

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.

FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022



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FINANCIAL STATEMENTS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Friends of the Child Advocacy Center, Inc.
Eugene, Oregon

Opinion

We have audited the accompanying financial statements of Friends of the Child Advocacy Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 Friends of the Child Advocacy Center, Inc. as of June 30, 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 Friends of the Child Advocacy Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Friends of the Child Advocacy Center, Inc.'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 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, 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 Friends of the Child Advocacy Center, Inc.'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 Friends of the Child Advocacy Center, Inc.'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.



Jones & Roth, P.C.
Eugene, Oregon
January 25, 2024

FINANCIAL STATEMENTS

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 3,554,902	\$ 2,982,638
Grants and contracts receivable	312,276	260,086
Patient services receivable, net of allowance for contractual adjustments and doubtful accounts of \$58,944 for 2023 and \$20,039 for 2022	308,502	384,053
Current portion of pledges receivable	3,416	10,367
Prepaid expenses	<u>34,300</u>	<u>35,906</u>
Total current assets	<u>4,213,396</u>	<u>3,673,050</u>
Property and equipment		
Building	2,342,759	2,342,759
Land	770,262	770,262
Furniture and equipment	87,090	87,090
Vehicle	<u>14,141</u>	<u>14,141</u>
	3,214,252	3,214,252
Accumulated depreciation	<u>(292,934)</u>	<u>(216,103)</u>
Property and equipment, net	<u>2,921,318</u>	<u>2,998,149</u>
Non-current assets		
Pledges receivable, net of current portion and allowance for doubtful accounts of \$406 for 2023 and \$-0- for 2022	<u>4,294</u>	<u>8,916</u>
Total assets	<u><u>\$ 7,139,008</u></u>	<u><u>\$ 6,680,115</u></u>

	<u>2023</u>	<u>2022</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 45,921	\$ 42,040
Accrued payroll and related expenses	83,108	72,975
Accrued paid time off payable	56,072	56,761
Refundable advances	3,874	68,659
Current portion of long-term debt	<u>40,789</u>	<u>39,352</u>
Total current liabilities	229,764	279,787
Long-term liabilities		
Long-term debt, net of current portion and unamortized deferred financing fees	<u>1,286,292</u>	<u>1,325,191</u>
Total liabilities	<u>1,516,056</u>	<u>1,604,978</u>
Net assets		
Without donor restrictions:		
Undesignated	3,011,180	3,299,865
Board designated operating reserve	883,644	-
Invested in property and equipment	<u>1,594,237</u>	<u>1,633,606</u>
Total net assets without donor restrictions	5,489,061	4,933,471
With donor restrictions	<u>133,891</u>	<u>141,666</u>
Total net assets	<u>5,622,952</u>	<u>5,075,137</u>
Total liabilities and net assets	<u>\$ 7,139,008</u>	<u>\$ 6,680,115</u>

The accompanying notes are an integral part of these statements.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support			
Patient services revenue, net	\$ 1,387,879	\$ -	\$ 1,387,879
Grants and contributions	1,504,025	225,714	1,729,739
Fundraising events	75,977	-	75,977
In-kind donations	24,740	-	24,740
Interest income	16,071	-	16,071
Miscellaneous revenue	11,876	-	11,876
Net assets released from restrictions	<u>233,489</u>	<u>(233,489)</u>	<u>-</u>
 Total revenues and support	 <u>3,254,057</u>	 <u>(7,775)</u>	 <u>3,246,282</u>
 Expenses			
Program services	<u>2,305,278</u>	<u>-</u>	<u>2,305,278</u>
Support services:			
General and administrative	244,723	-	244,723
Fundraising	<u>148,466</u>	<u>-</u>	<u>148,466</u>
 Total support services	 <u>393,189</u>	 <u>-</u>	 <u>393,189</u>
 Total expenses	 <u>2,698,467</u>	 <u>-</u>	 <u>2,698,467</u>
 Change in net assets	 555,590	 (7,775)	 547,815
 Net assets, beginning of year	 <u>4,933,471</u>	 <u>141,666</u>	 <u>5,075,137</u>
 Net assets, end of year	 <u>\$ 5,489,061</u>	 <u>\$ 133,891</u>	 <u>\$ 5,622,952</u>

