

Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center
Report on Financial Statements
Year Ended December 31, 2018

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**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
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December 31, 2018**

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Independent Auditors' Report

Board of Directors
Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center
Summerville, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center, which comprise the statement of financial position as of December 31, 2018, 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 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.

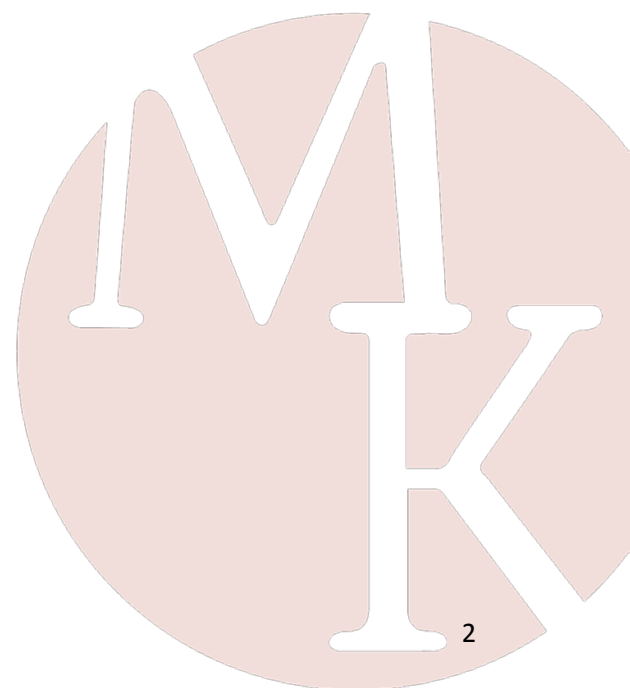
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children in Crisis in Dorchester County, Inc. dba Dorchester Children’s Advocacy Center as of December 31, 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

McCoy Kiddy LLC

Mount Pleasant, South Carolina

June 7, 2019



**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center
Statement of Financial Position
December 31, 2018**

Assets

Current Assets

Cash and cash equivalents	\$ 403,906
Accounts receivable, net	17,719
Grants receivable	159,963
Promises to give, net	513,913
Prepaid expenses	<u>20,515</u>
Total Current Assets	<u>1,116,016</u>

Non-current Assets

Non-depreciable assets	429,071
Property and equipment, net	<u>1,602,075</u>
Total Non-Current Assets	<u>2,031,146</u>

Total Assets	<u><u>\$ 3,147,162</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 31,450
Accrued payroll and liabilities	<u>28,892</u>
Total Current Liabilities	<u>60,342</u>
Total Liabilities	<u>60,342</u>

Net assets

Without donor restrictions	2,316,007
With donor restrictions	<u>770,813</u>
Total Net Assets	<u>3,086,820</u>
Total Liabilities and Net Assets	<u><u>\$ 3,147,162</u></u>

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center
Statement of Activities
Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 59,969	\$ 110,142	\$ 170,111
Special events and fundraising	168,805	-	168,805
Dorchester County referendum	62,077	560,000	622,077
Grants	325,228	180,900	506,128
Program services	19,200	2,036	21,236
Investment income	2,994	-	2,994
Gain on disposed assets	125	-	125
Miscellaneous revenue	43	-	43
Net assets released from restrictions	894,991	(894,991)	-
Total Support and Revenue	<u>1,533,432</u>	<u>(41,913)</u>	<u>1,491,519</u>
Expenses			
Program services	1,225,144	-	1,225,144
Supporting services			
Management and general	103,767	-	103,767
Fundraising	114,348	-	114,348
Total Expenses	<u>1,443,259</u>	<u>-</u>	<u>1,443,259</u>
Change in Net Assets	90,173	(41,913)	48,260
Beginning Net Assets, Restated	<u>2,225,834</u>	<u>812,726</u>	<u>3,038,560</u>
Ending Net Assets	<u>\$ 2,316,007</u>	<u>\$ 770,813</u>	<u>\$ 3,086,820</u>

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center
Statement of Functional Expenses
Year Ended December 31, 2018**

