

**Scott R. Meyer, CPA, PC**

1700 E. Fort Lowell, Suite 105

Tucson, Arizona 85719

(520) 881-3734 • (520) 881-4075 FAX

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SOUTHERN ARIZONA CHILDREN'S  
ADVOCACY CENTER, INC.

FINANCIAL STATEMENTS AS OF AND FOR  
THE YEARS ENDED JUNE 30, 2020 AND 2019

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**Scott R. Meyer, CPA, P.C.**  
**1700 East Fort Lowell Rd. #105**  
**Tucson, AZ 85719**  
**(520) 881-3734 cpascott1@msn.com**

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Southern Arizona Children's Advocacy Center, Inc.  
Tucson, Arizona

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

I have audited the accompanying financial statements of Southern Arizona Children's Advocacy Center, Inc., an Arizona nonprofit corporation, which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities and changes in net assets, 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 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**

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

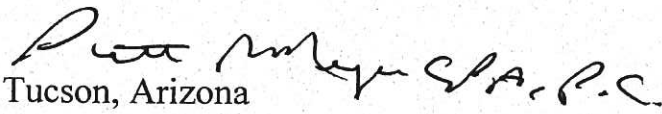
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. 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 the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes

evaluating the appropriateness of accounting principles used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Arizona Children's Advocacy Center, Inc. (SACAC) as of June 30, 2020 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. I have previously audited SACAC's 2019 financial statements and I expressed an unmodified opinion on those audited financial statements in my report dated September 20, 2019. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

  
Tucson, Arizona  
September 25, 2020

**SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020 AND 2019**

<b>Assets</b>	<u><b>6/30/2020</b></u>	<u><b>6/30/2019</b></u>
Cash and equivalents	\$ 448,370	\$ 337,034
Cash and equivalents- restricted	23,274	50,214
Investment -Jewish Community Foundation	9,548	
Certificates of deposit	250,000	195,545
Grants and contracts receivable, less valuation allowance for doubtful accounts of \$1,275 both years	210,310	127,997
Investments		8,645
Prepaid insurance	3,842	3,352
Property and equipment:		
Equipment	193,713	177,091
Furniture	136,818	101,427
Leasehold improvements	23,342	8,874
Accumulated depreciation	(246,307)	(229,164)
Property and equipment, net	<u>107,566</u>	<u>58,228</u>
Total assets	<u><u>\$ 1,052,910</u></u>	<u><u>\$ 781,015</u></u>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable	\$ 23,973	\$ 419
Accrued vacation pay	31,110	20,984
Accrued payroll and related taxes	46,391	25,077
Deferred revenue		3,750
Total liabilities	<u>101,474</u>	<u>50,230</u>
<b>Net Assets</b>		
Without donor restrictions	918,614	680,571
With donor restrictions	32,822	50,214
Total net assets	<u>951,436</u>	<u>730,785</u>
Total liabilities and net assets	<u><u>\$ 1,052,910</u></u>	<u><u>\$ 781,015</u></u>

See Independent Auditor's Report.

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

**SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**Years Ended June 30, 2020 and 2019**

	<u>6/30/2020</u>		<u>6/30/2019</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
<b>Revenues</b>			<b>Totals</b>
Grant and program revenue			
Government contracts and grants	\$837,141		\$787,222
Program revenue	504,100		133,010
Public support and other revenue			
Clothing bin net proceeds	19,461		15,121
Contributions	61,324	\$43,000	118,565
Special events, net of expenses of \$12,635 and \$9,209, respectively	37,554		13,708
Investment and other income	4,693	(400)	785
Releases from restrictions-purpose satisfied	59,992	(59,992)	
Total revenues	<u>1,524,265</u>	<u>(17,392)</u>	<u>1,506,873</u>
<b>Expenses</b>			
Program	1,111,217		845,562
General and Administrative	82,030		90,441
Fundraising	92,975		95,390
Total expenses	<u>1,286,222</u>		<u>1,031,393</u>
<b>Changes in net assets</b>	238,043	(17,392)	37,018
<b>Net assets, beginning of year</b>	680,571	50,214	693,767
<b>Net assets, end of year</b>	<u>\$918,614</u>	<u>\$32,822</u>	<u>\$730,785</u>

See Independent Auditor's Report.

