

**IONIA MONTCALM SECURE AND FRIENDLY
ENVIRONMENTAL CHILD ADVOCACY CENTER
FINANCIAL STATEMENTS
For the year ended December 31, 2020**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Fenwick, MI

We have audited the accompanying financial statements of Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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.

Auditor's 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 Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center as of December 31, 2020, 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.

Hastings, MI
July 15, 2021

Walker, Fluke & Sheldon, PLC

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Statement of Financial Position
December 31, 2020

Assets

Current assets:	
Cash and cash equivalents	\$ 27,883
Grant receivables	311,259
Prepaid expenses	<u>10,250</u>
Total current assets	<u>349,392</u>
Property, furniture and equipment	173,489
Less: accumulated depreciation	<u>(32,956)</u>
Net property, furniture and equipment	<u>140,533</u>
Total assets	<u>\$ 489,925</u>

Liabilities and Net Assets

Current liabilities:	
Accrued and other liabilities	\$ 35,142
Deferred revenues	<u>264,409</u>
Total current liabilities	<u>299,551</u>
Total liabilities	<u>299,551</u>
Net assets:	
Without donor restrictions	190,374
With donor restrictions	<u>-</u>
Total net assets	<u>190,374</u>
Total liabilities and net assets	<u>\$ 489,925</u>

The accompanying notes are an integral part of these financial statements.

Ionia Montcalm Secure and Friendly Environmental Advocacy Center
Statement of Activities
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Contributions	\$ 17,274	\$ -	\$ 17,274
Grant income	560,607	-	560,607
Fundraising events			
Candle project	3,352	-	3,352
Champions for children	5,375	-	5,375
Golf events	15,882	-	15,882
Letter writing campaign	14,725	-	14,725
No shave November	1,010	-	1,010
Pop can drive	5,396	-	5,396
Raffle and dinner auction	28,080	-	28,080
Other	872	-	872
Payroll Protection Program	13,616	-	13,616
Other income	3,982	-	3,982
Net assets released from restrictions:			
Satisfaction of purpose restrictions	-	-	-
	<u>670,171</u>	<u>-</u>	<u>670,171</u>
Total revenues, gains, and other support			
Expenses and losses:			
Program services			
Child advocacy center	396,563	-	396,563
Supporting services:			
General and administrative	75,022	-	75,022
Fund-raising	46,302	-	46,302
	<u>517,887</u>	<u>-</u>	<u>517,887</u>
Total expenses and losses			
Changes in net assets	152,284	-	152,284
Net assets at beginning of year, restated	<u>38,090</u>	<u>-</u>	<u>38,090</u>
Net assets at end of year	<u>\$ 190,374</u>	<u>\$ -</u>	<u>\$ 190,374</u>

The accompanying notes are an integral part of these financial statements.

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Statement of Functional Expenses
For the Year Ended December 31, 2020

	<u>Program Services</u>	<u>Supporting Activities</u>		
	<u>Child Advocacy Center</u>	<u>General and Administrative</u>	<u>Fund-Raising</u>	<u>Total</u>
Advertising	\$ -	\$ 460	\$ -	\$ 460
Conferences and meetings	4,451	10	-	4,461
Depreciation expense	4,683	4,683	-	9,366
Dues and memberships	600	900	-	1,500
Employee health insur. and benefits	19,420	1,876	365	21,661
Fund-raising costs	-	-	27,403	27,403
Insurance	183	4,298	-	4,481
Interest expense	-	1,896	-	1,896
Meals and entertainment	-	35	-	35
Mileage	-	919	-	919
Office supplies	4,346	2,973	22	7,341
Payroll taxes	25,222	2,510	1,355	29,087
Postage	321	90	-	411
Prevention program expenses	450	6,219	-	6,669
Printing and copying	248	76	-	324
Professional services	-	7,324	-	7,324
Rent	2,800	5,720	-	8,520
Repairs and maintenance	403	-	-	403
Registration fees	-	70	-	70
Salaries and wages	314,863	31,734	17,137	363,734
Service and bank charges	-	534	20	554
Software fees	1,790	451	-	2,241
Supplies	16,783	1,164	-	17,947
Telephone	-	1,080	-	1,080
Totals	\$ 396,563	\$ 75,022	\$ 46,302	\$ 517,887

The accompanying notes are an integral part of these financial statements.

