

COLLIER COUNTY CHILD ADVOCACY COUNCIL, INC.
NAPLES, FLORIDA
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2018



TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	2
FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Activities	4
Statement of Cash Flows.....	5
Statement of Functional Expenses.....	6
Notes to Financial Statements	7-13



CPAs and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Collier County Child Advocacy Council, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Collier County Child Advocacy Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses 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 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 Collier County Child Advocacy Council, Inc. as of June 30, 2018, 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.

A handwritten signature in black ink that reads "Myers, Brettholtz & Company, PA".

MYERS, BRETTHOLTZ & COMPANY, PA
Fort Myers, Florida
January 30, 2019

COLLIER COUNTY CHILD ADVOCACY COUNCIL, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

ASSETS	
Cash	\$ 226,437
Cash - restricted	207,806
Investments	26,586
Accounts receivable	14,782
Grants receivable	240,835
Unconditional promises to give, net	45,164
Prepaid expenses	32,189
Property and equipment, net	<u>831,679</u>
Total assets	<u><u>\$ 1,625,478</u></u>
 LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable and accrued expenses	\$ 48,348
Note payable	<u>174,573</u>
Total liabilities	<u>222,921</u>
 NET ASSETS	
Unrestricted:	
Undesignated	266,083
Board designated	74,039
Equity in property and equipment	<u>831,679</u>
Total unrestricted	1,171,801
Temporarily restricted	207,806
Permanently restricted	<u>22,950</u>
Total net assets	<u>1,402,557</u>
Total liabilities and net assets	<u><u>\$ 1,625,478</u></u>

Read Independent Auditor's Report.
The accompanying notes are an integral
part of the financial statements.

COLLIER COUNTY CHILD ADVOCACY COUNCIL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND SUPPORT				
Gross proceeds from special fund raising events	\$ 127,691	\$ -	\$ -	\$ 127,691
Less direct costs	<u>80,890</u>	<u>-</u>	<u>-</u>	<u>80,890</u>
Net proceeds from special fund raising events	46,801	-	-	46,801
Federal grants	638,895	-	-	638,895
State grants	306,357	-	-	306,357
Local grants	594,062	-	-	594,062
Contributions	232,073	202,806	-	434,879
In-kind services	14,425	-	-	14,425
Interest and dividends	1,271	-	-	1,271
Net gain on investments	757	-	-	757
Other	<u>102,828</u>	<u>-</u>	<u>-</u>	<u>102,828</u>
Total revenues and support	<u>1,937,469</u>	<u>202,806</u>	<u>-</u>	<u>2,140,275</u>
EXPENSES				
Program services	1,573,859	-	-	1,573,859
Supporting services	<u>356,367</u>	<u>-</u>	<u>-</u>	<u>356,367</u>
Total expenses	<u>1,930,226</u>	<u>-</u>	<u>-</u>	<u>1,930,226</u>
Increase in net assets	7,243	202,806	-	210,049
NET ASSETS - July 1, 2017	<u>1,164,558</u>	<u>5,000</u>	<u>22,950</u>	<u>1,192,508</u>
NET ASSETS - June 30, 2018	<u>\$ 1,171,801</u>	<u>\$ 207,806</u>	<u>\$ 22,950</u>	<u>\$ 1,402,557</u>

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COLLIER COUNTY CHILD ADVOCACY COUNCIL, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 210,049
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Interest and dividends reinvested	(965)
Net gain on investments	(757)
Depreciation	37,974
Changes in:	
Accounts receivable	5,999
Grants receivable	(64,629)
Unconditional promises to give	(45,164)
Prepaid expenses	4,647
Accounts payable and accrued expenses	<u>10,929</u>
Total adjustments	<u>(51,966)</u>
Net cash provided by operating activities	158,083
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of property and equipment	(10,750)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments on note payable	<u>(2,585)</u>
Net increase in cash	144,748
CASH - July 1, 2017	<u>289,495</u>
CASH - June 30, 2018	<u><u>\$ 434,243</u></u>

SUPPLEMENTAL INFORMATION
Cash paid for interest

\$ 9,679

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COLLIER COUNTY CHILD ADVOCACY COUNCIL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	Program Services	Supporting Services		Total Supporting Services	Total
		General and Administrative	Fund Raising		
Salaries	\$ 974,241	\$ 129,116	\$ 70,427	\$ 199,543	\$ 1,173,784
Payroll taxes	70,464	9,319	5,062	14,381	84,845
Employee benefits	150,928	56,496	9,534	66,030	216,958
Total salaries and related expenses	1,195,633	194,931	85,023	279,954	1,475,587
Advertising and promotion	11,132	1,101	-	1,101	12,233
Bad debt	30,323	-	-	-	30,323
Communications	20,424	1,244	-	1,244	21,668
Dues and subscriptions	8,788	3,854	1,040	4,894	13,682
Education and seminars	13,059	14,787	-	14,787	27,846
Insurance	25,272	2,822	-	2,822	28,094
Interest	-	9,679	-	9,679	9,679
Miscellaneous	17,090	3,858	-	3,858	20,948
Postage	292	785	-	785	1,077
Printing	5,894	2,150	4,518	6,668	12,562
Professional services	137,264	11,661	-	11,661	148,925
Rent	5,319	219	-	219	5,538
Repairs and maintenance	38,741	4,320	-	4,320	43,061
Supplies	11,865	10,020	-	10,020	21,885
Travel	12,138	185	-	185	12,323
Utilities	6,069	752	-	752	6,821
Total expenses before depreciation	1,539,303	262,368	90,581	352,949	1,892,252
Depreciation	34,556	3,418	-	3,418	37,974
Total expenses	<u>\$ 1,573,859</u>	<u>\$ 265,786</u>	<u>\$ 90,581</u>	<u>\$ 356,367</u>	<u>\$ 1,930,226</u>

