

**Children's Advocacy Center**  
of Collin County, Inc.

Audited Financial Statements

June 30, 2015 and 2014

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of Collin County, Inc.

Audited Financial Statements

June 30, 2015 and 2014

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## Independent Auditors' Report

Board of Directors  
Children's Advocacy Center of Collin County, Inc.

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

We have audited the accompanying financial statements of Children's Advocacy Center of Collin County, Inc. which comprise the Statements of Financial Position as of June 30, 2015 and 2014, the related Statements of Activities, Cash Flows and Functional Expenses 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 error or fraud.

### **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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatements.

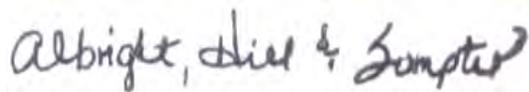
An audit includes performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors **consider 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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Children's Advocacy Center of Collin County, Inc.**, as of June 30, 2015 and 2014, and the change in its net assets and 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 "Albright, Hill & Sumpter". The signature is written in a cursive, slightly slanted style.

Albright, Hill & Sumpter, PC  
Certified Public Accountants

September 10, 2015

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Children's Advocacy Center of Collin County, Inc.  
Statement of Financial Position  
June 30, 2015

<u>Assets</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total Funds</u>
Current assets			
Cash and cash equivalents	\$ 1,085,379	\$ 324,018	\$ 1,409,397
Investments	843,850	-	843,850
Grants receivable	10,818	63,770	74,588
Pledges receivable, net	73,904	-	73,904
Prepaid expenses	106,952	-	106,952
Total current assets	<u>2,120,903</u>	<u>387,788</u>	<u>2,508,691</u>
Pledges receivable, net	94,293	-	94,293
Property and equipment, net	<u>5,513,111</u>	<u>-</u>	<u>5,513,111</u>
Total assets	<u><u>\$ 7,728,307</u></u>	<u><u>\$ 387,788</u></u>	<u><u>\$ 8,116,095</u></u>
 <u>Liabilities and Net Assets</u>  			
Current liabilities			
Accounts payable and accrued expenses	\$ 155,290	\$ -	\$ 155,290
Deferred revenue	-	102,154	102,154
Total current liabilities	<u>155,290</u>	<u>102,154</u>	<u>257,444</u>
Net assets	<u>7,573,017</u>	<u>285,634</u>	<u>7,858,651</u>
Total liabilities and net assets	<u><u>\$ 7,728,307</u></u>	<u><u>\$ 387,788</u></u>	<u><u>\$ 8,116,095</u></u>

The accompanying notes are an integral part of this statement.

Children's Advocacy Center of Collin County, Inc.  
Statement of Financial Position  
June 30, 2014

	Unrestricted	Temporarily Restricted	Total Funds
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 1,195,206	\$ 259,708	\$ 1,454,914
Investments	856,529	-	856,529
Grants receivable	200	51,081	51,281
Pledges receivable, net	84,934	-	84,934
Prepaid expenses	117,568	-	117,568
Total current assets	2,254,437	310,789	2,565,226
Pledges receivable, net	97,373	-	97,373
Property and equipment, net	5,781,448	-	5,781,448
Total assets	\$ 8,133,258	\$ 310,789	\$ 8,444,047
<u>Liabilities and Net Assets</u>			
Current liabilities			
Accounts payable and accrued expenses	\$ 190,872	\$ -	\$ 190,872
Deferred revenue	-	89,337	89,337
Total current liabilities	190,872	89,337	280,209
Net assets	7,942,386	221,452	8,163,838
Total liabilities and net assets	\$ 8,133,258	\$ 310,789	\$ 8,444,047

The accompanying notes are an integral part of this statement.

Children's Advocacy Center of Collin County, Inc.  
Statement of Activities  
For the year ended June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions	\$ 1,180,578	\$ 271,450	\$ 1,452,028
National and Texas Children's Advocacy Centers	207,699	39,415	247,114
Governmental awards	248,387	58,245	306,632
Donated goods and services	589,744	-	589,744
Special events (net of expenses of \$719,516)	699,893	-	699,893
Rental income	448,039	-	448,039
Investment income (loss)	(735)	-	(735)
Other	86,011	-	86,011
Total	<u>3,459,616</u>	<u>369,110</u>	<u>3,828,726</u>
Net assets released from restrictions	304,928	(304,928)	-
Total support and revenue	<u>3,764,544</u>	<u>64,182</u>	<u>3,828,726</u>
Expenses			
Program services	3,335,424	-	3,335,424
Support services:			
Management and general	270,731	-	270,731
Fund raising	527,758	-	527,758
Total expenses	<u>4,133,913</u>	<u>-</u>	<u>4,133,913</u>
Change in net assets	(369,369)	64,182	(305,187)
Net assets, beginning of year	<u>7,942,386</u>	<u>221,452</u>	<u>8,163,838</u>
Net assets, end of year	<u><u>\$ 7,573,017</u></u>	<u><u>\$ 285,634</u></u>	<u><u>\$ 7,858,651</u></u>

