

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
JUNE 30, 2017 AND 2016**

**2675 MLK JR. BLVD.  
EUGENE, OR 97401**

**WITH AUDITORS' REPORT BY:**

**JOHNSON, GLAZE & CO., P.C.  
CERTIFIED PUBLIC ACCOUNTANTS**

**3085 RIVER ROAD N.  
SALEM, OREGON 97303**

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

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Accounting for real people, real business, real life.  
Going beyond the tax return year after year.



## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Friends of the Child Advocacy Center, Inc.  
2675 Martin Luther King Jr. Blvd  
Eugene, OR 97401

We have audited the accompanying financial statements of **Friends of the Child Advocacy Center, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 **Friends of the Child Advocacy Center, Inc.**, as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Sincerely,

A handwritten signature in black ink that reads "Johnson, Glaze + Co. P.C." in a cursive script.

Johnson, Glaze & Co., P.C.  
Certified Public Accountants  
Salem, Oregon  
September 22, 2017

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2017 AND 2016**

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	<b>ASSETS</b>	
	<u>2017</u>	<u>2016</u>
<b>CURRENT ASSETS</b>		
Cash & Cash Equivalents	\$ 159,003	\$ 413,284
Grants & Contracts Receivable	226,225	202,521
Prepaid Expenses	33,257	13,891
Other Current Assets	1,907	-
Total Current Assets	<u>420,392</u>	<u>629,696</u>
<b>INVESTMENTS</b>	<u>313,346</u>	<u>103,596</u>
<b>FIXED ASSETS</b>		
Leasehold Improvements	2,319	2,319
Furniture & Equipment	174,245	174,245
Vehicle	14,141	14,141
Less Accumulated Depreciation	<u>(155,146)</u>	<u>(142,813)</u>
Total Fixed Assets	<u>35,559</u>	<u>47,892</u>
<b>TOTAL ASSETS</b>	<u>\$ 769,297</u>	<u>\$ 781,184</u>

See Auditors' Report and Notes to the Financial Statements.

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF FINANCIAL POSITION (Continued)**  
**JUNE 30, 2017 AND 2016**

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	<u>2017</u>	<u>2016</u>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 24,245	\$ 19,571
Accrued Payroll & Related Expenses	31,229	20,864
Accrued PTO Payable	21,305	16,794
Deferred Grant Revenue	6,038	-
Total Current Liabilities	<u>82,817</u>	<u>57,229</u>
<b>TOTAL LIABILITIES</b>	<u>82,817</u>	<u>57,229</u>
<b>NET ASSETS</b>		
Unrestricted	464,609	500,313
Temporarily Restricted	221,871	223,642
Total Net Assets	<u>686,480</u>	<u>723,955</u>
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u>\$ 769,297</u>	<u>\$ 781,184</u>

See Auditors' Report and Notes to the Financial Statements.

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<b>2017</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES &amp; SUPPORT</b>			
Government Grants & Funds	\$ 857,927	\$ 200	\$ 858,127
Contributions	28,727	-	28,727
Fundraising Event	77,888	-	77,888
Investments Income(Loss)	2,803	(1,971)	832
In-Kind Donations	62,916	-	62,916
Medical Billing	19,638	-	19,638
Miscellaneous Revenue	3,858	-	3,858
Total Revenues & Support	<u>1,053,757</u>	<u>(1,771)</u>	<u>1,051,986</u>
<b>EXPENSES</b>			
Program Services	954,309	-	954,309
Total Program Services	<u>954,309</u>	<u>-</u>	<u>954,309</u>
Management Activities			
General & Administrative	77,058	-	77,058
Fundraising	58,094	-	58,094
Total Management Activities	<u>135,152</u>	<u>-</u>	<u>135,152</u>
Total Expenses	<u>1,089,461</u>	<u>-</u>	<u>1,089,461</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(35,704)	(1,771)	(37,475)
<b>NET ASSETS - BEGINNING</b>	<u>500,313</u>	<u>223,642</u>	<u>723,955</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 464,609</u>	<u>\$ 221,871</u>	<u>\$ 686,480</u>

See Auditors' Report and Notes to the Financial Statements.

