Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center

Report on Financial Statements Year Ended December 31, 2022



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Independent Auditor's Report

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

Opinion

We have audited the 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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements 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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center'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 Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center'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.

Mount Pleasant, South Carolina

August 7, 2023

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Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center Statement of Financial Position December 31, 2022

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Current Assets	
Cash and cash equivalents	\$ 917,522
Accounts receivable	4,900
Grants receivable	113,155
Promises to give	650,922
Prepaid expenses	 13,521
Total Current Assets	1,700,020
Noncurrent Assets	
Non-depreciable assets	818,892
Depreciable assets, net	1,485,377
Total Noncurrent Assets	2,304,269
Total Assets	\$ 4,004,289
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 90,876
Accrued payroll and liabilities	34,112
Accrued expenses	 5,367
Total Current Liabilities	 130,355
Total Liabilities	 130,355
Net Assets	
Without donor restrictions	2,947,588
With donor restrictions	 926,346
Total Net Assets	 3,873,934
Total Liabilities and Net Assets	\$ 4,004,289

Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center Statement of Activities

Year Ended December 31, 2022

	hout Donor	With Donor Restrictions			
Revenue and Support					
Contributions	\$ 154,153	\$	-	\$	154,153
Special events and fundraising	293,329		-		293,329
Dorchester County referendum	52,081		755,000		807,081
Grants	713,455		163,059		876,514
Program services	9,628		3,097		12,725
Interest income	2,022		-		2,022
In-kind contributions	11,734		-		11,734
Net assets released from restrictions	 774,369		(774,369)		
Total Revenue and Support	2,010,771		146,787		2,157,558
Expenses					
Program services	1,560,649		-		1,560,649
Management and general	135,470		-		135,470
Fundraising	 155,480				155,480
Total Expenses	 1,851,599				1,851,599
Change in Net Assets	159,172		146,787		305,959
Beginning Net Assets	 2,788,416		779,559		3,567,975
Ending Net Assets	\$ 2,947,588	\$	926,346	\$	3,873,934

Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center Statement of Functional Expenses Year Ended December 31, 2022

	Progi Servi		nagement I General	Fur	ndraising	 Total
Personnel						
Salaries and wages		20,706	\$ 96,968	\$	68,192	\$ 1,085,866
Employee benefits	g	93,123	9,733		6,845	109,701
Payroll taxes	6	59,383	7,307		5,139	 81,829
Total Personnel	1,08	33,212	 114,008		80,176	 1,277,396
Other Functional Expenses						
Maintenance	9	92,858	3,328		1,983	98,169
Fundraising costs	1	L1,179	904		60,668	72,751
Depreciation	6	50,874	2,182		1,300	64,356
Insurance	4	11,406	4,018		3,043	48,467
Program expense	4	18,202	-		-	48,202
Telephone and utilities	3	39,400	1,412		841	41,653
Professional services	3	33,244	2,158		1,635	37,037
Furniture and fixtures	2	28,349	2,751		2,084	33,184
Contract services - IT support	2	20,181	1,958		1,484	23,623
Contract services	2	20,674	-		-	20,674
Conference	1	L8,755	-		-	18,755
Equipment and rentals	1	12,518	-		-	12,518
Janitorial and housekeeping	1	L1,279	404		241	11,924
Training	1	10,698	416		408	11,522
Printing and postage		6,883	843		761	8,487
Supplies		6,283	610		462	7,355
Travel and meetings		6,341	144		141	6,626
Membership and licenses		3,291	320		242	3,853
Subscriptions		2,457	-		-	2,457
Miscellaneous		1,771	14		11	1,796
Taxes		422	-		-	422
Program supplies		372	 		-	372
Total Other Functional Expenses	47	77,437	21,462		75,304	 574,203
Total Functional Expenses	\$ 1,56	50,649	\$ 135,470	\$	155,480	\$ 1,851,599

Children in Crisis in Dorchester County, Inc. dba Dorchester Children's Advocacy Center Statement of Cash Flows

Year Ended December 31, 2022

Cash Flows from Operating Activities	
Change in net assets	\$ 305,959
Adjustments to reconcile change in net assets to	
net cash provided by operating activities:	
Depreciation	64,356
Change in:	
Accounts receivable	6,700
Grants receivable	(3,802)
Promises to give	(36,281)
Prepaid expenses	(1,164)
Accounts payable	90,150
Accrued payroll and liabilities	3,442
Accrued expenses	 30
Net cash provided by operating activities	 429,390
Cash Flows from Investing Activities	
Purchase of property and equipment	 (402,186)
Net cash used in investing activities	 (402,186)
Net Increase in Cash and Cash Equivalents	27,204
Cash and Cash Equivalents, Beginning of Year	 890,318
Cash and Cash Equivalents, End of Year	\$ 917,522

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 (U.S. GAAP), 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:

<u>Net assets without donor restrictions</u> - 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.

<u>Net assets with donor restrictions</u> - 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.

Use of Estimates and Assumptions

The preparation of financial statements, in conformity with U.S. GAAP, 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.