The accompanying notes are an integral part of this statement.

Children's Advocacy Center of Collin County, Inc.  
Statement of Activities  
For the year ended June 30, 2014

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions	\$ 1,156,185	\$ 208,127	\$ 1,364,312
National and Texas Children's Advocacy Centers	216,538	19,073	235,611
Governmental awards	232,192	49,008	281,200
Donated goods and services	625,634	-	625,634
Special events (net of expenses of \$810,076)	713,229	-	713,229
Rental income	448,039	-	448,039
Interest income	19,037	-	19,037
Other	87,105	-	87,105
Total	<u>3,497,959</u>	<u>276,208</u>	<u>3,774,167</u>
Net assets released from restrictions	269,186	(269,186)	-
Total support and revenue	<u>3,767,145</u>	<u>7,022</u>	<u>3,774,167</u>
Expenses			
Program services	3,247,985	-	3,247,985
Support services:			
Management and general	275,663	-	275,663
Fund raising	519,254	-	519,254
Total expenses	<u>4,042,902</u>	<u>-</u>	<u>4,042,902</u>
Change in net assets	(275,757)	7,022	(268,735)
Net assets, beginning of year	8,218,143	214,430	8,432,573
Net assets, end of year	<u>\$ 7,942,386</u>	<u>\$ 221,452</u>	<u>\$ 8,163,838</u>

The accompanying notes are an integral part of this statement.

Children's Advocacy Center of Collin County, Inc.  
 Statements of Cash Flows  
 For the years ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities		
Change in net assets	\$ (305,185)	\$ (268,735)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	282,519	287,514
Unrealized loss (gain)	14,377	(6,925)
Reinvested interest	(1,700)	(9,783)
(Increase) decrease in grants receivable	(23,307)	12,194
Decrease in pledges receivable	14,110	27,113
Decrease in prepaid expenses	10,616	3,847
(Decrease) increase in accounts payable and accrued expenses	(35,582)	11,084
Increase in deferred revenue	12,817	30,354
Net cash (used in) provided by operating activities	(31,335)	86,663
Cash flows from investing activities		
Purchase of property and equipment	(14,182)	(230,140)
Purchase of investments	-	(647,091)
Proceeds from sales/maturities of investments	-	1,147,720
Net cash (used in) provided by investing activities	(14,182)	270,489
Net (decrease) increase in cash and cash equivalents	(45,517)	357,152
Cash and cash equivalents at beginning of year	1,454,914	1,097,762
Cash and cash equivalents at end of year	\$ 1,409,397	\$ 1,454,914
Supplemental cash information:		
Donated goods and services	\$ 589,744	\$ 625,634

The accompanying notes are an integral part of these statements.

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Children's Advocacy Center of Collin County, Inc.  
Statement of Functional Expenses  
For the year ended June 30, 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Expenses				
Payroll cost	\$ 1,790,830	\$ 216,153	\$ 443,355	\$ 2,450,338
Professional services	63,107	20,357	15,585	99,049
Building occupancy	293,902	3,157	4,722	301,781
Supplies	20,767	2,128	1,985	24,880
Equipment	23,073	3,419	1,424	27,916
Communication	108,500	7,280	11,584	127,364
Education	30,258	2,606	1,344	34,208
Travel	27,433	3,327	6,834	37,594
Insurance	35,916	1,373	1,720	39,009
Depreciation	264,250	7,968	10,301	282,519
Client services	78,940	-	30	78,970
Donated goods and services	589,744	-	-	589,744
Other fund raising costs	-	-	20,029	20,029
Miscellaneous	8,704	2,963	8,845	20,512
Total expenses	<u>\$ 3,335,424</u>	<u>\$ 270,731</u>	<u>\$ 527,758</u>	<u>\$ 4,133,913</u>

The accompanying notes are an integral part of this statement.

