
**Children's Advocacy Center
Hope House**

Financial Statements

December 31, 2019

Childrens Advocacy Center - Hope House
Table of Contents

Independent Auditor’s Report..... 1

Financial Statements

Statements of Financial Position..... 3

Statements of Activities and Changes in Net Assets 4

Statements of Functional Expenses 5

Statements of Cash Flows..... 7

Notes to Financial Statements..... 8

Supplementary Information

Schedule of Compensation, Benefits, and Other Payments to Executive Director..... 15

Independent Accountant’s Report on Applying Agreed-Upon Procedures 16

Independent Auditor's Report

To the Board of Directors
Childrens Advocacy Center - Hope House
Covington, Louisiana

We have audited the accompanying financial statements of Childrens Advocacy Center - Hope House (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, 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 Childrens Advocacy Center - Hope House as of December 31, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Childrens Advocacy Center - Hope House's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Childrens Advocacy Center - Hope House. The accompanying schedule of compensation, benefits, and other payments to executive director and independent accountant's report on applying agreed-upon procedures are required by the State of Louisiana and are presented for purposes of additional analysis and are not a required part of the financial statements.

The schedule of compensation, benefits, and other payments to executive director is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of compensation, benefits, and other payments to executive director is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The independent accountant's report on applying agreed-upon procedures have not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion on them.



Covington, Louisiana
June 26, 2020

Financial Statements

Childrens Advocacy Center - Hope House
Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 371,476	\$ 624,610
Accounts receivable	4,744	4,053
	<u>376,220</u>	<u>628,663</u>
Noncurrent Assets		
Investments	424,367	23,842
Property and equipment, net	122,521	132,200
	<u>546,888</u>	<u>156,042</u>
	<u>\$ 923,108</u>	<u>\$ 784,705</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 2,704	\$ 2,524
Accrued payroll expenses	17,725	11,628
Capital lease obligation, current portion	2,063	2,063
	<u>22,492</u>	<u>16,215</u>
Noncurrent Liabilities		
Capital lease obligation, net of current portion	6,019	8,082
Net Assets		
Without donor restrictions		
Undesignated	894,597	748,408
With donor restrictions		
Operating grant	-	12,000
	<u>894,597</u>	<u>760,408</u>
	<u>\$ 923,108</u>	<u>\$ 784,705</u>

See accompanying notes to financial statements.

Childrens Advocacy Center - Hope House
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Public funds	\$ 95,861	\$ -	\$ 95,861	\$ 94,609	\$ 12,000	\$ 106,609
Private grants	175,204	-	175,204	132,109	-	132,109
Contributions	129,164	-	129,164	315,711	-	315,711
Fundraising	376,836	-	376,836	183,155	-	183,155
Investment returns	17,190	-	17,190	181	-	181
Interest income	185	-	185	1,201	-	1,201
Other revenues	678	-	678	2,019	-	2,019
	<u>795,118</u>	<u>-</u>	<u>795,118</u>	<u>728,985</u>	<u>12,000</u>	<u>740,985</u>
Net assets released from restrictions due to satisfaction of donor-imposed requirements	12,000	(12,000)	-	-	-	-
	<u>807,118</u>	<u>(12,000)</u>	<u>795,118</u>	<u>728,985</u>	<u>12,000</u>	<u>740,985</u>
Expenses						
Program services						
Children's advocacy	483,163	-	483,163	364,730	-	364,730
Supporting services						
Management and general	115,329	-	115,329	97,060	-	97,060
Fundraising	62,438	-	62,438	64,472	-	64,472
	<u>177,767</u>	<u>-</u>	<u>177,767</u>	<u>161,532</u>	<u>-</u>	<u>161,532</u>
	<u>660,929</u>	<u>-</u>	<u>660,929</u>	<u>526,262</u>	<u>-</u>	<u>526,262</u>
Change in net assets	146,189	(12,000)	134,189	202,723	12,000	214,723
Net assets, beginning of year	748,408	12,000	760,408	545,685	-	545,685
Net assets, end of year	<u>\$ 894,597</u>	<u>\$ -</u>	<u>\$ 894,597</u>	<u>\$ 748,408</u>	<u>\$ 12,000</u>	<u>\$ 760,408</u>

See accompanying notes to financial statements.