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

**SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2020 and 2019**

	<u>6/30/2020</u>	<u>6/30/2019</u>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ 220,651	\$ 37,018
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	17,143	14,448
Change in fair market value of investments	561	(528)
Changes in operating assets and liabilities:		
Increase in grants and contracts receivable	(82,313)	(44,881)
Increase in prepaid insurance	(490)	(2,071)
Increase (decrease) in accounts payable	23,554	(1,943)
Increase in accrued vacation pay	10,126	5,065
Increase (decrease) in accrued payroll and related taxes	21,314	(2,873)
Increase (decrease) in deferred revenue	(3,750)	3,750
Net cash provided by operating activities	<u>206,796</u>	<u>7,985</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(66,481)	(18,216)
Purchase of investment-Jewish Community Foundation	(10,109)	
Purchases of certificates of deposit	(250,000)	(195,545)
Proceeds from sale of investments	8,645	
Proceeds from sale of certificate of deposit	195,545	195,445
Net cash (used in) investing activities	<u>(122,400)</u>	<u>(18,316)</u>
<b>Net change in cash and equivalents</b>	84,396	(10,331)
<b>Cash and equivalents at beginning of year</b>	<u>387,248</u>	<u>397,579</u>
<b>Cash and equivalents at end of year</b>	<u>\$ 471,644</u>	<u>\$ 387,248</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash paid during the year for interest	<u>-</u>	<u>-</u>
Cash paid during the year for income taxes	<u>-</u>	<u>-</u>

See independent auditor's report.

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

**SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2020**

	<b>Programs</b>	<b>General and</b>		<b>Totals</b>
		<b>Administrative</b>	<b>Fundraising</b>	
Payroll	\$641,454	\$52,519	\$59,526	\$753,499
Payroll taxes and employee benefits	99,126	8,116	9,199	116,441
Small equipment and computers	17,606	1,442	1,634	20,682
Medical contract expenses	88,548			88,548
Clinical and prevention expenses	19,323			19,323
Insurance	13,887	1,137	1,289	16,313
Occupancy	99,127	8,116	9,199	116,442
Office expenses	11,794	966	1,095	13,855
Postage and printing	8,809	721	817	10,347
Professional fees-nonmedical	26,611	2,179	2,470	31,260
Promotion	47,852	3,918	4,441	56,211
Staff training	5,704	467	529	6,700
Travel	10,418	853	967	12,238
Miscellaneous	6,147	503	570	7,220
<b>Total expenses before depreciation</b>	<b>1,096,406</b>	<b>80,937</b>	<b>91,736</b>	<b>1,269,079</b>
Depreciation	14,811	1,093	1,239	17,143
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>\$1,111,217</b>	<b>\$82,030</b>	<b>\$92,975</b>	<b>\$1,286,222</b>

See Independent Auditor's Report.  
The accompanying notes are an integral part of these financial statements.

**SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**Year Ended June 30, 2019**

	<u>Programs</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Totals</u>
Payroll	\$507,706	\$60,026	\$60,151	\$627,883
Payroll taxes and employee benefits	93,152	11,013	11,036	115,201
Small equipment	2,993	354	354	3,701
Medical contract expenses	48,400			48,400
Clinical and prevention expenses	36,065			36,065
Insurance	10,794	1,276	1,279	13,349
Occupancy	91,730	10,845	10,868	113,443
Office expenses	5,092	602	603	6,297
Postage and printing	5,570	658	660	6,888
Professional fees-nonmedical	17,750	2,099	2,103	21,952
Promotion	670	670	5,364	6,704
Staff training	2,742	324	325	3,391
Travel	7,559	894	897	9,348
Miscellaneous	3,496	413	414	4,323
Total expenses before depreciation	833,717	89,174	94,054	1,016,945
Depreciation	11,845	1,267	1,336	14,448
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$845,562</u>	<u>\$90,441</u>	<u>\$95,390</u>	<u>\$1,031,393</u>

See Independent Auditor's Report.