Children's Advocacy Center of Collin County, Inc.  
Statement of Functional Expenses  
For the year ended June 30, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Expenses				
Payroll cost	\$ 1,696,089	\$ 231,501	\$ 428,024	\$ 2,355,614
Professional services	49,033	16,503	20,167	85,703
Building occupancy	303,335	3,391	5,012	311,738
Supplies	25,206	2,564	3,539	31,309
Equipment	31,556	1,304	3,470	36,330
Communication	70,204	2,526	10,915	83,645
Education	40,479	2,634	2,287	45,400
Travel	26,495	3,343	7,062	36,900
Insurance	34,710	1,252	1,579	37,541
Depreciation	268,334	8,400	10,780	287,514
Client services	69,998	-	-	69,998
Donated goods and services	625,634	-	-	625,634
Other fund raising costs	-	-	15,679	15,679
Miscellaneous	6,912	2,245	10,740	19,897
Total expenses	<u>\$ 3,247,985</u>	<u>\$ 275,663</u>	<u>\$ 519,254</u>	<u>\$ 4,042,902</u>

The accompanying notes are an integral part of this statement.

# Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

June 30, 2015 and 2014

## NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In fulfilling its responsibility for the preparation of Children's Advocacy Center of Collin County, Inc.'s (the Center) financial statements and disclosures, management selects accounting principles generally accepted in the United States of America and adopts methods for their application. The application of accounting principles requires estimating, matching and timing of revenue and costs in the determination of support and expenditures. It is also necessary for management to determine, measure, allocate and make certain assumptions regarding resources and obligations within the financial process according to these principles. Below are certain significant accounting policies selected by management.

### Nature and Purpose of the Center

Children's Advocacy Center of Collin County, Inc., a Texas non-profit organization, is classified by the Internal Revenue Service as tax-exempt under Section 501(c)(3). The Center serves the Collin County, Texas area by providing quality advocacy, intervention and therapeutic services to victims of child abuse and their families. In addition, the Center supports and promotes actions to prevent child abuse. The Center operates on funds received from a variety of sources including governmental grants, affiliated association grants, individuals/corporate/civic donations and fund raisers.

### Basis of Presentation

The Statement of Activities is a statement of the various financial activities and changes in net assets during the current reporting period. It does not purport to represent the results of operations nor of net income or loss for the period, since as a non-profit organization, the objective of the Center is not to achieve a profit.

Net assets are classified as unrestricted and temporarily restricted based on the guidance of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. The various funds are as follows:

Unrestricted net assets – Unrestricted funds represent resources that are **available for the support of the Center's operations.**

Temporarily restricted net assets – These funds include grants, gifts and other program income expendable only for purposes specified or approved by the donor.

# Children's Advocacy Center of Collin County, Inc.

## Notes to Financial Statements

June 30, 2015 and 2014

### Accounting Estimates and Assumptions

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 certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates and assumptions. The major estimates and assumptions are a valuation of accounts and pledges receivable, lives used to depreciate fixed assets, the allocation of functional expenses and estimates of accrued expenses. The methods used in making accounting estimates are believed by management to be reasonable and have been consistently applied.

### Statements of Cash Flows

The Statements of Cash Flows is presented using the indirect method. For the purpose of these statements, the Center considers all cash on hand, cash in checking accounts, certificates of deposit and other similar instruments with original maturities of three months or less as cash and cash equivalents. Cash and cash equivalents include cash and short-term investments in money markets.

### Revenue Recognition

#### A. Grants, Pledges and Contributions

The Center reports gifts of cash and other assets as restricted support when they are received with donor stipulations that limit the use of the donated assets. When the intent of the donor is that the assets are to remain in perpetuity, the assets are reported as permanently restricted. When a donor restriction expires, that is, when a stipulated time period ends or purpose is accomplished, temporarily restricted net assets are released to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. It is the policy of the Center to report temporarily restricted contributions that are received and expended in the same year as unrestricted.

Corporate, individual and foundation contributions, as well as federal, state, county and city governments and agencies contribute substantial resources toward the fulfillment of projects initiated by the Center. Pledges receivable represents amounts promised but not yet received. Grants are normally received on a cost reimbursement basis and are awarded based on contracts made with each entity. Grants receivable represents costs expended (based upon the contract) but not yet reimbursed by the granting authority.