The accompanying notes are an integral part of these statements.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues and support			
Patient services revenue, net	\$ 1,241,039	\$ -	\$ 1,241,039
Grants and contributions	1,220,784	153,491	1,374,275
Fundraising events	84,912	-	84,912
In-kind donations	16,499	-	16,499
Interest income	244	-	244
Miscellaneous revenue	9,088	-	9,088
Net assets released from restrictions	<u>82,585</u>	<u>(82,585)</u>	<u>-</u>
 Total revenues and support	 <u>2,655,151</u>	 <u>70,906</u>	 <u>2,726,057</u>
 Expenses			
Program services	<u>1,681,621</u>	<u>-</u>	<u>1,681,621</u>
Support services:			
General and administrative	198,796	-	198,796
Fundraising	<u>126,779</u>	<u>-</u>	<u>126,779</u>
 Total support services	 <u>325,575</u>	 <u>-</u>	 <u>325,575</u>
 Total expenses	 <u>2,007,196</u>	 <u>-</u>	 <u>2,007,196</u>
 Change in net assets	 647,955	 70,906	 718,861
 Net assets, beginning of year	 <u>4,285,516</u>	 <u>70,760</u>	 <u>4,356,276</u>
 Net assets, end of year	 <u>\$ 4,933,471</u>	 <u>\$ 141,666</u>	 <u>\$ 5,075,137</u>

The accompanying notes are an integral part of these statements.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	<u>Support Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Functional expenses				
Personnel costs	\$ 1,787,486	\$ 204,486	\$ 80,707	\$ 2,072,679
Occupancy:				
Interest expense	50,848	4,132	2,131	57,111
Building insurance	6,518	380	273	7,171
Utilities	14,235	585	596	15,416
Telecommunications	12,241	504	513	13,258
Maintenance and janitorial	45,828	1,888	1,921	49,637
Operating and administration:				
Financial services	854	22,079	35	22,968
Legal	7,129	88	89	7,306
Contracted labor	12,319	20	20	12,359
Office supplies	28,339	1,416	20,075	49,830
Advocacy	15,275	1	1	15,277
Insurance	30,210	710	722	31,642
Dues and subscriptions	11,732	31	3,127	14,890
Meetings	1,507	153	24	1,684
Technology and hardware	96,049	5,787	3,452	105,288
Training, travel, education, and support	58,651	1,305	258	60,214
Fundraising events	-	-	30,781	30,781
Program development and evaluation supplies	3,796	56	57	3,909
Board of Directors	1,908	-	-	1,908
Contracted services	27,854	-	-	27,854
Medical assessment	6,907	-	-	6,907
Support group supplies	10,270	-	-	10,270
Bad debt, net of recoveries	-	-	-	-
Other expenses	2,505	140	632	3,277
Depreciation	72,817	962	3,052	76,831
Total functional expenses	<u>\$ 2,305,278</u>	<u>\$ 244,723</u>	<u>\$ 148,466</u>	<u>\$ 2,698,467</u>

The accompanying notes are an integral part of these statements.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	<u>Support Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Functional expenses				
Personnel costs	\$ 1,213,793	\$ 172,236	\$ 78,236	\$ 1,464,265
Occupancy:				
Interest expense	50,652	5,462	2,527	58,641
Building insurance	6,042	404	300	6,746
Utilities	12,557	833	622	14,012
Telecommunications	7,712	405	327	8,444
Maintenance and janitorial	51,107	3,356	2,519	56,982
Operating and administration:				
Financial services	16,745	3,589	968	21,302
Legal	4,947	780	-	5,727
Contracted labor	3,469	24	14	3,507
Office supplies	15,984	1,123	18,394	35,501
Furnishings and equipment	14,073	36	28	14,137
Insurance	23,766	809	636	25,211
Dues and subscriptions	9,529	203	537	10,269
Meetings	716	106	5	827
Technology and hardware	58,146	4,482	1,764	64,392
Training, travel, education, and support	59,442	1,589	814	61,845
Fundraising events	-	-	16,556	16,556
Program development and evaluation supplies	10,642	-	-	10,642
Board of Directors	687	-	-	687
Contracted services	40,044	-	-	40,044
Medical assessment	9,218	4	4	9,226
Support group supplies	22	-	-	22
Bad debt, net of recoveries	-	-	(983)	(983)
Other expenses	1,372	304	73	1,749
Depreciation	70,956	3,051	3,438	77,445
	<u>70,956</u>	<u>3,051</u>	<u>3,438</u>	<u>77,445</u>
 Total functional expenses	 <u>\$ 1,681,621</u>	 <u>\$ 198,796</u>	 <u>\$ 126,779</u>	 <u>\$ 2,007,196</u>