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

**Southern Arizona Children's Advocacy Center, Inc.**  
**Notes To Financial Statements**  
**June 30, 2020 and 2019**

**1. Nature of Operations**

Southern Arizona Children's Advocacy Center, Inc. (the "Center") has been an Arizona non-profit corporation since May 13, 1996 that serves to support and respond to children who are victims of sexual assault, physical abuse, or witness to violence. The Center's mission is to protect and support children through a coordinated response to child maltreatment that includes intervention, assessment and prevention. Effective February 2020 the Center commenced operating under the name Children's Advocacy Center of Southern Arizona.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation***

The Center follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP") that the Center follows to ensure the consistent reporting of its financial condition, changes in net assets and cash flows. References to GAAP issued by the FASB are to the FASB Accounting Standards Codification ("ASC").

The Center's financial statements have been prepared in accordance with standards of accounting and financial reporting under FASB issued Accounting Standards Update (ASU) No. 2016-14, "Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities" and Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers" (Topic 606).

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets having similar characteristics have been combined into similar categories as follows:

- **Without Donor Restrictions** – Net assets that represent the portion of expendable funds, which are for support of the Center's operations and are not subject to donor-imposed restrictions.
- **With Donor Restrictions** – Net assets whose use by the Center is subject to donor-imposed stipulations that can be fulfilled by actions of the Center pursuant to those stipulations or that expire through the passage of time or net assets whose use by the Center is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

**Southern Arizona Children's Advocacy Center, Inc.**  
**Notes To Financial Statements**  
**June 30, 2020 and 2019**

**Summary of Significant Accounting Policies (continued)**

***Basis of Presentation (Continued)***

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 restricted support. However, if a restriction is fulfilled in the same reporting period in which the contribution is received, the Center reports the support as unrestricted. Contributions of long-lived assets not having donor-imposed purpose or time restrictions are reported as unrestricted contributions in amounts equal to the fair value of the contributed assets.

***Recent New Major Accounting Pronouncements***

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (topic 842), requiring lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets and to disclose key information about lease agreements. The guidance is effective for entities' fiscal years beginning after December 15, 2020 and early adoption is permitted. The Center is currently evaluating the impact of the pronouncement and anticipates the adoption may have a material impact on the financial statements due to its long term lease for its offices with Pima County.

***Revenue Recognition***

**Grants and Contracts** - The Center accounts for its government funded grants and contract revenues as exchange transactions. Revenue under cost reimbursement grants and contracts are recognized when costs are incurred or agreed-upon work is performed in accordance with the applicable agreements. Amounts received under unit rate contracts and client fees are earned when services are provided. A receivable is recorded to the extent contract revenue exceeds payment received; conversely, advances in excess of costs incurred under grants are deferred and recognized as revenue when the related expense is incurred or service rendered. A receivable is recorded to the extent revenue recognized exceeds payment received; conversely, advances in excess of costs incurred or work performed under government funded grants and contracts are deferred and recognized as revenue when the related cost is incurred.

**Southern Arizona Children's Advocacy Center, Inc.**  
**Notes To Financial Statements**  
**June 30, 2020 and 2019**

**Summary of Significant Accounting Policies (continued)**

**Contributions** - Contributions restricted by the donor for particular operating purposes or for a particular operating period are reported as revenues in the with donor restrictions net asset group. Once the Center has complied with all of the specific restrictions, the contribution is reclassified to the net asset without donor restrictions group as a net asset released from restrictions. This reclassification increases net assets without donor restrictions and decreases net assets with donor restrictions.

**Donated Goods, Services and Facilities** - Donated goods and services are recognized as in-kind donations at their fair market value. Donated services are only recognized when the services are received and (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills and (c) would typically need to be purchased if not provided by donation. Although the Center utilizes the services of outside volunteers to perform a variety of tasks that assist the Center, the fair value of all these services is not reflected in the accompanying financial statements because the above criteria are not met.

***Cash and Cash Equivalents***

For financial statement reporting purposes, the Center considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents. The Center places its cash and cash equivalents with high credit quality institutions. At times, such deposits may be in excess of the FDIC insurance limit; however, management does not believe it is exposed to any significant credit risk on cash and cash equivalents. All such accounts are monitored by management to mitigate risk.

***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.

**Southern Arizona Children's Advocacy Center, Inc.**  
**Notes To Financial Statements**  
**Years Ended June 30, 2020 and 2019**

**Summary of Significant Accounting Policies (continued)**

***Accounts Receivable***

The Center's funding sources are primarily foundations and governmental agencies. The Center grants credit to these agencies on an uncollateralized basis. The carrying amount of accounts, grants, and contracts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The valuation allowance for doubtful accounts is based on management's assessment of the collectability of specific accounts and the aging of accounts receivable. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

***Certificates of Deposit***

Certificates of deposit have original maturities of six to eighteen months and are carried at market value, which approximates the original cost.

