

**MACOMB COUNTY CHILD ADVOCACY  
CENTER, INC.**

Mount Clemens, Michigan

**FINANCIAL STATEMENTS**

Including Independent Auditors' Report

As of and for the Years Ended September 30, 2013 and 2012

# MACOMB COUNTY CHILD ADVOCACY CENTER, INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Macomb County Child Advocacy Center, Inc.  
Mount Clemens, Michigan

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Macomb County Child Advocacy Center, Inc., which comprise the statement of financial position as of September 30, 2013, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***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.

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 Macomb County Child Advocacy Center, Inc. as of September 30, 2013, 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.

***Other Matter - 2012 Financial Statements***

The financial statements of Macomb County Child Advocacy Center, Inc. as of September 30, 2012, were audited by other auditors whose report dated February 23, 2013, expressed an unmodified opinion on those statements.

Southfield, Michigan  
February 28, 2013

**MACOMB COUNTY CHILD ADVOCACY CENTER, INC.**

STATEMENTS OF FINANCIAL POSITION  
As of September 30, 2013 and 2012

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	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 42,953	\$ 27,933
Certificate of deposit	14,845	30,768
Accounts and grants receivable	48,157	63,663
Prepaid expenses	<u>1,000</u>	<u>3,773</u>
Total Current Assets	106,955	126,137
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>184,378</u>	<u>193,576</u>
<b>TOTAL ASSETS</b>	<u>\$ 291,333</u>	<u>\$ 319,713</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,806	\$ 17,330
Deferred revenue	-	7,275
Current portion of long-term debt	<u>7,639</u>	<u>7,081</u>
Total Current Liabilities	11,445	31,686
<b>LONG-TERM LIABILITIES</b>		
Long-term debt - net of current portion	<u>82,436</u>	<u>90,075</u>
Total Liabilities	93,881	121,761
<b>NET ASSETS</b>		
Unrestricted	197,107	197,607
Temporarily restricted	<u>345</u>	<u>345</u>
Total Net Assets	<u>197,452</u>	<u>197,952</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 291,333</u>	<u>\$ 319,713</u>

See accompanying notes to financial statements.

**MACOMB COUNTY CHILD ADVOCACY CENTER, INC.**

STATEMENTS OF ACTIVITIES  
For the Years Ended September 30, 2013 and 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2013 Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012 Total</u>
<b>PUBLIC SUPPORT</b>						
Government grants	\$ 446,737	\$ -	\$ 446,737	\$ 460,098	\$ -	\$ 460,098
Contributions	35,408	-	35,408	53,667	-	53,667
In-kind contributions	4,534	-	4,534	45,257	-	45,257
Special events (net of direct costs of \$83,422 in 2013 and \$77,380 in 2012)	<u>101,215</u>	<u>-</u>	<u>101,215</u>	<u>85,502</u>	<u>-</u>	<u>85,502</u>
Total Public Support	<u>587,894</u>	<u>-</u>	<u>587,894</u>	<u>644,524</u>	<u>-</u>	<u>644,524</u>
<b>REVENUE</b>						
Other revenue	<u>15,836</u>	<u>-</u>	<u>15,836</u>	<u>16,813</u>	<u>-</u>	<u>16,813</u>
Total Revenue	<u>15,836</u>	<u>-</u>	<u>15,836</u>	<u>16,813</u>	<u>-</u>	<u>16,813</u>
 Total Public Support and Revenue	<u>603,730</u>	<u>-</u>	<u>603,730</u>	<u>661,337</u>	<u>-</u>	<u>661,337</u>
<b>EXPENSES</b>						
Program	472,970	-	472,970	512,114	-	512,114
Management and general	86,968	-	86,968	77,287	-	77,287
Fundraising	<u>44,292</u>	<u>-</u>	<u>44,292</u>	<u>22,082</u>	<u>-</u>	<u>22,082</u>
Total Expenses	<u>604,230</u>	<u>-</u>	<u>604,230</u>	<u>611,483</u>	<u>-</u>	<u>611,483</u>
 <b>CHANGE IN NET ASSETS</b>	 (500)	 -	 (500)	 49,854	 -	 49,854
 NET ASSETS - Beginning of Year	 <u>197,607</u>	 <u>345</u>	 <u>197,952</u>	 <u>147,753</u>	 <u>345</u>	 <u>148,098</u>
 <b>NET ASSETS - END OF YEAR</b>	 <u>\$ 197,107</u>	 <u>\$ 345</u>	 <u>\$ 197,452</u>	 <u>\$ 197,607</u>	 <u>\$ 345</u>	 <u>\$ 197,952</u>

See accompanying notes to financial statements.