Childrens Advocacy Center - Hope House
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services	Supporting Services			Total
	Children's Advocacy	Management and General	Fundraising	Total Supporting Services	
Salaries and related taxes	\$ 310,015	\$ 53,254	\$ 17,117	\$ 70,371	\$ 380,386
Employee benefits	26,313	4,520	1,453	5,973	32,286
Counseling services and supplies	22,458	-	-	-	22,458
Training	15,488	2,521	-	2,521	18,009
Insurance	6,047	1,141	965	2,106	8,153
Legal and professional	-	7,050	-	7,050	7,050
Lease expense	-	1,625	9,214	10,839	10,839
Administrative expenses	10,323	10,323	4,515	14,838	25,160
Supplies	10,059	4,595	18,170	22,765	32,824
Dues and subscriptions	734	7,087	-	7,087	7,821
Repairs and maintenance	8,633	1,483	477	1,960	10,593
Depreciation	10,009	1,719	553	2,272	12,281
Telephone	5,547	953	306	1,259	6,806
Utilities	6,319	1,085	349	1,434	7,753
Advertising and promotional items	-	4,537	1,512	6,049	6,049
Meals and entertainment	-	4,638	4,979	9,617	9,617
Travel	23,449	4,028	1,295	5,323	28,772
In kind donations	27,769	4,770	1,533	6,303	34,072
	<u>\$ 483,163</u>	<u>\$ 115,329</u>	<u>\$ 62,438</u>	<u>\$ 177,767</u>	<u>\$ 660,929</u>

See accompanying notes to financial statements.

Childrens Advocacy Center - Hope House
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services	Supporting Services			Total
	Children's Advocacy	Management and General	Fundraising	Total Supporting Services	
Salaries and related taxes	\$ 267,437	\$ 45,940	\$ 14,766	\$ 60,706	\$ 328,143
Employee benefits	9,997	1,717	552	2,269	12,266
Counseling services and supplies	13,012	-	-	-	13,012
Training	17,356	251	-	251	17,607
Insurance	6,377	1,198	983	2,181	8,558
Legal and professional	-	10,157	-	10,157	10,157
Lease expense	-	2,384	10,599	12,983	12,983
Administrative expenses	4,932	4,932	4,317	9,249	14,181
Supplies	8,168	5,006	22,580	27,586	35,754
Dues and subscriptions	1,970	9,250	-	9,250	11,220
Repairs and maintenance	6,526	1,121	360	1,481	8,007
Depreciation	4,872	837	269	1,106	5,978
Telephone	6,049	1,039	334	1,373	7,422
Utilities	5,746	987	317	1,304	7,050
Advertising and promotional items	-	7,677	1,622	9,299	9,299
Meals and entertainment	-	2,453	7,095	9,548	9,548
Travel	12,288	2,111	678	2,789	15,077
	<u>\$ 364,730</u>	<u>\$ 97,060</u>	<u>\$ 64,472</u>	<u>\$ 161,532</u>	<u>\$ 526,262</u>

See accompanying notes to financial statements.

Childrens Advocacy Center - Hope House
Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Change in net assets	\$ 134,189	\$ 214,723
Adjustment to reconcile change in net assets to net cash provided by operating activities		
Depreciation	12,281	5,978
Unrealized gains on investments	(9,576)	-
(Increase) decrease in:		
Accounts receivable	(691)	19,678
Increase (decrease) in :		
Accounts payable	180	(5,443)
Accrued payroll expenses	6,097	(2,996)
Net cash provided by operating activities	<u>142,480</u>	<u>231,940</u>
Cash Flows From Investing Activities		
Net purchases/maturities of certificates of deposits	(263,920)	(181)
Purchases of investments	(127,029)	-
Purchases of property and equipment	(2,602)	(36,165)
Net cash used in investing activities	<u>(393,551)</u>	<u>(36,346)</u>
Cash Flows From Financing Activities		
Advance on capital lease obligation	-	10,317
Payments on capital lease obligation	(2,063)	(172)
Net cash (used in) provided by financing activities	<u>(2,063)</u>	<u>10,145</u>
Net change in cash and cash equivalents	(253,134)	205,739
Cash and cash equivalents, beginning balance	<u>624,610</u>	<u>418,871</u>
Cash and cash equivalents, ending balance	<u>\$ 371,476</u>	<u>\$ 624,610</u>

See accompanying notes to financial statements.

