

**THE CHILDREN'S CENTER OF MEDINA COUNTY**  
**(A NON-PROFIT ORGANIZATION)**  
**FINANCIAL STATEMENTS**  
**Years Ended June 30, 2019 and 2018**

**Laura J. MacDonald, CPA, Inc.**  
**135 North Broadway**  
**Medina, Ohio 44256**

**THE CHILDREN'S CENTER OF MEDINA COUNTY  
(A NON-PROFIT ORGANIZATION)  
FINANCIAL STATEMENTS  
June 30, 2019 and 2018**

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Specializing in Audits  
of Non-Profit Agencies

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
The Children's Center of Medina County  
Medina, Ohio

I have audited the accompanying financial statements of The Children's Center of Medina County (a non-profit organization) which comprise the Statements of Financial Position as of June 30, 2019 and 2018 and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended, and the related Notes to the Financial Statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits 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, I 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.

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 The Children's Center of Medina County as of June 30, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Medina, Ohio  
April 27, 2020

**THE CHILDREN'S CENTER OF MEDINA COUNTY  
(A NON-PROFIT ORGANIZATION)  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents:		
Unrestricted	\$ 75,983	\$ 87,009
Restricted for capital campaign	237,336	110,478
Grants and reimbursement contracts receivable	27,056	10,000
Accounts receivable	1,060	-
Unconditional promises to give - current portion	48,648	45,573
Prepaid expenses	1,287	4,662
	<hr/>	<hr/>
<b>TOTAL CURRENT ASSETS</b>	391,370	257,722
<b>PROPERTY AND EQUIPMENT</b>		
Land	58,700	-
Building and building improvements	418,712	-
Computers and software	2,795	2,795
Furniture and equipment	36,691	36,691
Leasehold improvements	-	1,661
	<hr/>	<hr/>
	516,898	41,147
Less accumulated depreciation	(31,464)	(22,870)
	<hr/>	<hr/>
	485,434	18,277
<b>CONSTRUCTION IN PROGRESS</b>		
	-	99,500
<b>OTHER ASSETS</b>		
Unconditional promises to give - long-term portion	11,952	51,607
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<u>\$ 888,756</u>	<u>\$ 427,106</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 78,869	\$ 1,438
Accrued payroll and related expenses and withholdings	5,608	6,356
Current portion of long-term debt,	30,335	1,826
	<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>	114,812	9,620
<b>LONG-TERM DEBT, net of unamortized discount, less current portion</b>		
	<hr/>	<hr/>
	161,140	65,764
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	275,952	75,384
<b>NET ASSETS</b>		
Without donor restrictions	314,868	144,064
With donor restrictions	297,936	207,658
	<hr/>	<hr/>
<b>TOTAL NET ASSETS</b>	612,804	351,722
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 888,756</u>	<u>\$ 427,106</u>

Please refer to accompanying notes.

**THE CHILDREN'S CENTER OF MEDINA COUNTY**  
**(A NON-PROFIT ORGANIZATION)**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
<b>UNRESTRICTED SUPPORT AND REVENUE</b>		
Program revenue:		
JFS visitation revenue	\$ 25,200	\$ 18,900
Human trafficking program revenue	8,299	2,380
Medical exam revenue	10,112	27,176
Contributions	22,781	35,147
Fundraising revenue, net of expenses of \$20,807 and \$23,168 in 2019 and 2018, respectively	114,735	91,628
Grants and reimbursement contracts	180,440	116,089
In-kind contributions:		
General	21,045	34,064
New facility	89,895	30,000
Other income	4,191	879
	<u>476,698</u>	<u>356,263</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Satisfaction of donor restrictions	109,549	-
	<u>586,247</u>	<u>356,263</u>
<b>UNRESTRICTED EXPENSES</b>		
Program expenses	268,499	211,050
Fundraising expenses	4,469	4,821
Management and general expenses	142,475	128,978
	<u>415,443</u>	<u>344,849</u>
<b>INCREASE IN UNRESTRICTED NET ASSETS</b>	170,804	11,414
<b>CHANGE IN DONOR RESTRICTED NET ASSETS</b>		
Contributions restricted for capital campaign	199,827	207,658
Contributions disbursed for restricted purposes	(109,549)	-
<b>NET INCREASE IN DONOR RESTRICTED NET ASSETS</b>	<u>90,278</u>	<u>207,658</u>
<b>INCREASE IN NET ASSETS</b>	261,082	219,072
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>351,722</u>	<u>132,650</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 612,804</u>	<u>\$ 351,722</u>

Please refer to accompanying notes.