Read Independent Auditor's Report.
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part of the financial statements.

COLLIER COUNTY CHILD ADVOCACY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - THE ORGANIZATION

Collier County Child Advocacy Council, Inc. (the “Organization”) was incorporated on April 9, 1986, under the laws of Florida as a nonprofit organization to minimize trauma and enhance families’ capabilities to provide a safe environment for their children by utilizing a cooperative, multi-disciplinary team approach to the identification, intervention, and treatment of child abuse and neglect in Collier County.

NOTE 2 - DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 30, 2019, the date that the financial statements were available to be issued.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Restricted Cash

Restricted cash consists of temporarily restricted net assets restricted for the purpose of establishing a building fund, as further described in Note 12.

Investments

Investments in pooled funds are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the statement of activities.

The fair value of pooled funds with significant unobservable inputs is determined by a community foundation and is based on the allocations of the Organization’s investment in their general endowment fund. Gains and losses on securities sold are based on the specific identification method.

Accounts and Grants Receivable

Management has reviewed accounts and grants receivable and considers them to be fully collectible. Based on this and the Organization’s prior history of insignificant bad debt, no allowance for uncollectible accounts has been recorded. Expense is recognized during the period in which a specific account is determined to be uncollectible. Bad debt expense for the year ended June 30, 2018, was \$323.

COLLIER COUNTY CHILD ADVOCACY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of the estimated cash flows using a risk-free interest rate.

Additionally, the Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Bad debt expense is recognized during the period in which a specific promise to give is determined to be uncollectible. Bad debt expense for the year ended June 30, 2018, was \$30,000, as further described in Note 8.

Property and Equipment

Property and equipment purchased are recorded at cost. Donated assets are recorded at their fair market value at the time of donation. Additions and major renewals in excess of \$500 are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of the assets. The cost of maintenance and repairs is charged to operations, as incurred. See Note 9 for additional information.

Compensated Absences

The Organization does not accrue compensated absences as a liability since neither unused vacation nor unused sick leave does not carry forward to the next year.

Income Taxes

Management has analyzed its various federal filing positions and believes that the Organization's income tax filing positions and deductions are well documented, supported and contain no uncertain tax positions. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties will be reported as income tax expense. The Organization's federal income tax returns remain subject to examination by the Internal Revenue Service for three years from the date of filing.

The Organization has been granted a ruling that it is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Organization is a non-profit Florida corporation, and therefore, is not subject to state income taxes. Accordingly, no provision for income taxes has been made. The Organization is not considered a private foundation within the meaning of Section 509(a) of the Code.

Fair Value of Financial Instruments

Substantially all of the Organization's assets and liabilities, excluding prepaid expenses and property and equipment, are considered financial instruments. These assets and liabilities are reflected at fair value, or at carrying amounts that approximate fair value, because of the short maturity of the instrument. Investments are valued based on the classification as further described in the investment policy above.

COLLIER COUNTY CHILD ADVOCACY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Support from federal, state and local grants is recorded based upon the terms of the grantor allotment, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred. Support from local crimes compensation funding is recorded when received, as amounts cannot be determined when services are provided.

Contributed Services

Contributed services are recorded as contributions in the accompanying financial statements at their estimated current value on the date of receipt. Contributions of services are recognized only if services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by the individual possessing those skills, and would typically be purchased if not provided by donation. For the year ended June 30, 2018, the Organization's estimate of the fair value of in-kind services totaled \$14,425.

Advertising and Promotion

Costs related to advertising and promotion are expensed as incurred.

Cash Flows

The Organization made cash payments of \$9,679 for interest and no cash payments for income taxes during the year ended June 30, 2018.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on a time study for employee related costs and calculation of program square footage for facilities related expenses.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Read Independent Auditor's Report.

COLLIER COUNTY CHILD ADVOCACY COUNCIL, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at various financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000. As of June 30, 2018, these balances were fully insured, based on the bank statement balances, less the FDIC insurance.

NOTE 5 - INVESTMENTS

Investments consisted of pooled funds as of June 30, 2018. The cost basis of Level 3 investments as of June 30, 2018, or funds maintained by the Community Foundation of Collier County (the “Community Foundation”) cannot be determined. The unrealized gains or losses are netted against realized gains or losses and are included in net gain on investments in the statement of activities. During the year ended June 30, 2018, the Organization had net realized gains of \$2,033 and net unrealized losses of \$1,276. Investment fees were \$302 for the year ended June 30, 2018, and are included in miscellaneous expenses.