# Children's Advocacy Center of Collin County, Inc.

## Notes to Financial Statements

June 30, 2015 and 2014

### B. Donated Services and Materials

The Center reports gifts of land, buildings and equipment at their estimated fair value as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how these long-lived assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Center reports such contributions at their estimated fair value when received. Contributed services and materials of \$589,744 and \$625,634 have been recognized in the Statement of Activities for 2015 and 2014, respectively, for program services.

### Land, Building and Equipment

Land, building and equipment are recorded at cost, if purchased, or estimated fair value at the date of donation, if donated. Depreciation is calculated using the straight-line method over useful lives ranging from 3 to 40 years. The cost of maintenance and repairs is expensed as incurred. All purchases under \$1,000 are expensed.

Depreciation expense for 2015 and 2014 was \$282,519 and \$287,514, respectively.

### Functional Allocation of Expenses

**The costs of providing the Center's programs** and support services are presented on the functional basis in the Statement of Activities. The Statement of Functional Expenses presents the allocation of expenses to the programs and support services. These allocations are based upon estimates of facilities usage, activities of personnel, specifically identifiable costs and various other bases.

### Allowance for Bad Debts

The reserve method is used in accounting for bad debts. Management periodically reviews accounts and pledges receivable on an account-by-account basis

## Children's Advocacy Center of Collin County, Inc.

### Notes to Financial Statements

June 30, 2015 and 2014

concentrating on accounts more than 90 days old. Management considers the Center's past history with the donor/consumer, current contact information and the size of the account in evaluating the reserve requirements. A reserve is recorded when there has been no collection within the past year. As of June 30, 2015 and 2014, the allowance for bad debts was \$16,223 and \$26,063, respectively.

#### NOTE 2 – GRANTS RECEIVABLE

Grants receivable consisted of the following for 2015 and 2014:

	2015	2014
Victims of Crime Act Grant	\$ 14,817	\$ 16,506
Other Victim Assistance Grant	4,034	7,764
CAC of Texas, Inc. Grant	39,415	19,073
City of Allen	5,503	7,738
Other	10,819	200
Total grants receivable	\$ 74,588	\$ 51,281

#### NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consisted of the following for 2015 and 2014:

	2015	2014
Operations	\$ 189,842	\$ 214,274
Less: allowance for uncollectable pledges	(16,223)	(26,063)
	173,619	188,211
Less: unamortized discount	(5,422)	(5,904)
	\$ 168,197	\$ 182,307
Due in one year or less	\$ 73,904	\$ 84,934
Due from one year to five years	94,293	97,373
	\$ 168,197	\$ 182,307

At June 30, 2015 and 2014, the discount rate utilized in computing the discount was approximately 1.63% and 1.62%, respectively.

# Children’s Advocacy Center of Collin County, Inc.

## Notes to Financial Statements

June 30, 2015 and 2014

### NOTE 4 – LAND, BUILDING AND EQUIPMENT

Land, building and equipment at June 30, 2015 and 2014 consisted of the following:

	2015	2014
Land	\$ 700,000	\$ 700,000
Building	4,632,681	4,632,681
Building improvements	2,088,017	2,084,996
Furniture and equipment	1,118,719	1,107,559
Software	137,119	137,119
	8,676,536	8,662,355
Less: accumulated depreciation	(3,163,425)	(2,880,907)
	\$ 5,513,111	\$ 5,781,448

### NOTE 5 – EMPLOYEE BENEFIT PLAN

The Center established a 401(k) plan for its employees starting July 2002. For the years ended June 30, 2015 and 2014, the Center matched employee contributions, **up to 3% of the employee’s salary. The Center’s contributions were approximately \$47,000 and \$44,000 for the years ended June 30, 2015 and 2014, respectively.**

### NOTE 6 – COMMITMENTS AND CONTINGENCIES

In the normal course of business, the Center may become party to various claims, litigation and assessments. Management is unaware of any such matters that would have a material impact on the financial statements in the event of an unfavorable outcome.

### NOTE 7 – RENTAL INCOME

The Center leases part of its facility to agencies serving similar clients. Income (including reimbursements for utility costs) from tenants for the years ended June 30, 2015 and 2014 totaled \$448,039 for each year. Future minimum rental income expected to be received from non-cancelable long-term leases are as follows:

Year ended June 30,	Amount
2016	\$ 437,547
2017	437,547
2018	246,239
Total	\$ 1,121,333

# Children's Advocacy Center of Collin County, Inc.

## Notes to Financial Statements

June 30, 2015 and 2014

One tenant represents approximately 95% of total rent revenue.