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities:	
Change in net assets	\$ 152,284
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	9,366
Changes in:	
Grants receivable	94,639
Prepaid expenses	(5,736)
Accrued and other liabilities	170
Deferred revenue	(110,268)
Net cash used by operating activities	<u>140,455</u>
Cash flows from investing activities:	
Acquisition of property, furniture and equipment	<u>(125,947)</u>
Net cash used by investing activities	<u>(125,947)</u>
Cash flows from financing activities:	
Proceeds from loans	197,981
Payments on loans	<u>(197,981)</u>
Net cash received by financing activities	<u>-</u>
Net increase (decrease) in cash and cash equivalents	14,508
Cash and cash equivalents at beginning of year	<u>13,375</u>
Cash and cash equivalents at end of year	<u>\$ 27,883</u>
Supplemental cash flow disclosures:	
Interest paid	<u>\$ 1,896</u>

The accompanying notes are an integral part of these financial statements.

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Notes to Financial Statements
December 31, 2020

Note A: Summary of Significant Accounting Policies

Nature of Activities - The Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center (the CAC) is a non-profit organization whose mission is to protect children from abuse by providing prevention through education and to coordinate multi-disciplinary investigation, assessment and the treatment of child abuse in an environment that is child-sensitive, supportive, and safe. The Organization generates revenue primarily from grants, donations and fundraising.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide)". (ASC) 958-205 was effective January 1, 2018. The (ASC) has been applied retrospectively to all periods presented.

Under the provisions of the Guide, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions - Net assets that are subject to donor-imposed stipulations. This includes restrictions on assets that may or will be met, either by actions of the Organization and/or the passage of time. These restrictions also include stipulations on assets that they are to be maintained permanently by the organization. When a restriction expires, 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.

Cash and Cash Equivalents - For the statement of financial position and statement of cash flows, the organization considers cash and cash equivalents to consist of cash balances in checking accounts and certificates of deposit. These accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per bank. From time to time during the year, the organization may have cash in these accounts in excess of the federally insured limit. The organization has not experienced any loss on these accounts and does not believe that it is exposed to any significant risk.

Grant Receivable - Grant receivable consists of amounts to be received from other organizations and companies. The amounts are recorded when the grant is awarded. Grants receivable are shown net of allowance for doubtful accounts. Management assesses the collectability of the grants at the close of each period. The allowance for doubtful accounts is \$0 at December 31, 2020.

Prepaid Expenses - Expenses benefiting future periods are treated as prepaid, and are expense in the period benefited. Prepaid expenses as of December 31, 2020 consisted of prepaid rent and insurance expenses in the amount of \$5,760 and \$4,490.

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Notes to Financial Statements
December 31, 2020

Note A: Summary of Significant Accounting Policies (Continued)

Property, furniture and equipment - The organization capitalizes all expenditures for property, furniture and equipment in excess of \$1,000 with a useful life of greater than one year. Fixed assets are carried at cost, or if donated, at the approximate fair value at the date of donation. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to fifteen years. Depreciation expense for the year ended December 31, 2020 was \$9,366.

Promises to Give - Unconditional promises to give are recorded as revenue or gains in the period 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 promise becomes unconditional.

Contributions - Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished with donor restricted net assets, donor restricted net assets are reclassified to without donor restricted net assets and reported in the statements of activities as net assets released from restrictions. If the restriction will be met in the same reporting period, the support may be recorded as unrestricted.

