

THE CHILD ADVOCACY CENTER  
OF MARSHALL COUNTY, ALABAMA, INC.  
Guntersville, Alabama

AUDITED FINANCIAL STATEMENTS  
September 30, 2015

MDA PROFESSIONAL GROUP, P.C.  
Certified Public Accountants and Business Consultants  
Albertville, Alabama

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# MDA PROFESSIONAL GROUP, P.C.

*Certified Public Accountants and Business Consultants*

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Child Advocacy Center of Marshall County, Alabama, Inc.

We have audited the accompanying financial statements of The Child Advocacy Center of Marshall County, Alabama, Inc., (a nonprofit organization), which comprise the statement of financial position as of September 30, 2015, 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.

### **Auditors' 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 auditors' 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.

The Child Advocacy Center of Marshall County, Alabama, Inc.

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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 2015 financial statements referred to above present fairly, in all material respects, the financial position of The Child Advocacy Center of Marshall County, Alabama, Inc., as of September 30, 2015, 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.

### **Prior Period Financial Statements**

The financial statements of The Child Advocacy Center of Marshall County, Alabama, Inc., as of September 30, 2014, were audited by other auditors whose report dated August 28, 2015, expressed an unmodified opinion on those statements.

*MDA Professional Group, P.C.*

Albertville, Alabama

March 25, 2016

## STATEMENTS OF FINANCIAL POSITION

THE CHILD ADVOCACY CENTER OF MARSHALL COUNTY, ALABAMA, INC.

SEPTEMBER 30, 2015 AND 2014

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<u>ASSETS</u>	<u>2015</u>	<u>2014</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 103,786	\$ 100,587
Certificates of Deposit	69,912	69,459
Accounts Receivable	21,467	19,621
	<u>195,165</u>	<u>189,667</u>
<b>FIXED ASSETS</b>		
Audio, Video, and Computer Equipment	13,291	23,055
Furniture and Fixtures	28,139	30,775
Buildings and Improvements	159,697	159,697
	201,127	213,527
Less Accumulated Depreciation	<u>100,690</u>	<u>106,760</u>
	<u>100,437</u>	<u>106,767</u>
 <b>TOTAL ASSETS</b>	 <u><u>\$ 295,602</u></u>	 <u><u>\$ 296,434</u></u>

<u>LIABILITIES AND NET ASSETS</u>	<u>2015</u>	<u>2014</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 477	\$ 13,192
Accrued Payroll	1,465	243
Accrued Payroll Taxes and Withholdings	<u>1,771</u>	<u>2,505</u>
	<u>3,713</u>	<u>15,940</u>
<b>NET ASSETS</b>		
Unrestricted	<u>291,889</u>	<u>280,494</u>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <u><u>\$ 295,602</u></u>	 <u><u>\$ 296,434</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## STATEMENTS OF ACTIVITIES

## THE CHILD ADVOCACY CENTER OF MARSHALL COUNTY, ALABAMA, INC.

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND OTHER</b>			
<b>REVENUES</b>			
Net Assets Released From Restrictions	\$ 133,156	\$ (133,156)	\$ -
ADECA Grant	-	82,620	82,620
ANCAC Grant	-	50,536	50,536
United Way of Marshall County	29,250	-	29,250
Blue Ribbon Campaign (Net of Fundraising Expenses of \$3,367)	11,436	-	11,436
MCCC Recording Fees	7,403	-	7,403
Corks & Chefs (Net of Fundraising Expenses of \$1,157)	9,026	-	9,026
Contributions	4,949	-	4,949
Marshall County Legislative Delegation	5,000	-	5,000
Program Fees	820	-	820
Interest Income	554	-	554
	<u>201,594</u>	<u>-</u>	<u>201,594</u>
<b>TOTAL PUBLIC SUPPORT AND OTHER REVENUES</b>			
<b>EXPENSES</b>			
Program Services	149,075	-	149,075
General and Administrative	41,124	-	41,124
	<u>190,199</u>	<u>-</u>	<u>190,199</u>
<b>TOTAL EXPENSES</b>			
<b>INCREASE IN</b>			
UNRESTRICTED NET ASSETS	11,395	-	11,395
<b>NET ASSETS AT BEGINNING OF YEAR</b>			
	<u>280,494</u>	<u>-</u>	<u>280,494</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 291,889</u>	<u>\$ -</u>	<u>\$ 291,889</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## STATEMENTS OF ACTIVITIES