	Program Services	Management and General	Fundraising	Total
Personnel				
Salaries and wages	\$ 713,548	\$ 77,026	\$ 55,865	\$ 846,439
Payroll taxes	53,438	5,768	4,184	63,390
Employee benefits	79,164	7,451	6,519	93,134
Total Personnel	846,150	90,245	66,568	1,002,963
Other functional expenses				
Bad debt (recovery)	-	-	1,322	1,322
Bank fees	-	-	1,201	1,201
Contract services	11,294	-	-	11,294
Contract services - IT support	12,907	1,215	1,063	15,185
Depreciation	102,570	1,801	1,589	105,960
Equipment and rentals	9,657	-	-	9,657
Fundraising costs	-	-	33,623	33,623
Insurance	40,116	3,776	3,304	47,196
Interest expense	72	7	6	85
Janitorial and housekeeping	12,409	218	192	12,819
Maintenance	25,328	445	392	26,165
Membership and licenses	6,861	646	565	8,072
Miscellaneous	2,214	96	84	2,394
Printing and postage	3,312	431	423	4,166
Professional services - accounting	21,922	2,063	1,805	25,790
Professional services - legal	10,135	-	-	10,135
Program expense - grant costs	39,946	-	-	39,946
Subscriptions	9,652	-	-	9,652
Supplies	13,742	1,293	1,132	16,167
Taxes	409	-	-	409
Program supplies	3,373	-	-	3,373
Telephone and utilities	33,351	586	517	34,454
Training	11,284	764	387	12,435
Travel and meetings	8,440	181	175	8,796
Total Other Functional Expenses	378,994	13,522	47,780	440,296
Total Functional Expenses	\$ 1,225,144	\$ 103,767	\$ 114,348	\$ 1,443,259

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children's Advocacy Center
Statement of Cash Flows
Year Ended December 31, 2018**

Cash Flows from Operating Activities:

Change in net assets	\$	48,260
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation		105,961
Contributions restricted to building project		(106,000)
Gain on sale of property and equipment		(125)
Change in:		
Accounts receivable		(9,265)
Grants receivable		35,820
Promises to give		1,082
Prepaid expenses		4,547
Accounts payable		28,521
Accrued payroll and liabilities		6,646
Net cash provided by operating activities		115,447

Cash Flows from Investing Activities:

Purchase of property and equipment		(165,634)
Proceeds from sale of property and equipment		200
Net cash used in investing activities		(165,434)

Cash Flows from Financing Activities:

Collections of contributions restricted to building project		106,000
Net cash used in financing activities		106,000
Net Increase in Cash and Cash Equivalents		56,013
Cash and Cash Equivalents, Beginning of Year		347,893
Cash and Cash Equivalents, End of Year	\$	403,906

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
Notes to Financial Statements**

Note A – Nature of Operations

Children in Crisis in Dorchester County, Inc. dba Dorchester Children’s Advocacy Center (the Center) is a nonprofit organization incorporated in South Carolina. The Center provides services for emergency care for children who are victims of abuse or neglect to include interdisciplinary evaluations, intervention, evidence gathering and counseling. The Center also provides community outreach, education, and advocacy for children and families who are experiencing problems with abuse and neglect. The Center is funded primarily by donor contributions, special events, grants and a county tax levy.

Note B – Summary of Significant Accounting Policies

Basis of Accounting

The Center’s financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America, and accordingly reflect all significant receivables, payables, and other liabilities. Under this basis, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation

The Center’s financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) of the United States of America in its Accounting Standards Codification (ASC) 958–205, *Not-For-Profit Entities – Presentation of Financial Statements*. These standards require the Center to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to or are no longer subject to donor-imposed stipulations and may be expended for any purposes in performing the primary objectives of the organization. These net assets may be used at the discretion of the Center’s management and Board of Directors.

Net assets with donor restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Functional Allocation of Expense

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The Center allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to the appropriate expenditure classification. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, such expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include janitorial, facilities maintenance, depreciation, and utilities, which are allocated based on a square footage basis, as well as salaries and wages and payroll taxes, which are allocated based on estimates of time and responsibilities, and benefits, supplies, dues, licenses, insurance, professional services, and information technology support, which are allocated on the basis of estimates of usage.

Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
Notes to Financial Statements

Use of Estimates and Assumptions

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.

Cash and Cash Equivalents

The Center considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Unconditional promises to give are recognized as receivables and revenue or gains in the period the promise to give is received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met, and the promises become unconditional. Unconditional promises to give due in subsequent years are reported at present value of their net realizable value, using risk free interest rates applicable to the years in which the promises are to be received.

The Center uses the allowance method to determine uncollectible promises to give when deemed necessary. The allowance is based on prior years’ experience and management’s analysis of specific accounts. Bad debts are charged to expense in the year they are considered uncollectible. Recoveries are credited to revenue in the year collected.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded in accordance with ASC 958 – 605, *Not-For-Profit Entities – Revenue Recognition*. These standards require that contributions received are recorded as support without donor restrictions and with donor restrictions, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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 and reported in the Statement of Activities as net assets released from restrictions.

