

**GEORGIA CENTER FOR CHILD ADVOCACY, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**With Independent Auditor's Report Thereon**

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Georgia Center for Child Advocacy, Inc. ("GCCA"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia Center for Child Advocacy, Inc. as of December 31, 2020, 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.

## **Other Matters**

### *Prior Year Audit*

The financial statements of Georgia Center for Child Advocacy, Inc. for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on August 25, 2020.

### *Other 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 information 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 July 20, 2021, on our consideration of Georgia Center for Child Advocacy, Inc.'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 Georgia Center for Child Advocacy, Inc.'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 Georgia Center for Child Advocacy, Inc.'s internal control over financial reporting and compliance.



Morrow, Georgia  
July 20, 2021

GEORGIA CENTER FOR CHILD ADVOCACY, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019

ASSETS		
	2020	2019
Current assets		
Cash and cash equivalents	\$ 963,555	\$ 819,665
Investments	2,535	2,946
Grants receivable	460,613	426,630
Contributions receivable, less allowance of \$2,500 in 2020 and \$2,500 in 2019	152,040	10,400
Prepaid expenses	37,535	42,988
Security deposit	14,575	15,125
Total current assets	1,630,853	1,317,754
Contributions receivable, less allowance of \$2,500 in 2020 and \$2,500 in 2019	139,514	634
Property and equipment, net	1,457,804	45,857
Total assets	\$ 3,228,171	\$ 1,364,245
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 43,696	\$ 90,324
Deferred rent	79,899	-
Accrued payroll and other compensation	31,562	79,943
Total current liabilities	155,157	170,267
Total liabilities	155,157	170,267
Net assets		
Without donor restrictions	1,896,630	454,931
With donor restrictions	1,176,384	739,047
Total net assets	3,073,014	1,193,978
Total liabilities and net assets	\$ 3,228,171	\$ 1,364,245

*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, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