Functional Expenses - Expenses have been charged directly to program, fundraising or general administrative categories based on specific identification. Indirect expenses have been allocated among the programs and supporting services benefited based on estimates of the employee time and effort spent on specific programs, fundraising activities or administrative work.

Income Taxes - The Internal Revenue Service has determined that the organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been made. The organization is subject to federal income tax only on net unrelated business income under the provisions of Section 501(c)(3) of the Internal Revenue Code. The organization has evaluated its tax positions and determined it has no uncertain tax positions and has recorded no obligation for unrelated business income tax. No provision for federal or state income taxes is required as of December 31, 2020. The organization's 2016 through 2020 tax years are open for examination by the federal and state taxing authorities.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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. Accordingly, actual results could differ from those estimates.

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Notes to Financial Statements
December 31, 2020

Note B: Property, Furniture and Equipment

A summary of property, furniture and equipment is as follows:

Furniture and fixtures	\$ 86,317
Leasehold Improvements	55,873
Machinery and equipment	<u>31,299</u>
Total property, furniture and equipment	173,489
Less: accumulated depreciation	<u>(32,956)</u>
 Net property, furniture and equipment	 <u>\$ 140,533</u>

Note C: Concentrations of Credit Risk

The Organization maintains accounts at two banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at this institution could exceed federally insured limits at various times. The amount in excess of the FDIC limits totaled \$0 as of December 31, 2020.

Note D: Line of Credit

The Organization had two commercial line of credit loans with Isabella Bank totaling \$200,000 that matured on December 18, 2020 and January 9, 2021. The line of credit balances was \$0 at December 31, 2020. Total line of credit interest expense paid was \$1,896 for the year ended December 31, 2020.

Note E: In-Kind Contributions

Included in contributions revenue as well as program, general and fundraising expenses are donations of supplies valued at \$11,828. These donations were collected during fund-raising events and at other various times throughout the year. In-kind contributions are valued based on the cost that would have been incurred to purchase these items.

Volunteers have contributed a significant amount of time to the organization without compensation. However, these services were not recognized as contributions in the financial statements as they do not meet the necessary accounting criteria.

Note F: Advertising Expenses

The organization expenses advertising costs as incurred. The organization expensed \$460 during the year ended December 31, 2020.

Note G: Lease Agreements

During the prior year, the organization renewed the lease to rent its office facilities under an operating lease that expires in August 2022. Under the current lease, the annual lease requires bi-yearly payments of \$4,230 for the first year, \$4,320 for the second year and \$4,410 for the third year. Total lease expense for the year ended December 31, 2020 was \$8,520.

Future lease payments are expected to be for the year ended December 31

2021	\$8,730
2022	\$4,410

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Notes to Financial Statements
December 31, 2020

Note H: Liquidity and Availability of Financial Assets

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

Financial assets at year-end	\$ 489,925
Less those unavailable for general expenditures within one year due to:	
Property, furniture and equipment, net	(140,533)
Prepaid expenses	<u>(10,250)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 339,142</u>

Note I: Coronavirus Pandemic

On March 11, 2020, the World health organization declared the outbreak of a coronavirus (COVID-19) a pandemic, prompting many national, regional, and local governments to implement preventive or protective measures, such as travel and business restrictions, temporary store closures, and wide-sweeping quarantines and stay-at-home orders. The COVID-19 pandemic has caused business disruption through mandated and voluntary closing of multiple businesses. The Organization expects this to negatively impact its operations and financial condition; however, the extent of this impact cannot be reasonably estimated at this time.

The Organization received a loan for \$13,616 under the Payroll Protection Program established by the Coronavirus Aid, relief and Economic Security (CARES) Act. The Organization expended the funds for payroll and related expenditures during the year ended December 31, 2020, as described in the CARS Act and the loan was fully forgiven. Accordingly, the proceeds have been recorded as grant revenue in the statement of activities.

Note J: Evaluation of Subsequent Events

The organization has evaluated subsequent events through July 15, 2020, the date which the financial statements were available to be issued.