Grants Receivable

Grants receivable represent amounts awarded by various government agencies. Grants receivable are due within one year and are recorded at their net realizable value. Management estimates an allowance for uncollectible grants receivable based on current economic conditions, historical trends, and current and past experience with individual grantors.

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, which at times, may include unconditional promises to give, are recognized as revenues in the period received or promised. Contributions receivable due beyond one year are stated at net present value of the estimated cash flows using a risk-adjusted rate. Conditional contributions are recorded when the conditions have been met. Contributions are considered to be without donor restrictions unless specifically restricted by the donor for time or purpose.

The Center reports contributions in the donor restricted net asset class if they are received with donor stipulations as to their use and/or time. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released and reclassified to net assets without donor restriction in the Statements of Activities.

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 2022. The Center qualifies for the charitable contribution deduction under Section 170(b)(1) 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.

Property and Equipment

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:

Buildings and improvements	15 - 39 years
Office equipment	5 years
Computer equipment	5 years
Furniture and fixtures	7 years
Medical equipment	5 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 six 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.

Adoption of Accounting Pronouncement

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842). Topic 842 includes a lease accounting model that recognizes two types of leases - finance leases and operating leases. Topic 842 requires that lease arrangements longer than 12 months result in an entity recognizing a "right of use" asset and a lease liability payable. The Center did not have any material contracts greater than 12 months and therefore Topic 842 did not have a material impact on the Center's financial statements.

Note C - Grants Receivable

Grants receivable totaled \$113,155 as of December 31, 2022. Bad debt expense was \$0 for the year ended December 31, 2022. The allowance for doubtful accounts was \$0 as of December 31, 2022.

Note D – Promises to Give

Promises to give are unconditional promises related to the Dorchester County referendum and totaled \$650,922 as of December 31, 2022. All promises to give are collectible within one year from December 31, 2022. Management evaluates the collectability of receivables and records an allowance for estimated uncollectible amounts. The Center recorded no provision for uncollectible promises to give as of December 31, 2022.

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.

Note F - Property and Equipment, Net

Property and equipment consisted of the following as of December 31, 2022:

Depreciable Assets:

Buildings and improvements	\$ 2,064,101
Office equipment	83,647
Computer equipment	86,989
Furniture and fixtures	138,342
Medical equipment	 96,400
Total Depreciable Assets Less: Accumulated depreciation	2,469,479 (984,102)
Total Depreciable Assets, Net	1,485,377

Non-Depreciable Assets:

Total Property and Equipment, Net	\$ 2,304,269
Total Non-Depreciable Assets	818,892
Construction in progress	368,457
Land	\$ 450,435

Depreciation expense for the year ended December 31, 2022 totaled \$64,356.

Note G – Related Party Transactions

The Center's Board Members or affiliated companies of Board Members contributed a total of \$43,500 for the year ended December 31, 2022.

The Center conducted business with a company that was owned by a Board Member to provide building renovations and repairs and maintenance services for the Center. Payments made to this vendor totaled \$438,893 for the year ended December 31, 2022.

The Center conducted business with a company that was owned by a Board Member for legal services related to the Center's progam services. Payments made to this vendor totaled \$11,000 for the year ended December 31, 2022.

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 July 30, 2023. Any borrowings would bear interest at 5% and would be payable monthly, and any borrowings would be due at the annual maturity date. The Center has no borrowings on this line of credit as of December 31, 2022.

Note I - Net Assets

The Center's net assets with donor restrictions are restricted for the following purposes as of December 31, 2022:

Subject to Purpose Restrictions		
Clinical services	\$	168,249
Community programs		3,097
Subtotal	,	171,346
Subject to Time Restrictions		
Dorchester County referendum		755,000
Subtotal		755,000
Total	\$	926,346

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by the donors. Releases from restrictions are as follows for the year ended December 31, 2022:

Subject to Purpose Restrictions	
Capital campaign	\$ 28,364
Subtotal	 28,364
Subject to Time Restrictions	
Dorchester County referendum	726,165
Clinical services	19,840
Subtotal	 746,005
Total	\$ 774,369

The Center's net assets without donor restrictions as of December 31, 2022 are as follows:

Undesignated	\$ 2,898,960
Board designated for long-term facilities maintenance	 48,628
	\$ 2,947,588

Note J - 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 K - 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 \$8,465 for the year ended December 31, 2022.

Note L – 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 Financial Position, reduced by amounts not available for general use within one year because of contractual or donor-imposed restrictions or internal designations.

Cash and cash equivalents	\$ 917,522
Accounts receivable	4,900
Grants receivable	113,155
Promises to give	 650,922
Total Financial Assets	 1,686,499
Less amounts not available to be used within one year: Quasi-endowment established by the Board for	
long-term maintenance of facilities	 (48,628)
Total amounts not available to be used within one year	 (48,628)
Total Financial Assets Available to Meet Cash Needs for	
Expenditures Within One Year	\$ 1,637,871

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.