	2020 Without Donor Restriction	2020 With Donor Restriction	2020 Total	2019
<b>REVENUE AND SUPPORT</b>				
Contributions	\$ 303,752	\$ 2,214,198	\$ 2,517,950	\$ 854,982
Contracts	1,866,464	-	1,866,464	1,862,096
Other revenue	374,457	-	374,457	5,100
Special events, net	143,481	-	143,481	347,476
Program income	122,454	-	122,454	168,618
In-kind contributions	98,535	-	98,535	-
Program material sales	44,158	-	44,158	78,820
Investment income	<u>3,510</u>	<u>-</u>	<u>3,510</u>	<u>4,447</u>
Revenue and support	2,956,811	2,214,198	5,171,009	3,321,539
Net assets released from restrictions	<u>1,776,861</u>	<u>(1,776,861)</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>4,733,672</u>	<u>437,337</u>	<u>5,171,009</u>	<u>3,321,539</u>
<b>EXPENSES</b>				
Program activities	2,923,166	-	2,923,166	2,812,560
Supporting services:				
Management and general expenses	186,904	-	186,904	223,655
Fundraising expenses	<u>181,903</u>	<u>-</u>	<u>181,903</u>	<u>81,833</u>
Total supporting services	<u>368,807</u>	<u>-</u>	<u>368,807</u>	<u>305,488</u>
<b>TOTAL EXPENSES</b>	<u>3,291,973</u>	<u>-</u>	<u>3,291,973</u>	<u>3,118,048</u>
<b>CHANGE IN NET ASSETS</b>	1,441,699	437,337	1,879,036	203,491
<b>NET ASSETS AT:</b>				
BEGINNING OF YEAR	<u>454,931</u>	<u>739,047</u>	<u>1,193,978</u>	<u>990,487</u>
END OF YEAR	<u>\$ 1,896,630</u>	<u>\$ 1,176,384</u>	<u>\$ 3,073,014</u>	<u>\$ 1,193,978</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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Contributions	\$ 165,880	\$ 689,102	\$ 854,982
Contracts	1,862,096	-	1,862,096
Other revenue	5,100	-	5,100
Special events, net	347,476	-	347,476
Program income	168,618	-	168,618
Program material sales	78,820	-	78,820
Investment income	<u>4,447</u>	<u>-</u>	<u>4,447</u>
Revenue and support	2,632,437	689,102	3,321,539
Net assets released from restrictions	<u>539,110</u>	<u>(539,110)</u>	<u>-</u>
<b>TOTAL REVENUE AND SUPPORT</b>	<u>3,171,547</u>	<u>149,992</u>	<u>3,321,539</u>
<b>EXPENSES</b>			
Program activities	2,812,560	-	2,812,560
Supporting services:			
General and administration	223,655	-	223,655
Fundraising	<u>81,833</u>	<u>-</u>	<u>81,833</u>
Total supporting services	<u>305,488</u>	<u>-</u>	<u>305,488</u>
<b>TOTAL EXPENSES</b>	<u>3,118,048</u>	<u>-</u>	<u>3,118,048</u>
<b>CHANGE IN NET ASSETS</b>	53,499	149,992	203,491
<b>NET ASSETS AT:</b>			
BEGINNING OF YEAR	<u>401,432</u>	<u>589,055</u>	<u>990,487</u>
END OF YEAR	<u>\$ 454,931</u>	<u>\$ 739,047</u>	<u>\$ 1,193,978</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, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel and benefits	\$ 2,152,896	\$ 97,577	\$ 103,549	\$ 2,354,022
Professional fees and consultants	306,579	45,445	55,095	407,119
Occupancy	155,566	6,129	9,273	170,968
Office expense	124,181	16,237	1,363	141,781
Depreciation	80,844	3,676	7,349	91,869
Program supplies	45,109	650	24	45,783
Insurance	36,148	1,643	3,286	41,077
Travel	19,508	1,123	1,812	22,443
Bad debt expense	-	13,534	-	13,534
Other	<u>2,335</u>	<u>890</u>	<u>152</u>	<u>3,377</u>
 TOTAL EXPENSES	 <u>\$ 2,923,166</u>	 <u>\$ 186,904</u>	 <u>\$ 181,903</u>	 <u>\$ 3,291,973</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, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel and benefits	\$ 2,224,915	\$ 185,085	\$ 9,216	\$ 2,419,216
Professional fees and consultants	153,497	23,921	31,811	209,229
Occupancy	130,736	4,142	2,072	136,950
Office expense	87,019	3,157	18,050	108,226
Depreciation	8,757	796	398	9,951
Program supplies	106,197	-	-	106,197
Insurance	25,963	2,360	1,180	29,503
Travel	71,014	4,032	2,381	77,427
Bad debt expense	-	-	15,174	15,174
Other	4,462	162	1,551	6,175
<b>TOTAL EXPENSES</b>	<u>\$ 2,812,560</u>	<u>\$ 223,655</u>	<u>\$ 81,833</u>	<u>\$ 3,118,048</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,879,036	\$ 203,491
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	91,869	9,951
Unrealized gain on investments	-	(495)
PPP loan forgiveness	(374,000)	-
(Increase) Decrease in operating assets		
Grants receivable	(31,483)	(42,396)
Contributions receivable	(283,020)	4,774
Prepaid expenses	5,453	(19,537)
Security deposit	550	(15,125)
Contributions receivable-long term	-	1,186
(Decrease) Increase in operating liabilities		
Accounts payable	(46,628)	6,842
Deferred rent	79,899	-
Accrued payroll and other compensation	<u>(48,381)</u>	<u>-</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,273,295</u>	<u>148,691</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,503,816)	(4,994)
Proceeds from sale of property and equipment	<u>411</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,503,405)</u>	<u>(4,994)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of PPP loan	374,000	-
Proceeds of commercial draw loan	175,721	-
Repayment of commercial draw loan	<u>(175,721)</u>	<u>-</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>374,000</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	143,890	143,697
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEARS	<u>819,665</u>	<u>675,968</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEARS	<u>\$ 963,555</u>	<u>\$ 819,665</u>
SUPPLEMENTAL DISCLOSURE		
Cash paid for interest	<u>\$ 999</u>	<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, 2020 AND 2019

**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 10<sup>th</sup> 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.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**Investments**

Investments in equity and debt securities are reported at fair value with realized and unrealized gains and losses included 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 advance payments for the years ended December 31, 2020 and 2019.