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF ACTIVITIES (Continued)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<b>2016</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>REVENUES &amp; SUPPORT</b>			
Government Grants & Funds	752,938	\$ -	\$ 752,938
Contributions	38,119	-	38,119
Fundraising Event	14,500	-	14,500
Investments Income(Loss)	(2,342)	1,911	(431)
In-Kind Donations	40,635	-	40,635
Total Revenues & Support	<u>843,850</u>	<u>1,911</u>	<u>845,761</u>
<b>EXPENSES</b>			
Program Services	794,376	-	794,376
Total Program Services	<u>794,376</u>	<u>-</u>	<u>794,376</u>
Management Activities			
General & Administrative	73,043	-	73,043
Fundraising	4,916	-	4,916
Total Management Activities	<u>77,959</u>	<u>-</u>	<u>77,959</u>
Total Expenses	<u>872,335</u>	<u>-</u>	<u>872,335</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(28,485)	1,911	(26,574)
<b>NET ASSETS - BEGINNING</b>	<u>528,798</u>	<u>221,731</u>	<u>750,529</u>
<b>NET ASSETS - ENDING</b>	<u>\$ 500,313</u>	<u>\$ 223,642</u>	<u>\$ 723,955</u>

See Auditors' Report and Notes to the Financial Statements.



**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<b>2017</b>			
	<b>Program Services</b>	<b>Support Services</b>		<b>Total Expenses</b>
		<b>General and Administrative</b>	<b>Fundraising</b>	
<b>FUNCTIONAL EXPENSES</b>				
Personnel Costs	\$ 507,238	\$ 34,722	\$ 17,643	\$ 559,603
Officer & Key Employees	147,588	17,268	2,878	167,734
Occupancy				
In-Kind Facility Lease	62,436	-	-	62,436
Rent	18,960	4,320	720	24,000
Utilities	16,933	3,858	643	21,434
Janitorial	4,493	1,024	171	5,688
Insurance	16,349	3,725	621	20,695
Education & Support	35,290	-	-	35,290
Fundraising	-	-	30,739	30,739
Technology & Hardware	19,863	4,526	754	25,143
Audit	4,424	1,008	168	5,600
LCOG Support	14,781	352	-	15,133
Bookkeeping	13,612	3,101	517	17,230
Legal	1,407	-	-	1,407
Board of Directors	1,138	259	43	1,440
In-Kind Office Supplies	480			480
Office Supplies	6,812	1,662	277	8,751
Advocacy	48,029	-	-	48,029
Medical Expenses	8,758	-	-	8,758
Intervention	1,482	370	-	1,852
MDT Food/Other	7,882	-	-	7,882
Support Group	134	-	-	134
Contract Labor	4,750	-	2,920	7,670
Depreciation	11,470	863	-	12,333
Total Functional Expenses	<u>\$ 954,309</u>	<u>\$ 77,058</u>	<u>\$ 58,094</u>	<u>\$ 1,089,461</u>

See Auditors' Report and Notes to the Financial Statements.