The Center provides office space to the local police department at no charge and no revenue is recognized from this lease. The value of this space approximates \$12,000 per year.

### NOTE 8 – CONCENTRATION

**The majority of the Center's activities are within Collin County, Texas,** and the Center derives the majority of its revenue from contributions and public funding. Continued funding from these sources at current levels is dependent upon various factors. Such factors include economic conditions, compliance with grant provisions, continued governmental approval, new legislation, donor satisfaction and public perception of mission effectiveness and relative importance.

### NOTE 9 – UNITED WAY CONTRIBUTION

The Center received grants and designations from United Way for the years ended June 30, 2015 and 2014 totaling \$163,268 and \$187,833, respectively, which is reflected in contributions on the Statement of Activities and represented approximately 4% and 5% of total support and revenue for the years then ended.

### NOTE 10 – INVESTMENTS

Financial Accounting Standards Board (FASB) ASC 820, *Fair Value Measurements*, establishes a framework for measuring value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted fair prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;

## Children's Advocacy Center of Collin County, Inc.

### Notes to Financial Statements

June 30, 2015 and 2014

- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means; and
- If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The assets' or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Center carries investments in certificates of deposit (all Level 2 measurements) in the Statement of Financial Position.

The following is a description of the valuation methodologies used for assets measured at fair value:

***Equity Securities:*** Quoted market prices.

***Certificates of Deposit:*** Valued using quoted prices for investments with similar yields.

The methods described above may produce fair value estimates that may not be indicative of net realized value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

## Children's Advocacy Center of Collin County, Inc.

Notes to Financial Statements

June 30, 2015 and 2014

The following table sets forth by level, within the fair value hierarchy, the Center's investments at estimated fair value as of June 30, 2015:

	2015			
	Level 1	Level 2	Level 3	Total
Stocks and EFT's	\$ 392,796	\$ -	\$ -	\$ 392,796
Certificates of deposit	-	451,054	-	451,054
	\$ 392,796	\$ 451,054	\$ -	\$ 843,850

	2014			
	Level 1	Level 2	Level 3	Total
Stocks and EFT's	\$ 407,174	\$ -	\$ -	\$ 407,174
Certificates of deposit	-	449,355	-	449,355
	\$ 407,174	\$ 449,355	\$ -	\$ 856,529

### NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS

The following is a schedule of Temporarily Restricted Net Assets:

	Balance 6/30/14	Additions	Released	Balance 6/30/15
Restricted Purpose Programs	\$ 126,452	\$ 269,110	\$ (209,928)	\$ 185,634
Salaries/Benefits	95,000	100,000	(95,000)	100,000
	\$ 221,452	\$ 369,110	\$ (304,928)	\$ 285,634

### NOTE 12 – COMMITMENTS

The Center leases office space for a satellite office located in McKinney, Texas. This lease is for a term of September 1, 2012 – August 31, 2017 with monthly rents escalating from \$6,194 to \$8,259. The Center accounts for rent expense on a straight-line basis over the life of the lease. As of June 30, 2015, the unamortized liability was \$19,437.

# Children’s Advocacy Center of Collin County, Inc.

## Notes to Financial Statements

June 30, 2015 and 2014

Future minimum rents for the fiscal years ending June 30, are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 94,978
2017	98,518
2018	<u>16,518</u>
Total	<u>\$ 210,014</u>

Total occupancy and rental expenses were \$301,781 and \$311,738 for the years ended June 30, 2015 and 2014.

### NOTE 13 – DISCLOSURES ABOUT UNCERTAINTY IN INCOME TAXES UNDER FASB ASC 740

The Center files an annual information return. With few exceptions, the Center is no longer subject to U.S. federal income tax examinations by tax authorities for years before July 1, 2011.

The Center has adopted the provisions of FASB ASC 740, ***Accounting for Uncertainty in Income Taxes***. There were no unrecognized tax benefits in 2015 and 2014.

The Center recognizes interest accrued related to unrecognized tax benefits in interest expense and penalties in administrative expense. There were no such interest and penalties for 2015 and 2014.

### NOTE 14 – SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to June 30, 2015 through the issue date of the financial statements, September 10, 2015.