The accompanying notes are an integral part of these statements.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.
 STATEMENTS OF CASH FLOWS
 For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Collections from grants, contributions, programs, and services	\$ 3,216,431	\$ 2,658,365
Cash paid to vendors and employees	(2,549,594)	(1,827,910)
Cash paid for interest	<u>(55,073)</u>	<u>(56,603)</u>
Net cash flows provided by operating activities	<u>611,764</u>	<u>773,852</u>
Cash flows from financing activities		
Payments on long term debt	<u>(39,500)</u>	<u>(37,971)</u>
Net cash flows used by financing activities	<u>(39,500)</u>	<u>(37,971)</u>
Net increase in cash and cash equivalents	572,264	735,881
Cash and cash equivalents, beginning of year	<u>2,982,638</u>	<u>2,246,757</u>
Cash and cash equivalents, end of year	<u>\$ 3,554,902</u>	<u>\$ 2,982,638</u>
Reconciliation of change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 547,815	\$ 718,861
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization of deferred financing fees	78,869	79,483
Provision for bad debt and contractual write offs	39,311	13,242
(Increase) decrease in assets:		
Receivables	(4,377)	(149,593)
Prepaid expenses	1,606	1,369
Increase (decrease) in liabilities:		
Accounts payable	3,881	3,498
Accrued payroll and related expenses	10,133	36,563
Accrued paid time off payable	(689)	1,770
Refundable advances	<u>(64,785)</u>	<u>68,659</u>
Net cash flows provided by operating activities	<u>\$ 611,764</u>	<u>\$ 773,852</u>
Supplemental disclosure of cash flow information		
In-kind donations	<u>\$ 24,740</u>	<u>\$ 16,499</u>

The accompanying notes are an integral part of these statements.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Organization and Purpose

Friends of the Child Advocacy Center, Inc. dba Kids First Center (the Organization) was incorporated on June 30, 1994, as a non-profit corporation in the state of Oregon.

The Organization provides intervention and advocacy for children who are victims of, or witnesses to crime; and coordinates Lane County's multidisciplinary team response to child abuse. The Organization provides comprehensive assessments that include forensic interviews, forensic medical examinations, and victim advocacy/support for children and their non-offending caregivers. The Organization also provides therapy services for children who screen into the program during their first visit. These services are provided at no cost to victims and families.

Funding for the Organization's activities is primarily provided by "Child Abuse Multidisciplinary Intervention" account grant funds from the state of Oregon, "Victims of Crime Act" grant funding from the Department of Justice, and patient service fees from health insurance payers.

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 (U.S. GAAP). Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for the general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

Net Assets With Donor Restrictions - Net assets with donor restrictions consists of assets whose use is limited by donor-imposed, time and/or purpose restrictions. When a donor 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 and reported in the statement of activities as net assets released from restrictions. Amounts received with donor restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets without donor restrictions.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of donor restrictions are reported as net assets released from restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Income Tax Status

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and, therefore, no provision for federal or state income taxes has been included in these financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization's federal exempt organization information returns are generally subject to examination by authorities for a period of three years after filing.

Cash and Cash Equivalents

For purposes of the financial statements, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Grants and Contracts Receivable

Grants and contracts receivable is comprised primarily of amounts due from various governmental agencies for promises to give and expense reimbursement based grants and contracts. Management periodically assesses the need for an allowance for doubtful accounts based on historical experience and existing conditions affecting probable collection. Management has determined that no allowance for doubtful accounts were necessary as of June 30, 2023 and 2022. No interest is charged on grants and contracts receivable and the receivables are unsecured.