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF FUNCTIONAL EXPENSES (Continued)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	2016			
	Program Services	Support Services		Total Expenses
		General and Administrative	Fundraising	
<b>FUNCTIONAL EXPENSES</b>				
Personnel Costs	\$ 373,851	\$ 13,418	\$ -	\$ 387,269
Officer & Key Employees	133,981	23,289	3,210	160,480
Occupancy				
In-Kind Facility Lease	40,351	-	-	40,351
Rent	22,196	1,804	-	24,000
Utilities	12,885	1,047	-	13,932
Janitorial	7,124	579	-	7,703
Insurance	13,403	1,090	-	14,493
Education & support	19,557	1,590	-	21,147
Dues	3,018	245	-	3,263
Fundraising	-	-	1,706	1,706
Technology & Hardware	44,868	3,647	-	48,515
Audit	-	22,150	-	22,150
LCOG Support	16,292	-	-	16,292
Bookkeeping	17,535	1,425	-	18,960
Filing Fees	499	41	-	540
Legal	15,741	1,280	-	17,021
Board of Directors	627	51	-	678
Office Supplies	6,411	521	-	6,932
Advocacy	24,604	-	-	24,604
Medical Expenses	13,284	-	-	13,284
Intervention	6,579	-	-	6,579
MDT Food/Other	7,706	-	-	7,706
Support Group	2,870	-	-	2,870
Interest - County	-	57	-	57
In-Kind Fund Raising/Services	240	-	-	240
Depreciation	10,754	809	-	11,563
Total Functional Expenses	<u>\$ 794,376</u>	<u>\$ 73,043</u>	<u>\$ 4,916</u>	<u>\$ 872,335</u>

See Auditors' Report and Notes to the Financial Statements.

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collections From Grants, Contributions, Programs & Services	\$ 965,846	\$ 772,119
Cash Paid to Vendors & Employees	<u>(1,010,131)</u>	<u>(1,148,170)</u>
Net Cash Provided (Used) by Operating Activities	<u>(44,285)</u>	<u>(376,051)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Equipment	-	(12,890)
Purchase of Investments	<u>(209,996)</u>	<u>(88,782)</u>
Net Cash Provided (Used) by Investing Activities	<u>(209,996)</u>	<u>(101,672)</u>
<b>NET INCREASE (DECREASE) IN CASH &amp; CASH EQUIVALENTS</b>	(254,281)	(477,723)
<b>CASH &amp; CASH EQUIVALENTS - BEGINNING</b>	<u>413,284</u>	<u>891,007</u>
<b>CASH &amp; CASH EQUIVALENTS - ENDING</b>	<u>\$ 159,003</u>	<u>\$ 413,284</u>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Change in Net Assets (Decrease)	\$ (37,475)	\$ (26,574)
<b>ADJUSTMENT TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Depreciation	12,333	11,563
Unrealized (Gain)/Loss on Investments	(832)	-
<b>(Increase) Decrease in Assets</b>		
Grants & Contracts Receivable	(23,704)	(33,007)
Prepaid Expenses	(19,366)	(4,796)
Other Current Assets	(1,907)	-
<b>Increase (Decrease) in Liabilities</b>		
Accounts Payable	4,674	(337,346)
Accrued Payroll & Related Expenses	15,954	29,286
Deferred Revenue	6,038	(15,177)
Net Cash Provided (Used) by Operating Activities	<u>\$ (44,285)</u>	<u>\$ (376,051)</u>

See Auditors' Report and Notes to the Financial Statements.

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.  
(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Purpose**

Friends of the Child Advocacy Center, Inc. dba Kids First Center (the Organization) was incorporated on June 30, 1994, as a non-profit corporation in the State of Oregon.

The Organization provides intervention and advocacy for children who are victims of, or witnesses to crime.

Funding for the Organization's activities is primarily provided by "Child Abuse Multidisciplinary Intervention" grants from the State of Oregon and by a "Victims of Crime Act" grant from the Department of Justice.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (GAAP), and accordingly reflect all significant receivables, payables, and other liabilities. Assets and liabilities are presented on the basis of historical cost rather than estimated current values and amounts.

**Financial Statement Presentation**

The Organization reports information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets as follows:

Unrestricted net assets—Those net assets which are currently available for use in the Organization's activities which consists of net assets that are not subject to donor-implied stipulations and revenues and support that are restricted but whose restriction are met during the fiscal year.

Temporarily restricted net assets—Those net assets which are restricted by donors for specific purposes or time periods which consist of net assets subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial Statement Presentation (Continued)**

Permanently restricted net assets—Those net assets which are subject to donor-imposed stipulations that require they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Expenses are reported as a decrease in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets are reported as net assets released from restrictions.

