

**FOUR CORNERS CHILD ADVOCACY
CENTER, INC.**

A Colorado Non-Profit Corporation

BASIC FINANCIAL STATEMENTS

For the Year Ended December 31, 2018

FOUR CORNERS CHILD ADVOCACY CENTER, INC.

A Colorado Non-Profit Corporation

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INDEPENDENT AUDITOR'S REPORT



Heidi A. Trainor, CPA, MS Tax

To the Board of Directors
Four Corners Child Advocacy Center, Inc.
Cortez, CO 81321

Report on the Financial Statements

I have audited the accompanying financial statements of Four Corners Child Advocacy Center, Inc. (the Center), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended.

The prior year summarized comparative information has been derived from the Center's financial statements and, in our report dated August 6, 2018; we expressed an unmodified opinion on those financial statements.

Management's Responsibility for 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

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 the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Four Corners Child Advocacy Center, Inc. as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "Heidi Trainor".

Heidi A. Trainor, CPA, PC
August 30, 2019

FOUR CORNERS CHILD ADVOCACY CENTER, INC.
A Colorado Non-Profit Corporation

STATEMENT OF FINANCIAL POSITION
For The Years Ended December 31

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and Cash Equivalents	\$ 120,355	\$ 137,262
Investments	69,122	26,706
Grants and Other Receivables	41,825	53,726
Prepaid Expenses	2,576	--
Property and Equipment - Net	<u>129,079</u>	<u>134,336</u>
TOTAL ASSETS	<u><u>\$ 362,957</u></u>	<u><u>\$ 352,030</u></u>
LIABILITIES		
Accounts Payable	\$ 2,220	\$ 5,632
Accrued Payroll Expenses	11,220	15,718
Compensated Absence		
Due in one year	3,508	6,570
Due in more than one year	<u>13,250</u>	<u>10,310</u>
TOTAL LIABILITIES	<u>30,198</u>	<u>38,230</u>
NET ASSETS		
Assets Without Donor Restrictions	<u>332,759</u>	<u>313,800</u>
TOTAL NET ASSETS	<u>332,759</u>	<u>313,800</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 362,957</u></u>	<u><u>\$ 352,030</u></u>

See notes to the financial statements

FOUR CORNERS CHILD ADVOCACY CENTER, INC.
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STATEMENT OF ACTIVITIES
For the Years Ended December 31

	<u>2018</u>	<u>2017</u>
SUPPORT AND REVENUES		
	<u>WITHOUT DONOR RESTRICTIONS</u>	
Contributions	\$ 42,514	\$ 28,762
Special Events	86,535	99,086
Federal Grants	171,209	152,351
State Grants	16,550	11,000
Other Grants	82,121	100,201
Other Income	<u>8,016</u>	<u>4,438</u>
TOTAL SUPPORT AND REVENUES	<u>406,945</u>	<u>395,838</u>
EXPENSES		
Program Services:		
Child Advocacy	292,226	250,164
Support Services:		
Fund-Raising	22,366	24,377
Management and General	<u>69,079</u>	<u>60,355</u>
TOTAL EXPENSES	<u>383,671</u>	<u>334,896</u>
Change in Net Assets from Operating Activities	23,274	60,942
OTHER INCOME (LOSS)		
Investment Income	1,534	876
Unrealized Gain/(Loss) on Investments	<u>(5,849)</u>	<u>321</u>
	(4,315)	1,197
CHANGE IN NET ASSETS	18,959	62,139
NET ASSETS, Beginning	<u>313,800</u>	<u>251,661</u>
NET ASSETS, Ending	<u>\$ 332,759</u>	<u>\$ 313,800</u>

See notes to the financial statements

FOUR CORNERS CHILD ADVOCACY CENTER, INC.
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STATEMENT OF FUNCTIONAL EXPENSES
For the Years Ended December 31
2018