Patient Services Receivable

Patient services receivable is comprised of amounts due from third party payors for services rendered by the Organization and are presented net of allowances for contractual adjustments and doubtful accounts. Management records as receivable only those amounts billed to insurance companies for which there are established contracted billing rates, which indicates probable collection. The allowance is calculated based on a review of outstanding receivables, historical collection information, and existing economic conditions. It is reasonably possible that the Organization's estimate of the allowance for uncollectible patient services receivable will change. Management has determined that the allowance for contractual adjustments and doubtful accounts as of June 30, 2023 and 2022 was \$58,944 and \$20,039, respectively. A delinquent receivable is one on which a scheduled or expected payment did not occur. Delinquent receivables are written-off based on individual credit evaluation and specific circumstances of third-party payors. No interest is charged on patient services receivable and the receivables are unsecured.

The balance in patient services receivable at July 1, 2021 was \$235,968, net of an allowance for contractual adjustment and doubtful accounts of \$4,899.

Property and Equipment

Property and equipment are capitalized at cost, or at fair market at date of donation if donated. Assets with a useful life greater than one year are capitalized if more than \$5,000 in value. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts and resulting gains or losses are reflected in revenues and expenses. Depreciation is computed over the estimated useful lives of the property and equipment using the straight-line method, with estimated useful lives between five and forty years.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Property and Equipment, continued

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restriction. 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 these net assets to without donor restriction at that time.

Compensated Absences

Paid time off (PTO) is accrued by regular employees with full time equivalent (FTE) status throughout the year. The rate of accrual is based on the employee's years of service, unless an alternate rate was agreed on during hiring negotiations in which case the rate of accrual would be identified in the employees signed offer letter. Employees may carry their unused portion forward until it is used as long as the total number of accrued hours remains below the cap of 220 hours for new employees. Once employees reach the maximum accrual, PTO accrual will cease until the current allocation is used and falls below 220 hours. If an employee terminates employment and provides a minimum of two weeks' written notice, all earned and unused PTO leave will be paid to the employee up to the maximum 220 allowable limit. In all other cases, accrued but unused PTO will be forfeited. PTO is paid at the employee's hourly rate at the time the PTO benefit is used or cashed out, no matter what the rate was when the benefit was earned. Annual PTO accruals are recorded as an accrued liability at the Organization's fiscal year end.

Charity Care

The Organization provides care to patients who meet certain criteria without charge or at amounts less than established rates. Such amounts are not recognized as revenue by the Organization.

Revenue Recognition

Grant and contract revenue and contributions are considered to be available for unrestricted use unless specifically restricted by the donor or the terms of a grant. Cost reimbursement government grants are recognized as revenue in the period the qualifying allowable expenditures are incurred or as otherwise stipulated in the underlying agreement. For cost reimbursement grants, amounts received before expenses are incurred are reported as refundable advances (liability) until the expenses are incurred. Contribution revenue is recognized at the time an unconditional promise to give or transfer of assets is made. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as support increasing net assets without donor restrictions.

Revenues from patient services is recognized at the time the service is provided, which is considered satisfaction of the performance obligation, and is reported at the estimated net realizable amounts from third party payors for services rendered. Amounts are due when the services are rendered and billed. Patient services revenue is considered without donor restriction. Amounts collected in advance but unearned, if any, are reflected in the statements of financial position as deferred revenue. There are no elements of variable consideration; however, amounts are subject to contractual write offs for agreed upon rates.

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies, continued

Revenue Recognition, continued

Patient services revenue is reported net of contractual adjustments, provision for bad debts and charity care for the years ended June 30, 2023 and 2022, as follows:

	<u>2023</u>	<u>2022</u>
Gross patient services revenue	\$ 1,686,220	\$ 1,528,684
Contractual adjustments and write offs	(249,947)	(153,312)
Provision for bad debts	(6,596)	(74,426)
Charity care	<u>(41,798)</u>	<u>(59,907)</u>
Patient services revenue, net	<u>\$ 1,387,879</u>	<u>\$ 1,241,039</u>

Donated Materials and Services

Donated materials are recorded at their estimated fair values at the date of donation. Donated services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Expense Allocations

The Organization allocates expenses on a functional basis among its various programs and supporting services. The statements of functional expenses present the natural classification detail of expenses by function. Expenses that can be identified with specific program or supporting service are reported accordingly. Expenses that are common to several functions are allocated equitably by the ratio of personnel costs by program and service areas.