**Revenue Recognition**

Contributions and grants received are recorded as support that is unrestricted, temporarily restricted, or permanently restricted. Classification is based on the existence and nature of any donor restrictions imposed on the contributions or grant. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires during the year in which the support is recognized.

Grant revenue is recognized as earned and funds are received. Deferred revenue is recorded when funds are received in advance of being earned.

**Estimates**

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

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Services, Materials and Occupancy**

The estimated donated value of building occupancy, in excess of the amount billed for such, is recorded at the estimated fair value at donation. This donated amount for the year ended June 30, 2017 and 2016 is estimated at \$62,436 and \$40,351 and allocated across functional expense categories.

Donated materials are recorded at their estimated fair values at the date on donation. Total donations for supplies recorded for the years ended June 30, 2017 and 2016 was \$0 and \$284.

Donated services are recognized in the financial statements if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated nonprofessional services, not included in the financial statements for the years ended June 30, 2017 and 2016 is \$0 and \$50,118.

**Cash and Cash Equivalents**

For purposes of the financial statements, the Organization considers money market accounts and all highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents. At June 30, 2017, cash and cash equivalents consisted of a checking account and a money market account with a financial institution and the cash portion, including certificates of deposit, of the investment account. The balance held by the organization was adequately collateralized by FDIC insurance.

**Investments**

The Organization invests in equity securities. Fair values for investments are determined by reference to quoted market prices for similar investments. Interest, dividends and gains and losses, both realized and unrealized, on investments are included in the statement of activities in revenues, gains and other support. Investment income that is related to funds that are classified as restricted are also considered to have the same classification restriction.

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Grants and Contracts Receivable**

Grants and contracts receivable are recorded monthly, at cost, as the related services are completed and billed. Management periodically assesses the need for an allowance for doubtful accounts based on historical experience and existing conditions affecting probable collection. Management has determined that no allowance for doubtful accounts were necessary as of June 30, 2017 and 2016. No interest is charged on receivables. There was one grant or contract receivable older than 90 days as of June 30, 2017.

**Property and Equipment**

Property and equipment are capitalized at cost, or at fair market at date of donation if donated. Assets with a useful life greater than one year are capitalized if more than \$5,000 in value. Donations are reported as unrestricted support unless the donor has restricted the asset to a specific purpose. Expenditures for maintenance and repairs are charged to expense as incurred. The cost and accumulated depreciation of assets sold or otherwise disposed of are removed from the accounts and resulting gains or losses are reflected in revenues and expenses. Depreciation is computed over the estimated useful lives of the property and equipment using the straight-line method, with estimated useful lives between five and forty years.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, 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.

**Functional Expense Allocations**

Directly identifiable expense are charged to program services. Expenses that are considered to have both program and management general cost components are reallocated, on an annual basis, to reflect proper functional expense categorizations. Management and general expenses provide for the overall support and direction of the Organization.

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributions**

The Organization recognizes donations from individual donors, foundations and private grants, as contribution support. Contributions are recorded as an increase under the appropriate level of restriction, depending on the existence or nature of any donor restrictions. Restricted contributions that are received and meet their restrictions in the same fiscal period are recorded as unrestricted revenue per the Organization's policy.

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state laws. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes is included in the accompanying financial statements.

The Organization's federal exempt organization information returns (Forms 990) are subject to examination by the Internal Revenue Service for the years ended June 30, 2014 through 2017.

As required by ASC 740, management has evaluated tax positions taken and has determined that any uncertainty in those positions would not have a material effect on the financial statements.

**Compensated Absences**

Paid Time Off (PTO) is accrued by regular employees with full time equivalent (FTE) status throughout the year. The rate of accrual is based on the employee's years of service, unless an alternate rate was agreed on during hiring negotiations in which case the rate of accrual would be identified in the employees signed offer letter. Employees may carry their unused portion forward until it is used as long as the total number of accrued hours remains below the cap of 220 hours for new employees. Once employees reach the maximum accrual, PTO accrual will cease until the current allocation is used and falls below 220 hours. If an employee terminates employment and provides a minimum of two weeks' written notice, all earned and unused PTO leave will be paid to the employee up to the maximum 220 allowable limit. In all other cases, accrued but unused PTO will be forfeited. PTO is paid at the employee's hourly rate at the time the PTO benefit is used or cashed out, no matter what the rate was when the benefit was earned. Annual PTO accruals are recorded as an accrued liability at the Organization's fiscal year end.