The following are the major categories of assets measured at fair value on a recurring basis during the year ended June 30, 2018, using prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3).

Description	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total as of June 30, 2018
Pooled funds	\$ -	\$ -	\$ 26,586	\$ 26,586

Fair value measurements using significant unobservable inputs (Level 3) as of June 30, 2018:

Beginning balance	\$ 24,865
Purchases	-
Total gains or losses (realized/ unrealized) included in earnings	757
Interest and dividends	1,266
Fees	(302)
Ending balance	<u>\$ 26,586</u>

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30, 2018:

Crimes compensation	\$ 12,450
Children’s Hospital	1,922
Other	410
	<u>\$ 14,782</u>

COLLIER COUNTY CHILD ADVOCACY COUNCIL, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 7 - GRANTS RECEIVABLE

Grants receivable consisted of the following as of June 30, 2018:

Department of Health - CPT	\$ 27,046
Department of Health - SATP	5,840
Collier County - HUD	15,774
Collier County - CPT	8,300
VOCA Contract	69,506
Children's Network of SWFL	13,330
FNCAC	101,039
	<u>\$ 240,835</u>

NOTE 8 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following as of June 30, 2018:

Unconditional promises to give	\$ 76,858
Less: allowance for bad debts	(30,000)
Less: discounts to net present value	(1,694)
Net unconditional promises to give	<u>\$ 45,164</u>

Unconditional promises to give to be collected in less than one year are recorded at face value. Unconditional promises to give to be collected after one year are recorded at the present value using a discount rate of 4.00%.

Unconditional promises to give are scheduled to be received as follows as of June 30, 2018:

Less than one year	\$ 51,858
One to five years	25,000
	<u>\$ 76,858</u>

NOTE 9 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30, 2018:

	Estimated Useful Lives	
Property not in service	N/A	\$ 202,949
Building	35-39 years	930,957
Building improvements	10-15 years	29,804
Furniture and equipment	3-10 years	250,722
		<u>1,414,432</u>
Less: accumulated depreciation		(582,753)
		<u>\$ 831,679</u>

Depreciation expense for the year ended June 30, 2018, was \$37,974 and is allocated between program services and supporting services.

Read Independent Auditor's Report.

COLLIER COUNTY CHILD ADVOCACY COUNCIL, INC.
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2018

NOTE 10 - NOTE PAYABLE

The Organization has a note payable with an original principal balance of \$180,000 for the purchase of a building. The note payable is collateralized by real property and matures on April 22, 2046. The note payable bears an interest rate of 5.5% through April 21, 2026. Commencing on April 22, 2026 through April 22, 2046, the interest rate will be 2.5% plus the prime rate of interest reported by the Wall Street Journal. The note payable calls for 360 monthly payments of \$1,022 for principal and interest. As of June 30, 2018, the outstanding balance was \$174,573.

Future maturities of the note payable are as follows:

<u>Years ending June 30,</u>		
2019	\$	12,264
2020		12,264
2021		12,264
2022		12,264
2023		12,264
Thereafter		280,035
		341,355
Less: interest		166,782
	\$	174,573

Interest expense for the year ended June 30, 2018, was \$9,679 and is included in supporting services.

NOTE 11 - BOARD DESIGNATED NET ASSETS

Board designated net assets consist of funds designated for future contingencies.

NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of \$205,806 restricted for the purpose of establishing a building fund as of June 30, 2018.

NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS

The Organization maintains permanently restricted net assets from which the earnings may be used to supplement operating revenues. The permanently restricted net assets totaled \$22,950 as of June 30, 2018.

NOTE 14 - COMMUNITY FOUNDATION DESIGNATED FUND

The Organization is the beneficiary of a designated fund maintained by the Community Foundation. The Organization also has a \$5,000 matching investment from the Community Foundation. The matching investment and any contributions solicited by the Community Foundation on behalf of the Organization will remain the assets of the Community Foundation. Earnings derived from the designated fund will be available to the Organization in accordance with the spending policy of the Community Foundation. The balance as of June 30, 2018, was \$5,792.

COLLIER COUNTY CHILD ADVOCACY COUNCIL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 15 - EMPLOYEE BENEFIT PLAN

The Organization contributes up to 4% of total compensation to a 401(k) retirement plan for eligible employees. Total retirement plan expense for the year ended June 30, 2018, was \$40,980, and is included in employee benefits.

NOTE 16 - COMMITMENT

The Organization has an in-kind office lease for operating an office in Immokalee, FL, ending October 31, 2018. The fair market value of the annual rent is recognized as rent expense with an offset to in-kind services. The fair market value recorded for the year ended June 30, 2018, was \$3,200.

NOTE 17 - ECONOMIC DEPENDENCY

During the year ended June 30, 2018, the Organization received approximately 15% of its revenue from a grant from the State of Florida Department of Health, 15% of its revenue from the State of Florida Office of the Attorney General and 22% of its revenue from an individual community grant.