



THE GINGERBREAD HOUSE

**ELLIS COUNTY
CHILDREN'S ADVOCACY CENTER, INC.**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
AUGUST 31, 2016**

P&H

PATTILLO, BROWN & HILL, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

ELLIS COUNTY CHILDREN’S ADVOCACY CENTER, INC.

TABLE OF CONTENTS

AUGUST 31, 2016

**Page
Number**

FINANCIAL SECTION

Independent Auditors’ Report.....	1 – 2
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements.....	7 – 10



P A T T I L L O , B R O W N & H I L L , L . L . P .
CERTIFIED PUBLIC ACCOUNTANTS ■ BUSINESS CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
of Ellis County Children's Advocacy Center, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Ellis County Children's Advocacy Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of August 31, 2016, and the related statements of activities 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ellis County Children's Advocacy Center, Inc. as of August 31, 2016, 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.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
July 11, 2017

ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2016

ASSETS

	<u>2016</u>
Cash and cash equivalents	\$ 131,724
Grants receivable	7,653
Land	20,018
Building	423,384
Office furniture and equipment	<u>-</u>
 Total Assets	 <u>\$ 582,779</u>

LIABILITIES AND NET POSITION

LIABILITIES

Accounts payable	\$ <u>2,068</u>
Total Liabilities	<u>2,068</u>

NET POSITION

Unrestricted	<u>580,711</u>
Total Net Position	<u>580,711</u>

Total Liabilities and Net Position	<u>\$ 582,779</u>
------------------------------------	-------------------

See accompanying notes to the financial statements.

ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2016

	<u>2016</u>
UNRESTRICTED NET POSITION	
Unrestricted Revenue and Gains:	
Interest	\$ 399
Contributions	233,738
Other Income	<u>806</u>
Total Unrestricted Revenue and Gains	234,943
 Net Position Released from Restrictions:	
Restrictions satisfied by payments	<u>87,262</u>
Total Unrestricted Revenue, Gains and Other Support	322,205
 Expenses:	
Program services	<u>330,038</u>
 INCREASE IN UNRESTRICTED NET POSITION	<u>(7,833)</u>
 TEMPORARILY RESTRICTED NET POSITION	
Contributions:	-
Grant Revenue:	
Children's Advocacy Center of Texas, Inc.	87,262
Net Position Released from Restrictions:	
Restrictions satisfied by payments	<u>(87,262)</u>
 INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET POSITION	<u>-</u>
 INCREASE IN NET POSITION	<u>(7,833)</u>
 NET POSITION, BEGINNING OF YEAR	<u>588,544</u>
 NET POSITION, END OF YEAR	<u>\$ 580,711</u>

See accompanying notes to the financial statements.

ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2016

	<u>2016</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	\$(7,833)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation and amortization	13,352
(Increase) decrease in:	
Accounts receivable	1,100
Grants receivable	4,471
Increase (decrease) in:	
Accounts payable	<u>610</u>
Net Cash Provided (Used) by Operating Activities	<u>11,700</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,700
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>120,024</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 131,724</u>

See accompanying notes to the financial statements.

ELLIS COUNTY CHILDREN'S ADVOCACY CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2016

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Ellis County Children's Advocacy Center, Inc. serves the children of Ellis County that are between the ages of 0 – 17, and have been victims of severe physical or sexual abuse. The goal of the Ellis County Children's Advocacy Center, Inc. is to reduce the trauma that child abuse victims suffer by eliminating the number of times a child tells his or her abuse story and by providing immediate support and therapy services. The Center is supported primarily through grants and contributions.

Contributed Services

During the year ended August 31, 2016, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assists the Organization, but these services do not meet the criteria for recognition as contributed services. During 2016, volunteers and board members contributed approximately 2,085 hours of their time.

Use of Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The Organization's significant estimates include the useful lives of property and equipment. However, these estimates are immaterial to the financial statements.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method.

Classification of Net Assets

U.S. generally accepted accounting principles require that resources be classified into three net asset categories according to donor-imposed restrictions or by law as described below:

Unrestricted Net Assets

Unrestricted Net Assets represent resources over which the Board of Directors has discretionary control and can be used currently for the general purposes of the Organization in accordance with its bylaws. These designations of unrestricted resources by the governing board do not have the same legal requirements as do restrictions of funds.

Temporarily Restricted Net Assets

Temporarily restricted net assets represent resources currently available for use, but expendable only for those operating purposes or time restriction specified by the donor. The Organization had no temporarily restricted net assets as of December 31, 2016 and 2015.

Permanently Restricted Net Assets

Permanently restricted net assets represent principal amounts of gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity or a specified period, with only the income to be utilized. The Organization had no permanently restricted net assets as of December 31, 2016 and 2015.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Grant Revenue, Contributions and Cost Recognition

Grants are received from the federal and state governments. Revenues on cost reimbursement contracts are recognized when allowable and reimbursable expenses are incurred, and upon meeting the legal and contractual requirements of the funding source. Revenues on fee for service contracts are recognized when the services required by the contractual agreements are satisfactorily performed. These revenues are generally considered exchange transactions, and are thereby recorded as revenues of the unrestricted net asset class. Funding received in advance of the applicable revenue recognition criteria is recorded, if applicable, as refundable advances in the Statements of Financial Position.

Contributions are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets are restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

The Organization reports gifts of fixed assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service, absent explicit donor stipulations about how long these long-lived assets must be maintained.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Income Taxes

The Organization is a tax exempt organization for federal income tax purposes under Internal Revenue Code Section 501(c)(3) as long as the income derived is from the activities for which its charitable exemption was granted. Unrelated business income is subject to federal income taxes at corporate tax rates. The Organization had no unrelated business income in the years ended December 31, 2016 and 2015. There were also no uncertain tax positions in either year.

The Organization's tax returns are generally no longer subject to examination by the Internal Revenue Service for years before 2013.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Expense Allocation

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

2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2016</u>
Land	\$ 20,018
Building	534,060
Office furniture and equipment	24,258
Accumulated depreciation	<u>(134,934)</u>
	<u>\$ 443,402</u>

3. GRANTS RECEIVABLE

Amounts recorded as grants include amounts due from the Children's Advocacy Center of Texas. The Organization considers these receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. Grant activity for the year ended August 31, 2016, was as follows:

	<u>2016</u>
Receivable, Beginning of Year	\$ 12,124
Grant receipts	91,733
Grant expenditures	<u>87,262</u>
Receivable, End of Year	<u>\$ 7,653</u>

4. LONG-TERM DEBT

The Organization did not have any long-term debt for the year ended August 31, 2016.