**Deferred rent**

Deferred rent results from a period of reduced rent payments at the inception of the office lease and is being amortized over the life of the lease. GCCA recognizes rent expense related to its office lease on a straight-line basis over the life of the lease in accordance with GAAP.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. 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.

During the years ended December 31, 2020 and 2019, GCCA received contributed legal and other professional services. Total in-kind contributed goods and services received and included in the accompanying statements of activities amounted to \$98,535 and \$- for the years ended December 31, 2020 and 2019, respectively.

**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, 2020.

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 2017.

**New accounting pronouncement**

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs replace most existing revenue recognition guidance in U.S. GAAP. The ASU also requires expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. GCCA adopted the revenue recognition standard on January 1, 2020, in accordance with ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), Effective Dates for Certain Entities*. This ASU had no material effect on the Organization's revenue recognition.

**Upcoming accounting guidance**

FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require organizations to recognize assets and liabilities on the balance sheet for the rights and obligations created by the leases. A lessee will be required to recognize assets and liabilities for leases with terms that exceed twelve months. The standard will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASU No. 2020-05 delayed the application of the new leases standard for one year. As a result, the leases standard is effective for GCCA's fiscal year ended December 31, 2022. Early application is permitted.

In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures for Contributed Nonfinancial Assets*. This ASU will clarify the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. The Update does not change existing recognition and measurement requirements for contributed nonfinancial assets. This ASU is effective for GCCA's fiscal year ended December 31, 2022. Retrospective basis is used for implementation.

GCCA is currently evaluating the impact of the adoptions for both standards on the financial statements.

**Subsequent events**

GCCA has evaluated subsequent events through July 20, 2021, the date which the financial statements were available to be issued.

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

**3. AVAILABILITY AND LIQUIDITY**

Financial assets that are available for general expenditure within one year of December 31, 2020 are as follows:

Financial assets:	
Cash and cash equivalents	\$ 963,555
Investments	2,535
Grants and promises to give receivable	<u>612,653</u>
Financial assets, at year-end	<u>1,578,743</u>
Less amounts unavailable to be used within one year:	
Net assets with time restrictions	<u>(142,014)</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 1,436,729</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, 2020, 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.

**4. PROMISES TO GIVE**

Contributions receivable, net, are summarized as follows at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Unconditional promises expected to be collected in:		
Less than one year	\$ 154,540	\$ 12,900
One year to five years	<u>142,014</u>	<u>3,134</u>
	296,554	16,034
Less allowances for uncollectible promises to give	<u>(5,000)</u>	<u>(5,000)</u>
	<u>\$ 291,554</u>	<u>\$ 11,034</u>

The effective interest rates used to discount the promises to give was 1% and 2.5% for years ended December 31, 2020 and 2019, respectively.

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

**5. PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2020 and 2019

	2020	2019
Leasehold improvements	\$ 1,358,089	\$ 142,163
Furniture and fixtures	153,786	108,292
Equipment	82,002	154,962
	1,593,877	405,417
Less accumulated depreciation	(136,073)	(359,560)
	\$ 1,457,804	\$ 45,857

Depreciation expense for the years ended December 31, 2020 and 2019, amounted to \$91,869 and \$9,951, respectively.

**6. COMMITMENTS**

GCCA leases office equipment and space under operating leases for various terms. Future minimum payments for all operating leases are as follows:

Year	Amount
2021	\$ 162,511
2022	182,399
2023	187,871
2024	193,507
2025	199,312
Thereafter	991,982
	\$ 1,917,582

Rent expense for the years ended December 31, 2020 and 2019, amounted to \$108,035 and \$62,424, respectively.

**7. 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.

**8. 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 \$10,000 (\$12,000 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, 2020 and 2019 were \$30,892 and \$30,774, respectively.