	PROGRAM SERVICES				SUPPORT SERVICES		Total	2017
	Child Advocacy	Fundraising	Management & General	Support Services	Total	2017	Total	Total
COMPENSATION AND RELATED EXPENSES:								
Compensation	\$ 185,237	\$ 4,258	\$ 23,422	\$ 27,680	\$ 212,917	\$ 194,617		\$ 194,617
Payroll Taxes	15,657	360	1,980	2,340	17,997	16,552		16,552
Payroll Benefits	7,940	182	1,005	1,187	9,127	8,776		8,776
TOTAL COMPENSATION AND RELATED EXPENSES	208,834	4,800	26,407	31,207	240,041	219,945		219,945
Advertising	2,119	--	3,179	3,179	5,298	3,672		3,672
Depreciation	6,398	--	1,600	1,600	7,998	8,118		8,118
Dues and Subscriptions	650	--	2,600	2,600	3,250	2,808		2,808
Insurance	3,291	--	3,291	3,291	6,582	6,416		6,416
License and Fees	--	--	4,526	4,526	4,526	230		230
Maintenance of Equipment	5,096	--	2,185	2,185	7,281	8,666		8,666
Nurturing Parent Expense	20,100	--	--	--	20,100	20,954		20,954
Occupancy	1,913	--	1,914	1,914	3,827	4,052		4,052
Professional Services	20,980	--	14,704	14,704	35,684	13,826		13,826
Special Events	--	14,521	--	14,521	14,521	16,956		16,956
Supplies	9,134	3,045	3,044	6,089	15,223	15,112		15,112
Telephone	2,184	--	1,787	1,787	3,971	3,599		3,599
Travel, Seminars and Training	11,527	--	3,842	3,842	15,369	10,542		10,542
TOTAL EXPENSES	\$ 292,226	\$ 22,366	\$ 69,079	\$ 91,445	\$ 383,671	\$ 334,896		\$ 334,896

See notes to the financial statements

FOUR CORNERS CHILD ADVOCACY CENTER, INC.
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STATEMENT OF CASH FLOWS
For the Years Ended December 31

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received From Contributors	\$ 42,514	\$ 28,762
Cash Received From Grants	281,780	240,122
Other Income	9,235	2,886
Special Events Income	86,535	99,086
Cash Paid For Program Expenses	(296,436)	(246,887)
Cash Paid For Fundraising Expenses	(22,366)	(24,377)
Cash Paid For Administration Expenses	(67,479)	(58,732)
NET CASH PROVIDED BY OPERATING ACTIVITIES	33,783	40,860
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Building Improvements	--	(1,600)
Purchase of Equipment	(3,002)	(654)
Proceeds From Investments	26,265	--
Purchase of Investments	(73,953)	--
NET CASH USED BY INVESTMENT ACTIVITIES	(50,690)	(2,254)
NET INCREASE IN CASH	(16,907)	38,606
CASH AND CASH EQUIVALENTS, Beginning	137,262	98,656
CASH AND CASH EQUIVALENTS, Ending	\$ 120,355	\$ 137,262
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 18,959	\$ 62,139
Adjustments to reconcile change in Unrestricted Net Assets to Cash provided by Operating Activities:		
Depreciation	7,998	8,118
Unrealized Investment Losses/(Gains)	5,849	(321)
(Increase) decrease in Operating Assets		
Grants and other Accounts Receivables	11,900	(23,430)
Prepaid Expense	(2,576)	895
Investment Account	(315)	(2,372)
Increase (decrease) in Operating Liabilities		
Accrued Compensated Absence	(123)	1,276
Accounts Payable	(3,411)	(5,601)
Accrued Expenses	(4,498)	156
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 33,783	\$ 40,860

See notes to the financial statements

FOUR CORNERS CHILD ADVOCACY CENTER, INC.
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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE A NATURE OF CORPORATION AND SIGNIFICANT ACCOUNTING POLICIES

(1) Nature of Activities

On behalf of and for the children in the four corners area, the Four Corners Child Advocacy Center, Inc., a nonprofit corporation, serves as a facility where children, who are the victims of physical or sexual abuse or neglect, and their non-offending family members can go for the purpose of evaluation and investigation, treatment and counseling. The goal is to provide the child with a nurturing and non-threatening environment, which, to the greatest extent possible, will facilitate the above activities.