***Property and Equipment***

Property and equipment are stated at cost if purchased or at fair value at date of acquisition if donated. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method, ranging from five to fifteen years.

The Center's policy is to capitalize expenditures for property and equipment and donated property and equipment received that exceed \$1,500 and have a useful life greater than one year. When items are retired or disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities and changes in net assets. Repairs and maintenance for normal upkeep are charged to expense as incurred.

The Center periodically reviews the carrying value of long-lived assets held and used, and assets to be disposed of, for possible impairment when events and circumstances warrant such a review. Through June 30, 2019 and 2018 the Center had not experienced impairment losses on its long-lived assets.

***Investments***

Investments are carried at the lower of cost or fair market value, as determined by market quotations.

**Southern Arizona Children's Advocacy Center, Inc.**  
**Notes To Financial Statements**  
**June 30, 2020 and 2019**

**Summary of Significant Accounting Policies (continued)**

***Functional Allocation of Expenses***

The cost of providing the programs and other activities are summarized on a functional basis. Accordingly, costs are allocated among programs and supporting services benefited. Management's estimate of the functional allocation of expenditures is based on actual expenditures and management's estimate of levels of service.

***Income Taxes***

The Center is a Section 501(c)(3) organization, exempt from taxation under Internal Revenue Code Section 501(a). Accordingly, no provision is made in the accompanying financial statements for deferral and state income taxes. Income from certain activities not directly related to the Center's tax-exempt purpose, however, may be subject to taxation as unrelated business income. Management is not aware of any matters which would cause the Center to lose its tax-exempt status.

Management evaluated the Center's tax positions in accordance with the accounting standard on accounting for uncertainty in income taxes and concluded that the Center had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the accounting standard. With few exceptions, the Center is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2016.

***Prior Year Information***

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

***Advertising and Promotional***

The Center expenses advertising and promotional costs as they are incurred. Total advertising and promotional expenses for the years ended June 30, 2020 and 2019 were \$56,211 and \$6,704, respectively.

**Southern Arizona Children's Advocacy Center, Inc.**  
**Notes To Financial Statements**  
**June 30, 2020 and 2019**

**3. Clothing Bin Proceeds**

Effective May 2019 the Center commenced using Big Brothers Big Sisters to pick up donated goods from its donation boxes and pay 10 cents per pound for saleable goods. Previous to May 2019 Goodwill Industries provided this service for the Center.

**4. Grants and Contracts Receivable**

Grants and contracts receivable were comprised of the following at June 30:

	<u>2020</u>	<u>2019</u>
Pima County Behavioral Health	\$ 61,184	\$ 58,167
Pima County Outside Agencies	13,027	
Arizona Dept. of Public Safety-VOCA	32,665	34,991
Community Development Block Grant	11,461	17,022
Office for Victims of Crime	23,896	
Governor's Office of Youth, Faith, and Family	38,441	
AZ Children's Justice Act	208	1,718
Various forensic interviews, net of allowance of \$1,275	<u>29,428</u>	14,204
Big Brothers Big Sisters		1,708
Goodwill Industries		<u>187</u>
	<u>\$210,310</u>	<u>\$127,997</u>

**5. Credit Risk**

The Center had grants and contracts receivable of \$210,310 and \$127,997 at June 30, 2020 and 2019, respectively. These amounts contain no collateral provisions for collections. Total credit risk and accounting loss that could occur if all parties to the receivables fail to perform their obligations is \$210,310 as of June 30, 2020.

As of June 30, 2020 and 2019 the Center had deposits at a single bank that exceeded the FDIC insured limits by \$239,602 and \$347,148, respectively. Management does not believe this is issue.

**Southern Arizona Children's Advocacy Center, Inc.**  
**Notes To Financial Statements**  
**June 30, 2020 and 2019**

**6. Beneficial Interest In Assets Held By Jewish Community Foundation, Investments, Certificates of Deposit and Fair Value Measurements**

During the year ended June 30, 2020 the Center liquidated its investments of \$10,109 to establish an endowment fund and transferred the proceeds to the Jewish Community Foundation (JCF) for its management. JCF financial managers make the financial decisions of what the funds are invested in, subject to monitoring by Center management. The Center has not granted JCF variance power. While the original corpus amount is to remain intact for perpetuity, the Center is entitled to a beneficial income interest.