**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**NOTE B: CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of June 30, 2017 and 2016 consisted of the following:

	<u>2017</u>	<u>2016</u>
Umpqua Bank- Checking	\$ 128,162	\$ 176,224
Commonwealth Bank-Building Fund	18,223	160,047
Commonwealth Bank-Reserve Fund	<u>12,618</u>	<u>77,013</u>
Total Cash & Cash Equivalents	<u>\$ 159,003</u>	<u>\$ 413,284</u>

**NOTE C: FAIR VALUE MEASUREMENTS**

FASB ASC 820-10 regarding fair value measurements clarifies the definition of fair value for financial reporting and establishes a three-tier framework for measuring fair value which requires the entity to give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements.

Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date at the end of the period. The three levels of the fair value hierarchy under this standard are described as follows:

Level 1— Inputs are unadjusted quoted prices for identical instruments in active markets.

Level 2—Inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instrument in inactive markets.

Level 3—Inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value driver are observables.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of assets and liabilities and their placement within the fair value hierarchy levels.

Mutual funds are valued at closing prices quoted in an active market, which is a level 1 measurement.

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

**NOTE D: INVESTMENTS**

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

The fair values and unrealized gain (loss) for short-term investments as of June 30, 2017 and 2016 are summarized as follows:

	<b>2017</b>		
	<b>Original Cost</b>	<b>Fair Market Value</b>	<b>Unrealized Gain (Loss)</b>
Government Mutual Funds	\$ 102,218	\$ 100,657	\$ (1,561)
Certificates of Deposits	209,996	209,886	(110)
Total Investments	<u>\$ 312,214</u>	<u>\$ 310,543</u>	<u>\$ (1,671)</u>

  

	<b>2016</b>		
	<b>Original Cost</b>	<b>Fair Market Value</b>	<b>Unrealized Gain (Loss)</b>
Mutual Funds	\$ 101,094	\$ 101,275	\$ 181
Stock	351	2,321	1,970
Total Investments	<u>\$ 101,445</u>	<u>\$ 103,596</u>	<u>\$ 2,151</u>

Earnings on investments as of June 30, 2017 and 2016 are summarized as follows:

	<b>2017</b>	<b>2016</b>
Interest & Dividend Income	\$ 2,803	\$ 2,234
Realized & Unrealized Gain (Loss) on Investments	<u>(1,971)</u>	<u>(431)</u>
Total Gain (Loss) on Investments	<u>\$ 832</u>	<u>\$ 1,803</u>

**FRIENDS OF THE CHILD ADVOCACY CENTER, INC.**  
**(A NONPROFIT ORGANIZATION)**

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

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**NOTE E: OPERATING LEASE**

The Organization's lease agreement for its office spaced located in Eugene, Oregon was terminated June 30, 2017, but renewed for the next year. The renewed lease began June 30, 2017 and expires June 29, 2018, for a monthly rate of \$2,000.

Minimum future rental payments required under these leases as of June 30, 2017:

2018	\$24,000
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**NOTE F: CONCENTRATIONS**

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by those contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Organization if so determined in the future. It is management's belief that no material amounts received or receivable will be required to be returned in the future.

The Organization received approximately 80% of their total revenue from federal or state governmental agencies. Loss of eligibility of this type of contract could materially affect the operations of the Organization.

**NOTE G: SUBSEQUENT EVENTS**

Subsequent events have been evaluated through September 22, 2017 which is the date of the Auditors' Report and the date the financial statements were available to be issued. No significant events were identified that would require adjustment to the financial statements or disclosures as stated herein.