Childrens Advocacy Center - Hope House

Notes to Financial Statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Childrens Advocacy Center - Hope House (the “Center”), formally known as St. Tammany Children’s Advocacy Center, is an independent nonprofit organization formed on May 31, 1994 in the State of Louisiana. The Center is dedicated to ending the cycle of child abuse in the community by providing a path to justice and a bridge to healing for child victims of abuse. The Center provides forensic interviewing, family advocacy, counseling services, and prevention outreach within St. Tammany and Washington Parishes.

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The financial statements of the Center 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”).

Net Assets

Under the provisions of the Guide, the classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the classes of net assets be displayed in the statements of financial position and that the amounts of change in each of those classes of net assets be displayed in the statements of activities. In accordance with U.S. generally accepted accounting principles (U.S. GAAP), the Center reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- Net assets without donor restriction: net assets available for general use to support operations. The only limits on the use of net assets without donor restriction are broad limits resulting from the nature of the Center, the environment in which it operates, and the purposes specified in its corporate documents.
- Net assets with donor restriction: net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or programmatic purposes specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity

Use of 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.

Childrens Advocacy Center - Hope House

Notes to Financial Statements

Reclassifications

Certain revenue and expenses accounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements. These reclassifications had no effect on net assets.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents certain categories of expenses that are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries are allocated on the basis of estimates of time and effort and other natural costs are allocated on the basis of management identification based on observation and professional evaluation of the direct benefit of the cost to a particular program function or supporting function.

Cash and Cash Equivalents

For financial statement purposes, cash includes demand deposits and cash equivalents include amounts in money market funds. All highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Investments

Investments consist of certificates of deposit, money market funds, and pooled investments and are carried at fair value. Purchases and sales of investments are recorded on trade dates and realized gains and losses are determined on the basis of average cost of securities sold. Investment return includes interest, dividends, administrative fees, and realized and unrealized gains and losses, and is included in the statement of activities and changes in net assets as investment returns or losses in net assets without donor restrictions.

Accounts Receivable

Accounts receivable consists of fees due from a local governmental entity. Management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer, the Center's relationship with the customer, and the age of the receivable balance. As a result of these reviews, customer balances deemed to be uncollectible are charged to the allowance for doubtful accounts. Management has deemed all balances to be collectible at December 31, 2019 and 2018; therefore, no allowance for doubtful accounts has been reported.

Property and Equipment

Property and equipment with a cost in excess of \$1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation and amortization on property and equipment is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	15 - 39 years
Computers and equipment	5 - 7 years
Furniture and fixtures	5 - 10 years

Repairs and maintenance costs are expensed as incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts and any resulting gain or loss is included in revenues or expenses.

Childrens Advocacy Center - Hope House

Notes to Financial Statements

Grants and Contributions

The Center follows ASC Subtopic 958-605, *Revenue Recognition*, to recognize cash contributions from individuals and domestic organizations. These contributions, including unconditional promises, are recognized as revenue when the donor's unconditional commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted.

When a donor 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. Contributions with donor restrictions which are fulfilled in the time period in which the contribution is received are recorded as net assets without donor restrictions in the financial statements. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

Advertising Costs

Advertising costs are expensed as incurred and allocated among the programs and supporting services benefited within the operating services and supplies line item on the statement of functional expenses. Advertising expenses were \$6,049 for the year ended December 31, 2019 and \$9,299 for the year ended December 31, 2018.

Income Taxes

The Center has been recognized by the Internal Revenue Service as an organization exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in these financial statements. With few exceptions, the Center is no longer subject to federal or state examinations by tax authorities for the year before 2016.

The Center follows the provisions of the *Accounting for Uncertainty in Income Taxes* topic of the FASB Codification, which clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Center's information tax returns. Accounting principles generally accepted in the United States of America provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Under this guidance, the Center may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits or obligations identified or recorded for the years ended December 31, 2019 and 2018.