The certificates of deposit have original maturities of six to eighteen months and are currently earning 1.59% to 1.63%.

GAAP requires that entities use a three-level hierarchy to prioritize the inputs used to measure fair value, and maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Level 1 of the hierarchy utilizes quoted prices for identical assets in active markets to which the Center and JCF had access at the measurement date. Since the Center and JCF have ready access to quoted prices from an active market for its endowment investments, it utilizes level 1 inputs to measure their fair value. Level 2 would utilize quoted prices for similar assets in active markets or identical assets in inactive markets. The certificates of deposit are valued using Level 2 hierarchy. Level 3 utilizes unobservable inputs for an asset's fair value measurement, of which the Center had none.

Investments, all recorded at fair market value at level 1 fair value hierarchy, were as follows as of June 30th:

	<u>2019</u>
7,884 shs Fidelity Government Money Market Fund	\$7,884
10 shares Qualcomm Inc	<u>761</u>
	<u>\$8,645</u>

The composition of the investment return reported in the statement of activities were as follows for the years ending June 30,

	<u>2020</u>	<u>2019</u>
Dividends and interest	\$ 1,097	\$785
Unrealized gains	<u>3,196</u>	
	<u>\$ 4,293</u>	<u>\$ 785</u>

**Southern Arizona Children's Advocacy Center, Inc.**  
**Notes To Financial Statements**  
**June 30, 2020 and 2019**

**7. Net Assets With Donor Restrictions**

The net assets with donor restrictions were restricted for the following purposes at June 30<sup>th</sup>:

	<u>2020</u>	<u>2019</u>
Office furniture and equipment		\$ 49,009
Endowment Fund-JCF	\$ 9,548	
Technology	10,762	
Staff overtime	5,000	
Client needs	746	
Clinical program supplies	<u>6,766</u>	<u>1,205</u>
	<u>\$ 32,822</u>	<u>\$ 50,214</u>

**8. Retirement Plan**

The Center has a defined contribution plan covering all employees that work at least 20 hours a week. The Center contributes up to 2% of eligible employees' annual compensation to the plan on an employee matching basis. Total retirement expense for the years ended June 30, 2020 and 2019 was \$9,552 and \$20,991, respectively.

**9. Operating Lease**

The Center leases office space from Pima County and entered into an agreement which expires in September 2033. In lieu of base rent, the Center pays 61.7% of the lessor's operating expenses for the building and a nominal fee for each telephone line and internet connection, based on the County's budgeted rates. The Center also pays an additional 10% of their prorated share of building expenses toward a capital repair and replacement fund for the building. The required monthly lease amounts were determined to be \$9,674 and \$9,434 for the years ended June 30, 2020 and 2019, respectively. The required monthly lease amounts for the year ended June 30, 2021 has been determined to be \$7,131.

The future minimum annual lease payments due under the lease based on current level of operating expenses are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 85,572
2022	85,572
2023	85,572
2024	85,572
2025	85,572
Thereafter	<u>705,969</u>
	<u>\$ 1,133,829</u>

**Southern Arizona Children's Advocacy Center, Inc.**  
**Notes To Financial Statements**  
**June 30, 2020 and 2019**

**9. Operating Lease (continued)**

Office lease expense for the years ended June 30, 2020 and 2019 was \$116,086 and \$113,343, respectively.

**10. Contingencies**

The Center may be subject to compliance audits by the grantor agencies. The nature and extent of such audits is uncertain and assessments, if any, which could result would be recorded when they become determinable.

**11. Liquidity**

Financial assets as of June 30, 2020	\$ 945,344
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Property lease commitment	(85,572)
Subject to appropriation and satisfaction of donor restrictions	<u>(32,822)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$826,950</u>

The Center is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Center invests cash in excess of immediate and very short-term projected requirements in short-term investments. These short-term, liquid investments may be used to fulfil needs resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

**12. Subsequent Events**

The Center evaluated subsequent events through September 25, 2020, which represents the date report was available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

These notes are an integral part of the financial statements.