Income Tax Status

The Center is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from federal and state income taxes unless income is generated from unrelated business activities. There is no unrelated business income for 2018. The Center qualifies for the charitable contribution deduction under Section 170(b)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The FASB provides guidance on the Center’s evaluation of accounting for uncertainty in income taxes. Management evaluated the Center’s position and concluded that the Center had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
Notes to Financial Statements

Property and Equipment, net

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Generally, items costing \$1,500 or more are capitalized; lesser amounts for property and equipment and costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. Management periodically determines if any property and equipment is impaired. Useful lives of property and equipment are as follows:

Furniture and equipment	5 - 10 years
Buildings and improvements	10 - 40 years

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Some grantors may retain a reversionary interest in specific assets if the mission of the Center changes.

Donated Services

Donated services are recognized as contributions in accordance with ASC 958-605, *Not-For-Profit Entities – Revenue Recognition*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center. Volunteers also provided many hours in fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under ASC 958 – 605 are not met.

Compensated Absences

The Center provides paid time off to employees to be used during absences from work. Employees accrue paid time off each pay period and an employee can carry up to 80 hours to the next year, but will be paid for the first 40 hours in January of the following year. Any remaining hours rolled over must be used within 6 months or they are forfeited by the employee. When an employee terminates employment with the Center, the employee is not entitled to any payment for any unused paid time off, however upon separation from service, the Center may award an employee the value of accrued, unused and available paid time off at its discretion.

New Accounting Pronouncement

During the year ended December 31, 2018, the Center adopted the requirements of the FASB’s ASU No. 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). This Update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions.

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
Notes to Financial Statements**

Accounting Pronouncements Pending Implementation

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-19, Revenue from Contracts with Customers, which will replace numerous requirements in U.S. GAAP, including industry-specific requirements. This guidance provides a five step model to be applied to all contracts with customers, with an underlying principle that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. ASU 2014-19 requires extensive quantitative and qualitative disclosures covering the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including disclosures on significant judgements made when applying the guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018 for nonpublic organizations.

In February 2016, the FASB issued ASU 2016-02, Leases. ASU 2016-02 requires that lease arrangements longer than 12 months result in an entity recognizing an asset and a liability. The updated guidance is effective for interim and annual periods beginning after December 15, 2018, and early adoption is permitted. The standard requires use of the modified retrospective transition approach. While the Center is currently evaluating this standard, given the small number of leases the Center is party to, the Center expects this standard will not have a significant impact on the Center’s financial statements from the recognition of right of use assets and related liabilities. This guidance is effective for the Center for fiscal years beginning after December 15, 2019.

Management has not yet determined the impact that implementation of these standards will have on the Center’s financial statements, if any.

Note C – Promises to Give

Promises to give are unconditional promises to pay a certain amount and totaled \$513,913 as of December 31, 2018. All promises to give are collectible within one year from December 31, 2018. Management evaluates the collectability of receivables and records an allowance for estimated uncollectible amounts. The Center recorded a provision for uncollectible pledges of \$- at December 31, 2018.

Note D – Dorchester County Referendum

Dorchester County provides the Center with funding from the County's tax levies. This funding is subject to approval by the Dorchester County Council each year and included in the annual budget. The receivable for these funds is included in the “Promises to Give” asset category, and the revenue is separately stated.

Note E – Credit Risk

The Center maintains its cash and cash equivalents in bank deposit accounts which, at times, may exceed federally insured limits. The Center has not experienced any losses in such accounts and management believes the Center is not exposed to any significant credit risk on cash and cash equivalents.

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
Notes to Financial Statements**

Note F – Property and Equipment

Property and equipment consisted of the following at December 31, 2018:

Depreciable Assets:	
Buildings and improvements	\$ 1,901,624
Office equipment	86,570
Computer equipment	82,659
Furniture and fixtures	136,264
Medical equipment	<u>52,014</u>
Total Depreciable Assets	2,259,131
Less: accumulated depreciation	<u>(657,056)</u>
Total Depreciable Assets, Net	<u>1,602,075</u>
 Non-Depreciable Assets:	
Land	300,000
Construction in progress	<u>129,071</u>
Total Non-Depreciable Assets	<u>429,071</u>
Total Property and Equipment, Net	<u><u>\$ 2,031,146</u></u>

Depreciation expense for the year ended December 31, 2018 totaled \$105,961.

Note G – Related Party Transactions

The Center’s board members or affiliated companies of board members contributed a total of \$27,301 for the year ended December 31, 2018.

The Center conducted business with a company that was owned by a Board Member for the expansion and renovation of current facilities. Payments made to this vendor totaled \$132,989 for the year ended December 31, 2018.

The Center conducted business with a company that was owned by a Board Member for the Center’s maintenance services. Payments made to this vendor totaled \$3,783 for the year ended December 31, 2018.

The Center conducted business with a company that was owned by a Board Member for the Center’s information technology support. Payments made to this vendor totaled \$15,978 for the year ended December 31, 2018.