New Pronouncements

On January 1, 2019, the Center adopted FASB issued Accounting Standards Update ("ASU") 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU assists organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

Childrens Advocacy Center - Hope House

Notes to Financial Statements

The Center adopted ASU 2018-08 using a modified prospective method effective January 1, 2019. Under the modified prospective method, this ASU only applies to agreements not completed or entered into (revenue or expense that has not yet been recognized) as of January 1, 2019. As a result, the 2018 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of January 1, 2019. There were no material changes to the recognition of contribution revenue during 2019.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. Under ASU 2016-02, leases will continue to be differentiated between finance leases and operating leases. However, the principal difference from previous guidance is that a lessee should recognize a liability to make lease payments (the lease liability) in the statement of financial position and a right-of-use asset representing its right to use the underlying asset for the lease term for financing leases in addition to operating leases with a term of twelve months or more. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019. Management is currently evaluating the impact ASU 2016-02 will have on the financial statements.

2. Liquidity and Availability

The Center has \$800,587 of financial assets available within one year of the statement of financial position date. The Center strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. As part of this liquidity management, the Center invests cash in excess of daily requirement in deposit savings accounts, money market funds, and certificates of deposit.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	2019	2018
Cash and cash equivalents	\$ 371,476	\$ 624,610
Accounts receivable	4,744	4,053
Investments	424,367	23,842
	<u>\$ 800,587</u>	<u>\$ 652,505</u>

3. Investments

Investments are carried at fair value and are comprised of the following at December 31:

	2019	2018
Money market funds	\$ 50,320	\$ -
Certificates of deposit	287,762	23,842
Pooled investments held by Northshore		
Community Foundation on behalf of the Center	86,285	-
	<u>\$ 424,367</u>	<u>\$ 23,842</u>

Childrens Advocacy Center - Hope House

Notes to Financial Statements

The following schedule summarizes investment returns including interest and administrative fees, and its classification in the financial statements for the years ended December 31:

	2019	2018
Unrealized gains on investments	\$ 9,576	\$ -
Interest and dividend income	8,279	181
Investment fees	(665)	-
	<u>\$ 17,190</u>	<u>\$ 181</u>

Custodial Credit Risk

The risk that in the event of the failure of the counterparty to a transaction the Center will not be able to recover the value of investments that are in the possession of an outside party. At December 31, 2019 and 2018, the Center's investments in certificates of deposit, money market funds, and external investment pools are not susceptible to custodial credit risk because its existence is not evidenced by securities that exist in physical or book entry form.

4. Fair Value Measurements

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value for assets and liabilities that are measured at fair value on a recurring basis. The Center has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value which are as follows:

- Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.
- Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The investments in the Northshore Community Foundation pool represent various specific investments and various pools of funds held by Northshore Community Foundation for the benefit of the Center and other non-profit organizations. These funds are measured on a recurring basis through estimates and assumptions made by the Northshore Community Foundation. All of the Center's pooled investments held by the Northshore Community Foundation are considered level 2 investments.

Childrens Advocacy Center - Hope House

Notes to Financial Statements

The following table sets forth by level the Center's assets at fair value at December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents				
Money market funds	\$ 58,758	\$ -	\$ -	\$ 58,758
Investments				
Money market funds	50,320	-	-	50,320
Certificates of deposit	287,762	-	-	287,762
Pooled investments	-	86,285	-	86,285
	<u>338,082</u>	<u>86,285</u>	<u>-</u>	<u>424,367</u>
	<u>\$ 396,840</u>	<u>\$ 86,285</u>	<u>\$ -</u>	<u>\$ 483,125</u>

The following table sets forth by level the Center's assets at fair value at December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents				
Money market funds	\$ 58,593	\$ -	\$ -	\$ 58,593
Investments				
Money market funds	-	-	-	-
Certificates of deposit	23,842	-	-	23,842
Pooled investments	-	-	-	-
	<u>23,842</u>	<u>-</u>	<u>-</u>	<u>23,842</u>
	<u>\$ 82,435</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,435</u>

5. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Assets not being depreciated		
Land	\$ 20,232	\$ 20,232
Assets being depreciated		
Building and improvements	160,686	160,687
Computers and equipment	72,098	70,147
Furniture and fixtures	28,836	28,836
	<u>261,620</u>	<u>259,670</u>
Less: accumulated depreciation	(159,331)	(147,702)
	<u>102,289</u>	<u>111,968</u>
	<u>\$ 122,521</u>	<u>\$ 132,200</u>

Childrens Advocacy Center - Hope House

Notes to Financial Statements

Depreciation expense for the years ended December 31, 2019 and 2018 was \$12,281 and \$5,978, respectively.