**MACOMB COUNTY CHILD ADVOCACY CENTER, INC.**

STATEMENTS OF CASH FLOWS  
For the Years Ended September 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (500)	\$ 49,854
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	13,734	13,303
Donated property and equipment	(4,536)	(40,157)
Decrease in bequest receivable	-	50,000
Changes in assets and liabilities		
Accounts and grants receivable	15,506	(4,220)
Prepaid expenses	2,773	(1,533)
Accounts payable	(13,524)	1,649
Deferred revenue	(7,275)	7,275
Decrease in checks written in advance of deposits	-	(13,611)
Net Cash Flows from Operating Activities	<u>6,178</u>	<u>62,560</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of certificates of deposit	-	(30,041)
Proceeds from redemption of certificates of deposit	<u>15,923</u>	<u>-</u>
Net Cash Flows from Investing Activities	<u>15,923</u>	<u>(30,041)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on long-term debt	<u>(7,081)</u>	<u>(5,836)</u>
Net Cash Flows from Financing Activities	<u>(7,081)</u>	<u>(5,836)</u>
<b>Net Change in Cash and Cash Equivalents</b>	15,020	26,683
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>27,933</u>	<u>1,250</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 42,953</u>	<u>\$ 27,933</u>
<b>Supplemental cash flow disclosures</b>		
Cash paid for interest	<u>\$ 7,144</u>	<u>\$ 8,409</u>

See accompanying notes to financial statements.

**MACOMB COUNTY CHILD ADVOCACY CENTER, INC.**

STATEMENTS OF FUNCTIONAL EXPENSES  
For the Years Ended September 30, 2013 and 2012

	Program	Management and General	Fundraising	2013 Total	Program	Management and General	Fundraising	2012 Total
Salaries and wages	\$ 266,683	\$ 67,704	\$ 33,540	\$ 367,927	\$ 296,617	\$ 50,642	\$ 14,469	\$ 361,728
Payroll taxes expense	21,049	5,618	2,961	29,628	23,851	4,072	1,163	29,086
Employee benefits	<u>28,164</u>	<u>3,598</u>	<u>3,597</u>	<u>35,359</u>	<u>19,527</u>	<u>3,333</u>	<u>953</u>	<u>23,813</u>
Total Salaries and Related Expenses	315,896	76,920	40,098	432,914	339,995	58,047	16,585	414,627
Communications	-	-	-	-	74	13	3	90
Membership dues	873	15	-	888	459	79	22	560
Depreciation	13,734	-	-	13,734	10,908	1,862	533	13,303
Advertising	-	1,852	350	2,202	1,351	231	66	1,648
Printing	376	-	-	376	1,541	263	75	1,879
Insurance	5,369	1,943	78	7,390	4,096	699	200	4,995
Maintenance and repairs	13,969	-	-	13,969	18,804	3,211	917	22,932
Auditing and accounting	14,256	4,691	2,088	21,035	16,167	2,760	789	19,716
Postage	4,511	-	-	4,511	2,155	260	75	2,490
Professional fees	28,246	822	533	29,601	40,378	3,826	1,093	45,297
Program expense	6,696	-	-	6,696	10,038	-	-	10,038
Supplies	30,139	-	-	30,139	30,368	1,169	334	31,871
Travel and training	14,598	-	-	14,598	13,649	1,088	311	15,048
Utilities	9,101	-	-	9,101	6,094	1,041	297	7,432
Taxes	897	-	-	897	755	129	37	921
Interest	7,144	-	-	7,144	6,896	1,177	336	8,409
Miscellaneous	<u>7,165</u>	<u>725</u>	<u>1,145</u>	<u>9,035</u>	<u>8,386</u>	<u>1,432</u>	<u>409</u>	<u>10,227</u>
Total Expenses	<u>\$ 472,970</u>	<u>\$ 86,968</u>	<u>\$ 44,292</u>	<u>\$ 604,230</u>	<u>\$ 512,114</u>	<u>\$ 77,287</u>	<u>\$ 22,082</u>	<u>\$ 611,483</u>

See accompanying notes to financial statements.



# MACOMB COUNTY CHILD ADVOCACY CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended September 30, 2013 and 2012

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## **NOTE 1 - Summary of Significant Accounting Policies**

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### *Nature of Activities*

Macomb County Child Advocacy Center, Inc. (the "Organization") is a not-for-profit organization located in Macomb County, Michigan and is incorporated for the purpose of reducing and preventing the incidents and trauma of child sexual abuse and physical abuse through collaborative, multi-disciplinary, and effective family-centered activities. Main sources of revenue are federal and state grants and contributions from the general public.

### *Cash and Cash Equivalents*

The Organization defines cash and cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less.

### *Accounts and Grants Receivable*

Accounts and grants receivable have been adjusted for all known uncollectible accounts. On a periodic basis, the Organization evaluates its accounts and grants receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on past collection history and current credit conditions. When management determines that a receivable is uncollectible, the balance is charged against the allowance account. No allowance for doubtful accounts is considered necessary as of September 30, 2013 and 2012, respectively.

### *Property and Equipment*

Property and equipment are stated at cost if purchased or fair market value at date of the gift if donated. All acquisitions of property and equipment in excess of \$500 and all expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Donated property and equipment are recorded as increases in unrestricted net assets at their estimated fair market value as of the date received. Contributions of cash that must be used to acquire property and equipment are reported as temporarily restricted contributions. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Property and equipment are depreciated using the straight-line method over their estimated useful lives.