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

**9. 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, 2020 and 2019, and are deemed as Level 1.

**10. PAYCHECK PROTECTION PROGRAM LOAN**

In March 2020, the President of the United States signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides Payroll Protection Program (PPP) loans to small businesses facing an unprecedented economic disruption due to the Coronavirus (COVID-19) outbreak. Paycheck Protection Program loans provide a direct incentive for nonprofits to keep their workers on the payroll and to maintain their operations. On April 16, 2020, GCCA was granted a loan of \$374,000 from the U.S. Government’s Payroll Protection Program (PPP). The loan is uncollateralized and is fully guaranteed by the Federal government. GCCA initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. GCCA has recognized \$374,000 in revenue for the year ended December 31, 2020. The revenue is included as other revenue in the statement of activities.



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

**11. NET ASSETS**

Net assets with donor restrictions were as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Prevention Program	\$ 782,086	\$ 572,528
Capital Campaign	326,798	115,033
General Operating Support	67,500	51,486
Total net assets with donor restrictions	\$ 1,176,384	\$ 739,047

During 2020 and 2019, 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:

	2020	2019
Capital Campaign	\$ 1,479,433	\$ -
Prevention Program	218,443	497,972
General Operating Support	78,986	41,138
Total net assets released from restrictions	\$ 1,776,861	\$ 539,110

**12. COMMITMENT AND CONTINGENCY**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. GCCA is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on GCCA's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on GCCA's donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact GCCA's financial statements is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

**SINGLE AUDIT SECTION**

GEORGIA CENTER FOR CHILD ADVOCACY, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020

**Federal Grantor**

<i>Pass Through Grantor</i> Title of Federal Program	Contract Number	CFDA Number	Passed-through to Subrecipients	Federal Expenditures
<b>Other Programs</b>				
<b>United States Department of Justice</b>				
<i>Direct Federal</i>				
Services for Trafficking Victims	2016-VT-BX-K041 2019-MU-BX-0149	16.320	\$ -	\$ 293,069
Missing Children's Assistance	2020-MC-FX-K030	16.543	-	2,681
<i>Passed through Criminal Justice Coordinating Council</i>				
Crime Victim Assistance	C18-8-377, C19-8-047	16.575	-	795,188
Crime Victim Assistance (COVID-19 Emergency Funding)	C17-8-249	16.575	-	33,520
Crime Victim Assistance	C51-8-010, C51-8-015	16.575	-	90,794
	Total Crime Victim Assistance		-	919,502
<b>Total United States Department of Justice</b>			-	1,215,252
<b>Department of Health and Human Services</b>				
<i>Direct Federal</i>				
Substance Abuse and Mental Health Services	5U79SM063102-04 5U79SM063102-05	93.243	51,207	324,419
<i>Passed through Georgia Department of Human Services</i>				
Community-Based Child Abuse Prevention Grants	42700-040-0000087478 42700-040-0000096415	93.590	-	79,782
<i>Passed through Criminal Justice Coordinating Council</i>				
Family Violence Prevention and Services	V19-8-054, V20-8-054	93.671	-	48,423
<b>Total Department of Health and Human Services</b>			51,207	452,624
Total Other Programs			51,207	1,667,876
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 51,207</b>	<b>\$ 1,667,876</b>

GEORGIA CENTER FOR CHILD ADVOCACY, INC.  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
DECEMBER 31, 2020

**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, 2020. 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**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, 2020, 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 July 20, 2021.

**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 may exist that have not been identified.

**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.

A handwritten signature in blue ink, appearing to read "John S. Kelly, CPA".

Morrow, Georgia  
July 20, 2021

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**

We have audited Georgia Center for Child Advocacy, Inc.'s ("GCCA") compliance with the types of compliance requirements described 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, 2020. GCCA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of GCCA's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about GCCA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of GCCA's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the 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, 2020.

## Report on Internal Control over Compliance

Management of GCCA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered GCCA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of GCCA's 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



Morrow, Georgia  
July 20, 2021



GEORGIA CENTER FOR CHILD ADVOCACY, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 DECEMBER 31, 2020

**Section I – Summary of Auditor’s Results**

**Financial Statements**

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

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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	
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GEORGIA CENTER FOR CHILD ADVOCACY, INC.  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 DECEMBER 31, 2020

**Identification of Major Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.243	Substance Abuse and Mental Health Services
93.671	Family Violence Prevention and Services

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

\$750,000

Yes       No

Auditee qualified as low-risk auditee?

X

**Section II – Financial Statement Findings**

No matters were reported.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.