## THE CHILD ADVOCACY CENTER OF MARSHALL COUNTY, ALABAMA, INC.

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Unrestricted	Temporarily Restricted	Total
<b>PUBLIC SUPPORT AND OTHER</b>			
<b>REVENUES</b>			
Net Assets Released From Restrictions	\$ 128,141	\$ (128,141)	\$ -
ADECA Grant	-	82,380	82,380
ANCAC Grant	-	45,761	45,761
United Way of Marshall County	26,500	-	26,500
Blue Ribbon Campaign (Net of Fundraising Expenses of \$2,779)	14,120	-	14,120
MCCC Recording Fees	7,900	-	7,900
Corks & Chefs (Net of Fundraising Expenses of \$714)	7,799	-	7,799
Contributions	4,914	-	4,914
Marshall County Legislative Delegation	5,000	-	5,000
Program Fees	1,640	-	1,640
Interest Income	450	-	450
<b>TOTAL PUBLIC SUPPORT AND OTHER REVENUES</b>	<b>196,464</b>	<b>-</b>	<b>196,464</b>
<b>EXPENSES</b>			
Program Services	142,489	-	142,489
General and Administrative	40,370	-	40,370
<b>TOTAL EXPENSES</b>	<b>182,859</b>	<b>-</b>	<b>182,859</b>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	<b>13,605</b>	<b>-</b>	<b>13,605</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<b>266,889</b>	<b>-</b>	<b>266,889</b>
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 280,494</b>	<b>\$ -</b>	<b>\$ 280,494</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.



## STATEMENTS OF FUNCTIONAL EXPENSES

THE CHILD ADVOCACY CENTER OF MARSHALL COUNTY, ALABAMA, INC.

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Leased Employees	\$ 64,663	\$ 21,554	\$ 86,217
Contract Counseling	35,270	-	35,270
Salaries and Wages	28,889	-	28,889
Depreciation	4,747	1,583	6,330
Insurance	1,513	4,540	6,053
Utilities	3,709	1,236	4,945
Legal and Accounting	-	4,100	4,100
Telephone	2,403	801	3,204
Payroll Taxes	2,811	-	2,811
Repairs and Maintenance	2,047	660	2,707
Office Supplies	-	2,379	2,379
Computer Maintenance	-	2,275	2,275
Copier Lease	-	1,771	1,771
Travel	1,154	-	1,154
Program Supplies	1,121	-	1,121
Training	748	-	748
Postage and Shipping	-	225	225
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>\$ 149,075</u>	<u>\$ 41,124</u>	<u>\$ 190,199</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## STATEMENTS OF FUNCTIONAL EXPENSES

THE CHILD ADVOCACY CENTER OF MARSHALL COUNTY, ALABAMA, INC.

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Leased Employees	\$ 63,441	\$ 21,148	\$ 84,589
Contract Counseling	31,000	-	31,000
Salaries and Wages	29,553	-	29,553
Depreciation	4,716	1,572	6,288
Insurance	1,402	4,241	5,643
Utilities	3,627	1,209	4,836
Legal and Accounting	-	4,222	4,222
Payroll Taxes	2,974	-	2,974
Telephone	2,196	744	2,940
Computer Maintenance	-	2,416	2,416
Office Supplies	-	2,106	2,106
Copier Lease	-	1,943	1,943
Travel	1,612	-	1,612
Repairs and Maintenance	713	227	940
Program Supplies	759	-	759
Training	496	-	496
Dues	-	300	300
Postage and Shipping	-	242	242
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenses	<u>\$ 142,489</u>	<u>\$ 40,370</u>	<u>\$ 182,859</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

THE CHILD ADVOCACY CENTER OF MARSHALL COUNTY, ALABAMA, INC.

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Unrestricted Net Assets	\$ 11,395	\$ 13,605
Adjustments to Reconcile Changes in Net Assets to Net Cash:		
Depreciation	6,330	6,288
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(1,846)	15,667
Increase (Decrease) in Accounts Payable	(12,715)	4,971
Increase (Decrease) in Accrued Payroll	1,222	(2,820)
Decrease in Compensated Absences	-	(6,036)
Increase (Decrease) in Accrued Payroll Taxes and Withholdings	(734)	448
Total Adjustments	(7,743)	18,518
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,652</b>	<b>32,123</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in Certificates of Deposit	(453)	(357)
Purchase of Fixed Assets	-	(10,197)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(453)</b>	<b>(10,554)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,199</b>	<b>21,569</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>	<b>100,587</b>	<b>79,018</b>
<b>CASH AND CASH EQUIVALENTS - End of Year</b>	<b>\$ 103,786</b>	<b>\$ 100,587</b>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

## NOTES TO FINANCIAL STATEMENTS

THE CHILD ADVOCACY CENTER OF MARSHALL COUNTY, ALABAMA, INC.