### *Impairment of Long-Lived Assets*

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

# MACOMB COUNTY CHILD ADVOCACY CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended September 30, 2013 and 2012

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## **NOTE 1 - Summary of Significant Accounting Policies** (continued)

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### *Deferred Revenue*

Support from government agencies received for expenditures in future years is recorded as deferred revenue at year-end.

### *Net Assets*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization are classified and reported as follows:

**Unrestricted Net Assets** - Net assets that are not subject to donor-imposed stipulations.

**Temporarily Restricted Net Assets** - Net assets subject to donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

**Permanently Restricted Net Assets** - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization

The Organization has no permanently restricted net assets.

### *Tax Status*

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501 (c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes.

Accounting principles general accepted in the United States of America require management to evaluate tax positions taken by the organization and recognize a tax liability if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the the Organization and has concluded that as of September 30, 2013 and 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to the year ended September 30, 2010

### *Revenue Recognition - Contributions*

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions without donor-imposed restrictions are reported as unrestricted support.

# MACOMB COUNTY CHILD ADVOCACY CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended September 30, 2013 and 2012

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## **NOTE 1 - Summary of Significant Accounting Policies** (continued)

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### *Revenue Recognition - Grant Revenue*

Grant revenue received for grants determined to be exchange transactions is recognized as services are provided. Grant funds received in excess of that earned is recorded as deferred revenue.

### *In-Kind Revenue*

Contributed property and equipment are recorded at fair value at the date of donation. If donors stipulate the length of time the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Contributed services that create or enhance nonfinancial assets or that require specialized skills are recorded at fair value in the period received. During the years ended September 30, 2013 and 2012 the Organization recognized donated property and equipment of \$4,536 and \$40,157, respectively. During the year ended September 30, 2012 contributed services of \$5,100 were recognized as revenue and expense.

### *Functional Allocation of Expenses*

The costs of providing program and support services have been reported on a functional basis in the statements of activities. Indirect costs have been allocated between the various programs and support services based on estimates determined by management, using appropriate bases.

### *Reclassification*

For comparability, certain 2012 amounts have been reclassified to conform with classifications adopted in 2013. The reclassifications have no effect on reported amounts of net assets or change in net assets.

### *Estimates*

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

### *Subsequent Events*

The Organization has evaluated events through February 28, 2013, which is the date the financial statements were approved and available to be issued.

## MACOMB COUNTY CHILD ADVOCACY CENTER, INC.

NOTES TO FINANCIAL STATEMENTS  
As of and for the Years Ended September 30, 2013 and 2012

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### NOTE 2 - Property and Equipment

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Property and equipment consists of the following at September 30:

	Depreciable Lives	2013	2012
Building and improvements	30 yrs.	\$ 336,467	\$ 336,467
Furniture and equipment	5-7 yrs.	83,956	79,422
Land	N/A	<u>10,000</u>	<u>10,000</u>
Total cost		430,423	425,889
Less: accumulated depreciation		<u>(246,045)</u>	<u>(232,313)</u>
Property and equipment, net		<u>\$ 184,378</u>	<u>\$ 193,576</u>

Depreciation expense was \$13,734 and \$13,303 for the years ended September 30, 2013 and 2012, respectively.

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### NOTE 3 - Line of Credit

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The Organization has available a line of credit with a bank, collateralized by real estate, in the amount of \$35,000, Interest is charged at a variable rate of prime plus 3.5% (total rate 6.5% at September 30, 2013). There were no outstanding borrowings as of September 30, 2013 and 2012.

# MACOMB COUNTY CHILD ADVOCACY CENTER, INC.

## NOTES TO FINANCIAL STATEMENTS As of and for the Years Ended September 30, 2013 and 2012

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### NOTE 4 - Long-Term Debt

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Long-term debt consists of the following at September 30 :

	<u>2013</u>	<u>2012</u>
Mortgage payable to a bank with interest rate of 7.50%. The mortgage requires monthly interest and principal payments of \$1,185. The loan has a maturity date of February 8, 2015 when all outstanding principal and interest is due. The loan is collateralized by the building.	\$ 90,075	\$ 97,156
Less: Current portion	<u>(7,639)</u>	<u>(7,081)</u>
Long-Term Portion	<u>\$ 82,436</u>	<u>\$ 90,075</u>

Principal requirements on long-term debt for years ending after September 30, 2013 are as follows:

2014	\$ 7,639
2015	<u>82,436</u>
Total	<u>\$ 90,075</u>

Long-term debt interest charged to expense was \$7,144 and \$8,409 for the years ended September 30, 2013 and 2012, respectively.

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### NOTE 5 - Temporarily Restricted Net Assets

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Temporarily restricted net assets were restricted for the following purposes as of September 30:

	<u>2013</u>	<u>2012</u>
Restricted for capital expenditures	<u>\$ 345</u>	<u>\$ 345</u>

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### NOTE 6 - Concentration of Credit Risk

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The Organization received approximately 48% and 44% of its public support and revenue from one federal grantor during the years ended September 30, 2013 and 2012, respectively. The grants receivable from this grantor were approximately \$30,000 at September 30, 2013 and 2012.

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### NOTE 7 - Commitments and Contingencies

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Financial awards from federal, state and local governments in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this time.