:

Financial assets:	
Cash and cash equivalents	\$ 1,255,435
Investments	5,298
Grants receivable	<u>461,928</u>
Financial assets, at year-end	1,722,661
Less amounts unavailable to be used within one year:	
Net assets with donor restrictions	<u>702,292</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,020,369</u>

GCCA has a line of credit with a bank of \$150,000 which is secured by all of GCCA's assets. The line of credit carries a variable interest rate based on the prime rate. At December 31, 2023, there was no amount outstanding on this line of credit.

GCCA manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. In addition, GCCA invests cash in excess of projected monthly requirements in money market accounts.

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 1,358,089	\$ 1,358,089
Furniture and fixtures	171,009	153,786
Equipment	<u>94,456</u>	<u>84,130</u>
	1,623,554	1,596,005
Less accumulated depreciation	<u>(622,312)</u>	<u>(460,253)</u>
	<u>\$ 1,001,242</u>	<u>\$ 1,135,752</u>

Depreciation expense for the years ended December 31, 2023 and 2022, amounted to \$162,058 and \$160,934, respectively.

7. LEASE ACTIVITIES

GCCA has an operating lease for office space. They assess whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

7. LEASE ACTIVITIES (Continued)

Operating lease right-of-use asset and liability are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. Since GCCA's lease did not provide an implicit rate, to determine the present value of lease payments, management used GCCA's incremental borrowing rate based on the information available at lease commencement. The operating lease right-of-use asset is adjusted for any prepaid or accrued lease payments.

The following summarizes the line items in the statement of financial position which include amounts for operating leases as of December 31, 2023:

Operating Leases

Right-of-use asset – operating lease	<u>\$ 1,118,500</u>
Operating lease liabilities – short term	\$ 155,457
Operating lease liabilities – long term	<u>1,085,436</u>
Total operating lease liabilities	<u>\$ 1,240,893</u>

Supplemental Cash Flows Information for the year ended December 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 187,871
--	------------

Weighted average remaining lease term

Operating leases	79 months
------------------	-----------

Weighted average discount rate

Operating leases	3.25%
------------------	-------

Future minimum lease payments under non-cancellable leases as of December 31, 2023 were as follows:

Year Ending December 31,	
2024	\$ 193,507
2025	199,312
2026	205,291
2027	211,450
2028	217,794
Thereafter	<u>357,448</u>
Total lease payments	1,384,802
Less: imputed interest	<u>(143,909)</u>
Present value of lease liabilities	<u>\$ 1,240,893</u>

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

8. FAIR VALUE MEASUREMENT

GCCA has adopted the provisions of Accounting Standards Codifications 820 (“ASC 820”), Fair Value Measurements, 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: Unobservable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Inputs are 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.

GCCA’s investments are measured at fair value on a recurring basis in accordance with ASC 820 as of December 31, 2023 and 2022, and are deemed as Level 1.

9. NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Prevention Program	\$ 426,350	\$ 571,886
Capital Campaign	255,622	304,693
Child and Family Advocacy	20,320	199,833
Time restricted	<u>-</u>	<u>30,000</u>
Total net assets with donor restrictions	<u>\$ 702,292</u>	<u>\$ 1,106,412</u>

During 2023 and 2022, net assets were released from donor restrictions as a result of expenses being incurred to satisfy the restrictions specified by donors or the passage of time are as follows:

	<u>2023</u>	<u>2022</u>
Prevention Program	\$ 509,036	\$ 611,500
Capital Campaign	49,070	19,419
Child and Family Advocacy	179,514	200,166
Time restricted	<u>30,000</u>	<u>20,000</u>
Total net assets released from restrictions	<u>\$ 767,620</u>	<u>\$ 851,085</u>

SINGLE AUDIT SECTION

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Federal Grantor/ Pass Through Grantor/ Title of Federal Program	Pass-Through Entity Identifying Number	AL Number	Passed-through to Subrecipients	Federal Expenditures
TANF Cluster				
Department of Health and Human Services				
<i>Passed through Criminal Justice Coordinating Council</i>				
Temporary Assistance for Needy Families	U23-8-005, U24-8-005	93.558	\$ -	\$ 41,366
Total Department of Health and Human Services			-	41,366
Total TANF Cluster			-	41,366
United States Department of Justice				
<i>Direct Federal</i>				
Services for Trafficking Victims	15POVC-23-GG-02764-HT	16.320	-	255,281
Missing Children's Assistance	2020-MC-FX-K030-00	16.543	-	161,874
<i>Passed through Criminal Justice Coordinating Council</i>				
Crime Victim Assistance	C22-8-028, C23-8-063	16.575	-	413,689
<i>Passed through National Children's Alliance</i>				
Victims of Child Abuse	ATLA-GA-CORE22	16.758	-	50,000
Total United States Department of Justice			-	880,844
Department of Health and Human Services				
<i>Direct Federal</i>				
Substance Abuse and Mental Health Services	H79SM084901-01	93.243	64,948	380,410
<i>Direct Federal</i>				
Congressional Directives	90XP0545	93.493	-	49,015
<i>Passed through Georgia Department of Human Services</i>				
Community-Based Child Abuse Prevention Grants	42700-040-0000107738			
	42700-040-0000112573	93.590	-	95,282
<i>Passed through Georgia Department of Human Services</i>				
Children's Justice Grants to States	42700-040-0000107727			
	42700-040-0000112916	93.643	-	46,468
Children's Justice Grants to States	42700-040-0000107733	93.643	-	74,854
Total Children's Justice Grants to States			-	121,322
Total Department of Health and Human Services			64,948	646,029
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 64,948	\$ 1,568,239

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2023

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards ("Schedule") includes the federal award activity of Georgia Center for Child Advocacy, Inc. ("GCCA") under programs of the federal government for the year ended December 31, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of GCCA, it is not intended to and does not present the financial position, changes in net assets, or cash flows of GCCA.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Costs

Georgia Center for Child Advocacy, Inc. has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Georgia Center for Child Advocacy, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Georgia Center for Child Advocacy, Inc. ("GCCA") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 24, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered GCCA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GCCA's internal control. Accordingly, we do not express an opinion on the effectiveness of the GCCA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether GCCA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions

was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

John S. Korat LLC

Morrow, Georgia
May 24, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Georgia Center for Child Advocacy, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Georgia Center for Child Advocacy, Inc.'s ("GCCA") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of GCCA's major federal programs for the year ended December 31, 2023. GCCA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, GCCA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of GCCA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of GCCA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to GCCA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on GCCA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate,

it would influence the judgment made by a reasonable user of the report on compliance about GCCA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding GCCA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of GCCA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of GCCA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Julian E. Kozak LLC

Morrow, Georgia
May 24, 2024

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: **Unmodified**

Internal control over financial reporting:

	<u>Yes</u>	<u>No</u>	<u>None Reported</u>
• Material weakness(es) identified?	<u> </u>	<u> X </u>	
• Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u>	<u> </u>	<u> X </u>
Noncompliance material to financial statements noted?	<u> </u>	<u> X </u>	

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	<u> </u>	<u> X </u>	
• Significant deficiencies identified that are not considered to be material weaknesses?	<u> </u>	<u> </u>	<u> X </u>

Type of auditor’s report issued on compliance for Major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?

 X

Identification of Major Programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
16.575	Crime Victim Assistance

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

	<u>Yes</u>	<u>No</u>
Auditee qualified as low-risk auditee?	<u> X </u>	

GEORGIA CENTER FOR CHILD ADVOCACY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – Continued

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.