THE CHILDREN'S CENTER OF MEDINA COUNTY  
(A NON-PROFIT ORGANIZATION)  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2019

	<u>PROGRAM EXPENSES</u>	<u>FUND- RAISING</u>	<u>MANAGE- MENT AND GENERAL</u>	<u>AGENCY TOTALS</u>
Salaries and wages	\$ 136,843	\$ 2,761	\$ 75,971	\$ 215,575
Payroll taxes and benefits	10,134	-	18,835	28,969
Facility expenses	21,463	-	5,365	26,828
Office expenses	15,623	24	9,301	24,948
Conferences	15,112	208	99	15,419
Professional fees	5,080	-	5,092	10,172
Medical exams	3,930	-	-	3,930
Insurance	-	-	7,788	7,788
Equipment/service contracts	5,894	-	9,744	15,638
Interest	6,328	-	159	6,487
Depreciation	2,029	-	8,227	10,256
In-kind expenses	19,522	-	1,523	21,045
Other	26,541	1,476	371	28,388
	<u>\$ 268,499</u>	<u>\$ 4,469</u>	<u>\$ 142,475</u>	<u>\$ 415,443</u>

Please refer to accompanying notes.

THE CHILDREN'S CENTER OF MEDINA COUNTY  
(A NON-PROFIT ORGANIZATION)  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended June 30, 2018

	<u>PROGRAM EXPENSES</u>	<u>FUND- RAISING</u>	<u>MANAGE- MENT AND GENERAL</u>	<u>AGENCY TOTALS</u>
Salaries and wages	\$ 114,336	\$ 2,681	\$ 72,198	\$ 189,215
Payroll taxes and benefits	13,720	-	9,530	23,250
Facility expenses	17,777	-	4,444	22,221
Office expenses	16,726	170	6,875	23,771
Conferences	14,957	27	102	15,086
Professional fees	6,840	-	3,504	10,344
Medical exams	2,525	-	-	2,525
Insurance	-	-	4,616	4,616
Equipment/service contracts	732	-	6,403	7,135
Interest	-	-	1,416	1,416
Depreciation	5,982	-	1,463	7,445
In-kind expenses	15,873	1,000	17,191	34,064
Other	1,582	943	1,236	3,761
	<u>\$ 211,050</u>	<u>\$ 4,821</u>	<u>\$ 128,978</u>	<u>\$ 344,849</u>

Please refer to accompanying notes.

**THE CHILDREN'S CENTER OF MEDINA COUNTY**  
**(A NON-PROFIT ORGANIZATION)**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 261,082	\$ 219,072
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Non-cash contributions for purchase/renovation of facility	(89,895)	(30,000)
Depreciation	10,256	7,445
Amortization of deferred financing fees	159	32
(Increase) decrease in assets:		
Grants and reimbursement contracts receivable	(17,056)	2,919
Accounts receivable	(1,060)	6,320
Unconditional promises to give	36,580	(97,180)
Prepaid expenses	3,375	(1,938)
Increase (decrease) in liabilities:		
Accounts payable	77,431	(4,262)
Accrued payroll and related expenses and withholdings	(748)	1,454
	<u>280,124</u>	<u>103,862</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>280,124</b>	<b>103,862</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of land and building	-	(69,500)
Building renovations	(288,018)	-
	<u>(288,018)</u>	<u>-</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(288,018)</b>	<b>(69,500)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash payments for financing fees	-	(3,181)
Payments on long-term debt	(1,987)	(601)
Borrowings on long-term debt	125,713	71,340
	<u>123,726</u>	<u>67,558</u>
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>123,726</b>	<b>67,558</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>115,832</b>	<b>101,920</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>197,487</u>	<u>95,567</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 313,319</u>	<u>\$ 197,487</u>

Please refer to accompanying notes.

**THE CHILDREN'S CENTER OF MEDINA COUNTY**  
**(A NON-PROFIT ORGANIZATION)**  
**STATEMENTS OF CASH FLOWS (Continued)**  
**Years Ended June 30, 2019 and 2018**

**Cash and Cash Equivalents:**

Cash and cash equivalents at the end of the year consists of the following:

	<u>2019</u>	<u>2018</u>
Unrestricted cash and cash equivalents	\$ 75,983	\$ 87,009
Cash restricted for capital campaign	<u>237,336</u>	<u>110,478</u>
	<u>\$ 313,319</u>	<u>\$ 197,487</u>

**Supplemental Schedule of Non-Cash Investing and Financing Activities**

In February, 2018, The Children's Center of Medina County entered into an agreement to purchase land and a building for a purchase price of \$99,500. Of this amount, \$30,000 was contributed by the seller and has been reflected as an in-kind contribution. This non-cash transaction has been excluded from the accompanying Statement of Cash Flows for 2018.