The Center's mission is accomplished by coordinating a team approach to investigations, establishing and maintaining a facility that has a homelike atmosphere, training of professional and lay persons and educating the community.

The Center is a member of the National Network of Children's Advocacy Centers. Such membership entitles the Center to resources for training, education and funding. The Center is autonomous from the national organization.

The Center is supported primarily through federal, state, or private grants.

(2) New Accounting Pronouncement

During the year ended December 31, 2018, the Center adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities* (ASU2016-14). 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. A footnote on liquidity has also been added (Note L).

(3) Basis of Presentation

The financial statements of the Center are prepared using the accrual basis of accounting. The Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction

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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE A **NATURE OF CORPORATION AND SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

(3) Basis of Presentation (continued)

Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Center has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

(4) Contributions

Contributions, which include unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until such time as the conditions are substantially met.

Contributions of non-cash assets are recognized at their estimated fair market value on the date of contribution. Contributions to be collected in future years are recorded at fair market when the promise is made.

(5) 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.

(6) Cash and Cash Equivalents

For purposed of the statement of cash flows, all cash held in checking accounts and certificates of deposit with original maturities of three months or less are considered to be cash equivalents.

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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE A **NATURE OF CORPORATION AND SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

(7) Investments

Investments primarily consist of equity funds and fixed income funds. The Center maintains a diversified portfolio of investments to manage market and interest-rate risks. Investments are recorded at fair value.

(8) Property and Equipment

Property and equipment are carried at cost or, if donated, at the fair value on the date of donation. The Center follows a policy whereby it capitalizes purchases of property and equipment greater than \$500. Depreciation is recorded using the straight-line MACRS method over the following estimated useful lives:

Buildings and Improvements	40 years
Furniture and Equipment	5 to 7 years

(9) Income Taxes

The Internal Revenue Service has classified the Center as tax-exempt under Section 501(c)3 of the Internal Revenue Code. Accordingly, no provision for Federal income tax has been made in the financial statements. The Center follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes* (ASC 740), related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for the Center for the year ended December 31, 2017 and 2018.

The Center did not incur unrelated business income tax for the year ended December 31, 2018. Accordingly, no provision has been made for federal income tax in the accompanying financial statements.

Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended December 31, 2015, 2016, 2017 and 2018 are subject to examination by the Internal Revenue Service, generally for three years after filing.

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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE A **NATURE OF CORPORATION AND SIGNIFICANT ACCOUNTING POLICIES**
(Continued)

(10) Use of Estimates

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

(11) Subsequent Events

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Center recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Center's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position but arose after the statement of financial position date and before financial statements are available to be issued.

NOTE B **SIGNIFICANT CONCENTRATION OF CREDIT RISK**

Financial instruments that subject the Center to concentrations of credit risk consist principally of cash and cash equivalents in financial institutions, which from time-to-time exceed the federal depository insurance coverage limit; that excess is uninsured. Management has placed these funds in high quality institutions in order to minimize the risk. Cash equivalent, other securities and limited amounts of cash held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of a broker-dealer failure, up to \$500,000 of protection for each brokerage account with a limit of \$250,000 for claims of un-invested cash balances.

Investments insured as of December 31, 2018 and December 31, 2017 were \$69,122 and \$26,706 respectively.

Cash equivalents are protected by the Federal Deposit Insurance Corporation (FDIC) in the event of bank failure, up to \$250,000 for accounts held at each FDIC insured institution. Cash equivalents insured as of December 31, 2018 and December 31, 2017 were \$120,355 and \$137,262 respectively.

FOUR CORNERS CHILD ADVOCACY CENTER, INC.
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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE C **RECEIVABLES**

Management considers receivables to be collectible in full within one year. There is no allowance for uncollectible amounts recorded.