SEPTEMBER 30, 2015 AND 2014

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### NATURE OF THE ORGANIZATION

The Child Advocacy Center of Marshall County, Alabama, Inc. (CAC) was organized in Alabama in 1997 as a nonprofit corporation for the purpose of providing comprehensive services to victims of child abuse and their families. The CAC also insures that each child is protected from further abuse and receives coordinated services to meet the child's needs. The CAC provides services in accordance with child abuse prevention and community education strategies. The CAC obtains the majority of its revenues from grants.

#### CASH AND CASH EQUIVALENTS

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

#### PROPERTY AND EQUIPMENT

The CAC capitalizes property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Additions and improvements that extend the life of an asset are capitalized. Expenditures for repairs and maintenance are charged against income. Depreciation is computed by the straight-line method based on the estimated useful lives of individual assets.

#### CONTRIBUTIONS

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

#### FINANCIAL STATEMENT PRESENTATION

The CAC has adopted FASB ASC 958, "Financial Statements of Not-for-Profit Organizations." Under FASB ASC 958, the CAC 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. In addition, the CAC is required to present a statement of cash flows.

(Continued)

## NOTES TO FINANCIAL STATEMENTS

THE CHILD ADVOCACY CENTER OF MARSHALL COUNTY, ALABAMA, INC.

SEPTEMBER 30, 2015 AND 2014

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### CONCENTRATION OF CREDIT RISK

The balance of accounts receivable primarily represents amounts due from State and County agencies. The amounts are expected to be collected within one year or less.

#### USE OF 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.

#### FUNCTIONAL EXPENSES

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to the programs and supporting services benefited.

#### DEPOSITS

The CAC maintains its cash balances at several financial institutions located in Marshall County, Alabama. The balances are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) at each financial institution. At September 30, 2015 and 2014, all of the CAC's balances were insured.

#### RECLASSIFICATIONS

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

#### SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 25, 2016, which is the date the financial statements were available to be issued.

## NOTES TO FINANCIAL STATEMENTS

THE CHILD ADVOCACY CENTER OF MARSHALL COUNTY, ALABAMA, INC.

SEPTEMBER 30, 2015 AND 2014

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### NOTE 2 – ACCOUNTS RECEIVABLE

Grants received by the CAC consist of both reimbursable grants and unrestricted operating grants from local and state governmental and grantor agencies. Outstanding amounts not reimbursed or received by September 30, 2015 and 2014, were recorded as receivables.

For reimbursable grants, the CAC submits a reimbursement request form to the grantor agency. Upon approval by the grantor agency, payments are sent to the CAC. At September 30, 2015 and 2014, revenues receivable for reimbursable grants consisted primarily of amounts from the Alabama Department of Economic and Community Affairs (ADECA) and totaled \$12,742 and \$11,243, respectively.

At September 30, 2015 and 2014, revenues receivable for unrestricted operating grants consisted primarily of amounts from the Marshall County Circuit Clerk (MCCC) and the United Way of Marshall County, and totaled \$8,725 and 8,378, respectively.

### NOTE 3 – LEASED EMPLOYEES

Effective October 1, 2013, the CAC entered into a contract to lease personnel from the Marshall County District Attorney's Office. These personnel are full-time employees of the Marshall County District Attorney's Office. The CAC reimburses the Marshall County District Attorney's Office on a bi-monthly basis for the employees. The term of the contract is indefinite and does not require renewal.

### NOTE 4 – RELATED PARTY TRANSACTIONS

The executive director of the Marshall County Legislative Delegation serves on the Board of Directors of the CAC. During the years ended September 30, 2015 and 2014, the CAC received an unrestricted operating grant from the MCLD in the amount of \$5,000.

### NOTE 5 – CONTINGENCIES

The CAC receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under the terms of the grant or appropriation. The CAC believes such disallowances, if any, would not be material.

NOTES TO FINANCIAL STATEMENTS

THE CHILD ADVOCACY CENTER OF MARSHALL COUNTY, ALABAMA, INC.

SEPTEMBER 30, 2015 AND 2014

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NOTE 6 – INCOME TAXES

There is no provision for income taxes since the CAC is a nonprofit organization exempt from both federal and state income tax. The CAC has received an exemption letter from the Internal Revenue Service granting it tax-exempt status under Internal Revenue Code Section 501(c)(3).

The CAC's income tax filings are subject to audit by various taxing authorities. The CAC's open audit periods are 2011 – 2013. In evaluating the CAC's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The CAC believes its estimates are appropriate based on current facts and circumstances.

ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on derecognition, classification, treatment of interest and penalties, and disclosure of such positions. Effective January 1, 2008, the CAC adopted the provision of ASC 740-10 "Accounting for Uncertainty in Income Taxes" as required. As a result of implementing ASC 740-10, there has been no adjustment to the CAC's financial statements for the periods ended September 30, 2015 and 2014.