Subsequent Events

Management evaluates events and transactions that occur after the statements of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

2. Liquidity and Availability of Resources

The Organization has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2023 and 2022, the Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 3,554,902	\$ 2,982,638
Receivables, current	<u>624,194</u>	<u>654,506</u>
	4,179,096	3,637,144
Less those unavailable for general expenditure within one year due to:		
Board designated operating reserves	(883,644)	-
Purpose or time restrictions	<u>(133,891)</u>	<u>(141,666)</u>
Financial assets available for general expenditure within one year	<u>\$ 3,161,561</u>	<u>\$ 3,495,478</u>

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

2. Liquidity and Availability of Resources, continued

The Board of Directors designated a portion of the net assets without donor restriction as an operating reserve. The goal of the operating reserve is to reserve approximately four months of operating expenses. The Board of Directors can modify the amount and/or purpose of the reserve at its discretion.

3. Financial Instruments and Concentration of Deposit Risk and Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and receivables. The Organization places its cash and cash equivalents with financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In 2023 and 2022, bank balances exceeded FDIC insurance limits at various times during the year. At June 30, 2023 and 2022, cash balances held in excess of federally insured limits were \$861,953 and \$354,957, respectively.

Approximately 73 percent and 96 percent of the gross grants and contracts receivable as of June 30, 2023 and 2022, respectively, were due from three and four agencies, respectively.

Approximately 78 percent and 82 percent of the gross patient services receivable as of June 30, 2023 and 2022, respectively, were due from one payor and two payors, respectively.

4. Long-term Debt

The Organization purchased a building and property for a new facility on February 5, 2019. The note is payable to Columbia State Bank and was issued in conjunction with the Oregon Facilities Authority SNAP Loan Program, for a tax-exempt rate of 3.90 percent with a maturity date of February 1, 2045. However, the lender has the option to call the loan at either February 1, 2030 or February 1, 2040. The loan is collateralized by the property. Interest only payments were allowed until March 1, 2020 at which time monthly payments of principal and interest in the amount of \$7,880 began. The loan agreement includes various negative and affirmative loan covenants all of which management believes the Organization was in compliance for the years ended June 30, 2023 and 2022. Total interest expense for the year ended June 30, 2023 and 2022 was \$57,111 and \$58,641, respectively, and includes amortization of the deferred financing fees.

At June 30, long-term debt consisted of the following:

	<u>2023</u>	<u>2022</u>
Loan balance	\$ 1,371,062	\$ 1,410,562
Current portion	(40,789)	(39,352)
Unamortized deferred financing fees	<u>(43,981)</u>	<u>(46,019)</u>
Long-term debt, net current portion and unamortized deferred financing fees	<u>\$ 1,286,292</u>	<u>\$ 1,325,191</u>

FRIENDS OF THE CHILD ADVOCACY CENTER, INC.
NOTES TO FINANCIAL STATEMENTS

4. Long-term Debt, continued

Long-term debt maturities for the next five years are as follows:

For the Year Ended June 30,		
2024	\$	40,789
2025		42,579
2026		44,294
2027		46,077
2028		47,805
Thereafter		1,149,518
Total	\$	1,371,062

5. Retirement Plans

The Organization operates a Simple IRA plan for its employees wherein the Organization matches the employee's contribution to his or her Simple IRA up to 3 percent of salary. The Organization contributed \$44,265 and \$31,699 on behalf of its employees for the years ended June 30, 2023 and 2022, respectively.

6. Revenue Concentrations

The Organization received a significant portion of its patient services revenue from a concentrated number of payors. For the year ended June 30, 2023, amounts received from two payors comprised approximately 87 percent of total net patient services revenue. For the year ended June 30, 2022, amounts received from two payors comprised approximately 90 percent of total net patient services revenue.

The Organization also received a significant portion of its grant and contribution revenue from a concentrated number of government grants. For the year ended June 30, 2023, grants from four government agencies comprised approximately 55 percent of total grant and contribution revenue. For the year ended June 30, 2022, grants from three government agencies comprised approximately 62 percent of total grant and contribution revenue.

7. Insurance Coverage

The Organization maintains insurance coverage as recommended by its insurance agent of record.

8. Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassifications had no impact on previously stated net assets or change in net assets.