Note H – Line of Credit

The Center maintains an unsecured \$100,000 line of credit agreement with a bank to meet the Center's working capital needs. The line of credit agreement matures on August 7, 2019. Any borrowings would bear interest at 6%, interest would be payable monthly, and any borrowings would be due at the annual maturity date. The Center has not borrowed on this line of credit for the year ended December 31, 2018.

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
Notes to Financial Statements**

Note I – Net Assets

The Center’s net assets with donor restrictions are restricted for the following purposes at December 31, 2018:

Subject to Purpose Restrictions	
Clinical services	\$ 83,475
Capital Campaign	123,378
Community programs	2,418
Other	1,542
	<hr/>
Total subject to purpose restrictions	210,813
Subject to Time Restrictions	
Dorchester County Referendum	560,000
	<hr/>
Total	<u>\$ 770,813</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the passage of time or the occurrence of other events specified by the donors. Released from restrictions for the year ended December 31, 2018 is as follows:

Subject to Purpose Restrictions	
Clinical services	\$ 204,723
Community outreach	1,000
Capital campaign	121,228
Community programs	17,606
Other	434
	<hr/>
Subtotal	344,991
Subject to Time Restrictions	
Dorchester County Referendum	550,000
	<hr/>
Total	<u>\$ 894,991</u>

The Center’s net assets without donor restrictions at December 31, 2018 are as follows:

Undesignated	\$ 1,966,007
Board designated for long-term facilities maintenance	350,000
	<hr/>
	<u>\$ 2,316,007</u>

Note J – Defined Contribution Retirement Plan

The Center has a defined contribution retirement plan covering substantially all of its employees. The Center may make a discretionary contribution to the plan each year (subject to prescribed limitations). The Center's contributions totaled approximately \$4,999 for the year ended December 31, 2018.

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
Notes to Financial Statements**

Note K – Liquidity and Availability of Financial Assets

The Center’s working capital and cash flows have seasonal variations during the year attributable to the timing of revenue and support. To manage liquidity, the Center evaluates cash on a regular basis as part of the monthly review of the internal financial statements, and estimates cash needs based on budgeted and current expenses. As part of its liquidity plan, excess cash is invested in short-term investments, such as money market accounts. The Center operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Additionally, the Center’s Board has designated a portion of its unrestricted resources for the long-term maintenance of its facilities. These funds are intended to be invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board. The Center also maintains a line-of-credit of \$100,000 with a bank that can be used to supplement cash flows when needed. See Note H for further description of the line of credit.

The following reflects the Center’s financial assets as of the date of the statement of net position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

Financial Assets		
Cash and cash equivalents	\$	403,906
Accounts receivable, net		17,719
Grants receivable		159,963
Promises to give		<u>513,913</u>
Total financial assets		<u>1,095,501</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions		(770,813)
Less net assets with purpose or time restrictions to be met in less than a year		647,435
Quasi-endowment established by the Board for long-term maintenance of facilities		<u>(350,000)</u>
Total amounts not available to be used within one year		<u>(473,378)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u><u>622,123</u></u>

**Children in Crisis in Dorchester County, Inc.
dba Dorchester Children’s Advocacy Center
Notes to Financial Statements**

Note L – Restatement of Net Assets

When implementing FASB’s ASU No. 2016-14 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities (ASU 2016-14), it was determined that unrestricted net assets that the Board had designated for long-term maintenance of facilities and capital projects had previously been reported as temporarily restricted net assets rather than as unrestricted net assets. Because the Board retains the right to re-direct the usage of those reserved funds, the prior presentation should have been as Unrestricted – Board-designated Net Assets. The restatement had no effect on previously reported total net assets or change in net assets. The amounts shown as beginning net assets on the Statement of Activities have been restated as follows:

	Previously presented Net Assets <u>12/31/2017</u>	Restatement	Restated Beginning Net Assets <u>1/1/2018</u>
Unrestricted Net Assets/Net Assets Without Donor Restrictions			
Undesignated	\$ 1,875,834	\$ -	\$ 1,875,834
Board-designated	<u>-</u>	<u>350,000</u>	<u>350,000</u>
Subtotal	1,875,834	350,000	2,225,834
Temporarily Restricted Net Assets/Net Assets With Donor Restrictions	<u>1,162,726</u>	<u>(350,000)</u>	<u>812,726</u>
Total Net Assets	<u>\$ 3,038,560</u>	<u>\$ -</u>	<u>\$ 3,038,560</u>

Note M – Subsequent Events

Management has evaluated events through the date which the financial statements were available to be issued. Based upon this evaluation, there were no material adjustments to these financial statements.