6. Capital Lease Obligation

The Center is the lessee of a copier under a capital lease. The Center is obligated under the lease through November 2023. The asset and liability under the lease are recorded at the present value of the minimum lease payments totaling \$10,317. The asset is amortized over the lease term of 60 months at \$172 per month and included in depreciation expenses on the statement of functional expenses. The accumulated amortization was \$2,235 as of December 31, 2019. Future minimum lease payments under the capital lease are as follows:

For the Year Ended December 31:	Amount
2020	\$ 2,063
2021	2,063
2022	2,063
2023	1,893
	<u>\$ 8,082</u>

Amortization expense was \$2,063 for the year ended December 31, 2019 and \$172 for the year ended December 31, 2018.

7. Non-exchange Transaction

The Center entered into an agreement with First Baptist Church of Bogalusa in May 2009 for the use of its premises at no costs until canceled by either party. The facility is to be used by the Center's counselors to provide services to children in Washington Parish, Louisiana. The Center is responsible for an allocated portion of utilities.

8. Concentrations of Credit Risk

Financial instruments that potentially subject the Center to significant concentrations of credit risk consist of cash and cash equivalents. The Center maintains cash and certificate of deposit balances in financial institutions which may, at time, exceed Federal Deposit Insurance Corporation (FDIC) limits. The Center has not experienced any losses in these accounts and does not believe it is exposed to any significant custodial credit risk related to these accounts. In January 2020, the Center implemented a policy to allocate deposits to minimize the likelihood of deposits exceeding the FDIC limits.

9. Subsequent Events

Management has evaluated subsequent events through June 26, 2020, which is the date the financial statements were available to be issued.

Supplementary Information

Childrens Advocacy Center - Hope House
Schedule of Compensation, Benefits, and Other Payments to Executive Director
For the Year Ended December 31, 2019

Agency Head: Thomas Mitchell

Position: Executive Director

Purpose	Amount
Salary	\$ 78,000
Bonus	350
Benefits - insurance	4,901
Cell phone reimbursement	1,200
Travel	5,900
Registration fees	750
Conference travel	1,500
Continuing professional education fees	400
	\$ 93,001

Louisiana Revised Statute (R.S.) 24:513 A. (3) requires virtually every local auditee report that is submitted to the Louisiana Legislative Auditor to include a schedule of compensation, benefits, and other payments to the agency head. The compensation, benefits, and other payments that are to be reported on this schedule include travel, unvouchered expenses, per diem, registration fees, reimbursements, etc. and is presented on an accrual basis. This schedule is over and above what is required to be reported to the Internal Revenue Service. The executive director's compensation, as reported to the Internal Revenue Service, was \$77,775 for the 2019 calendar year.

Independent Accountant's Report On Applying Agreed-Upon Procedures

To the Board of Directors of
Childrens Advocacy Center - Hope House
Covington, Louisiana

We have performed the procedures enumerated below, which were agreed to by Childrens Advocacy Center - Hope House and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Childrens Advocacy Center - Hope House's compliance with certain laws and regulations for the year ended December 31, 2019. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures used to identify and differentiate public funds from private funds and observe that they address (1) the criteria for determining whether monies received are public or private, (2) adherence to restrictions placed on the use of public funds, and (3) the separation of public and private funds in accounting records (e.g., using separate revenue and expense codes for public funds).

Results

No exceptions noted.

2. Obtain and inspect the entity's written policies and procedures over public funds and observe that they address each of the following categories and subcategories (if applicable to the entity's operations):
 - a) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results

No exceptions noted.

Information Technology Disaster Recovery / Business Continuity

1. Obtain and inspect the entity's written policies and procedures over information technology disaster recovery/business continuity (or the equivalent contractual terms of IT services are outsourced) and observe that they address (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available systems and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results

No exceptions noted.

2. Perform the following sub-procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g. tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have active antivirus software and that the antivirus, operating system, and accounting system software are the most recent versions available (i.e. up-to-date).

Results

No exceptions noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on management's assertions. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Childrens Advocacy Center - Hope House and the Legislative Auditor, State of Louisiana, and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Pinell J. Martineau, LLC". The signature is written in a cursive style with a large initial 'P'.

Covington, Louisiana
June 26, 2020