NOTE D **INVESTMENTS**

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the Statement of Financial Position. Investment income or loss is included in the Statement of Activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

Investments at December 31 are comprised of:

	<u>2018</u>	<u>2017</u>
Quoted Market Prices for Assets (Level I)	\$ 69,122	\$ 26,706
Significant Other Observable Inputs (Level II)	--	--
Significant Unobservable Inputs (Level III)	--	--
	<u>\$ 69,122</u>	<u>\$ 26,706</u>

NOTE E **PREPAID EXPENSES**

Insurance paid in the current year for a subsequent period are recorded as a prepaid expense. Prepaid insurance at December 31, 2018 and 2017 was \$2,576 and \$0, respectively.

FOUR CORNERS CHILD ADVOCACY CENTER, INC.
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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE F PROPERTY AND EQUIPMENT

The components of property and equipment as of December 31 is as follows:

	<u>2018</u>	<u>2017</u>
Land	\$ 8,000	\$ 8,000
Building and Improvements	201,670	201,670
Furniture and Fixtures	12,378	12,438
Medical and Observation Room Equipment	16,436	21,103
Office Equipment	<u>8,523</u>	<u>8,172</u>
	247,007	251,383
Less:		
Accumulated Depreciation	<u>(117,928)</u>	<u>(117,047)</u>
Property and Equipment, Net	<u>\$ 129,079</u>	<u>\$ 134,336</u>

NOTE G COMPENSATED ABSENCES

Full time employees earn vacation based on their length of employment and personal time off is earned at a rate of one day per month. Forty hours vacation plus the annual allotment of thirty days of personal time are available to be carried over to future years. The December 31, 2018 and 2017 vacation accrual was \$16,758 and \$16,880, respectively.

NOTE H CONCENTRATION OF SUPPORT

The Center received approximately 57% and 67% of its annual budget from Victim Assistance Programs in 2018 and 2017, respectively.

FOUR CORNERS CHILD ADVOCACY CENTER, INC.
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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE I **OTHER GRANTS**

The Center received Private/Other grant revenue as follows:

	<u>2018</u>	<u>2017</u>
National Child Advocacy-Sub Award	\$ 6,533	\$ 9,423
AV Hunter Trust	10,000	10,000
Ballantine Family Fund	3,000	5,000
Anschutz Family Foundation	--	7,500
City of Cortez	2,000	2,025
Colorado Children's Alliance	38,333	39,614
United Way	2,500	3,216
Nurturing Parent Program	19,755	23,423
	<u>\$ 82,121</u>	<u>\$ 100,201</u>

NOTE J **DONATED SERVICES**

Four Corners Child Advocacy Center had no donated services at December 31, 2018 or 2017.

NOTE K **RELATED PARTY TRANSACTIONS**

The Center received contributions from members of its Board of Directors in the amount of \$6,798 and \$13,223 for the years ended 2018 and 2017, respectively.

NOTE L **LIQUIDITY and AVAILABILITY of FINANCIAL ASSETS**

The Center's working capital and cash flow vary during the year attributable to various fundraising activities, grant revenue, and public support. Monthly cash outflows are fairly consistent with the exception of individual fundraising events. To manage monthly liquidity the center maintains various savings accounts, investments and money market accounts that can be drawn on as needed.

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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

NOTE L **LIQUIDITY and AVAILABILITY of FINANCIAL ASSETS** (continued)

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

	2018	2017
Cash, Cash Equivalents and Restricted Cash	\$ 120,355	\$ 137,262
Grants and Other Receivables		
Net Collected In Less Than One Year	41,825	53,726
Investments	69,122	26,706
Total Financial Assets:		
Excluding Noncurrent Receivables	231,302	217,694
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	\$ 231,302	\$ 217,694

NOTE M - **SUBSEQUENT EVENTS**

The Center has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended December 31, 2018 through August 30, 2019, the date the financial statements were available to be issued. The Center has signed a contract to purchase a new facility. Financing in the amount of \$425,000 has been obtained with a closing date of October 19, 2019. The Center has listed its current building for sale and will apply all proceeds from the sale towards the new loan.