During fiscal 2019, a total of \$89,895 in non-cash contributions in the form of building materials and related renovations was received by the The Center. These non-cash transactions have been excluded from the accompanying Statement of Cash Flows for 2019.

**THE CHILDREN’S CENTER OF MEDINA COUNTY  
(A NON-PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Children’s Center of Medina County (the Center) was incorporated in 2007 as a non-profit organization for the purpose of nurturing abused and neglected children through collaboration, advocacy, treatment and prevention. The Center’s primary sources of funding are grant revenues, fundraisers, private donations and program service fees.

**Accounting Basis**

The Children’s Center of Medina County (the Center) maintains its financial statements on the accrual basis of accounting, in accordance with generally accepted accounting principles.

**Financial Statement Presentation**

The Center’s financial statements are presented in accordance with FASB Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* and the provisions of Accounting Standards Update (ASU) 2016-14. The Center has adopted ASU 2016-14 during its 2019 fiscal year and this ASU has been applied retrospectively to the accompanying 2018 financial statements, to conform with the 2019 presentation. The retrospective adoption of ASU 2016-14 had no impact on assets, liabilities, total net assets or the change in net assets for 2018. ASU 2016-14 requires the Organization to report information regarding its financial position and activities in two categories of net assets as described below:

**Net Assets Without Donor Restrictions**

Net Assets Without Donor Restrictions are either not subject to donor-imposed stipulations or are subject to such restrictions but those restrictions have been met in the same fiscal period that the revenue is recorded.

**Net Assets With Donor Restrictions**

Net Assets With Donor Restrictions are subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. Net assets with donor restrictions totaled \$297,936 as of June 30, 2019 and \$207,658 as of June 30, 2018 and consists of capital campaign funds pledged for the Center’s new facility and restricted campaign funds received.

**Property and Equipment**

Property and equipment is stated at cost, or in the case of contributed property, at fair market value as of the date of contribution. All individual acquisitions of property and equipment over \$1,500 are capitalized. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Building and building improvements	39 years
Computers and software	5 years
Furniture and equipment	5 years
Leasehold improvements	5 years

No depreciation is taken on construction in progress until the related assets are placed in service.

**Accounts/Grants and Reimbursement Contracts Receivable**

Accounts, grants and reimbursement contracts receivable are considered to be fully collectible; accordingly, no allowance for doubtful accounts is required. The funds due from various funding sources under grants and reimbursement contracts are recognized as revenue in the accounting period when expenditures are incurred and the grant funds are earned.

**THE CHILDREN'S CENTER OF MEDINA COUNTY  
(A NON-PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)**

**Compensated Absences**

Certain employees of the Organization are entitled to paid vacation, sick and personal days off. None of these benefits vest and vacation leave is expensed as incurred.

**Contributions**

Contributions are accounted for in accordance with FASB ASC 958-605-2. FASB ASC 958-605-2 requires that contributions are recognized when a donor makes a pledge to give that is, in substance, unconditional. Contributions that are restricted by a donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases donor restricted net assets. When a restriction expires, donor restricted net assets are reclassified to unrestricted net assets.

**In-kind Contributions**

The Center recognizes in-kind contributions of space, supplies and services in accordance with the guidelines outlined in FASB ASC 958-605. In accordance with FASB ASC 958-605, in-kind contributions of services are recognized as revenue in the financial statements if the services received (a) create or enhance non-financial assets (primarily property or other tangible or intangible assets) or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet this criteria, and promises to give such services, are not recognized.

In-kind contributions consisting of professional services, office space (through September, 2017), supplies and utilities totaled \$21,045 and \$34,064 for the years ended June 30, 2019 and 2018, respectively. In addition to this, in February 2018, the Center received a \$30,000 in-kind donation from the seller of its new facility and during the fiscal year ending June 30, 2019, in-kind donations relating to the renovation of the Center's new facility totaled \$89,895.

**Disclosure of Subsequent Events**

The Center is required to disclose the date through which subsequent events have been evaluated, in accordance with the requirements of FASB ASC Paragraph 855-10-50-1. The Center has evaluated all subsequent events from July 1, 2019 through the date the accompanying financial statements were available to be issued (April 27, 2020).

**Income Taxes**

The Center is a private non-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. None of the Center's present or anticipated future activities are subject to taxation as unrelated business income. Therefore, no provision for income taxes has been made in the accompanying financial statements.

The Center has adopted the provisions of FASB ASC 740-10-25 that requires the disclosure of uncertain tax positions. There have been no interest or penalties recognized in the accompanying Statements of Financial Position or the Statements of Activities relating to uncertain tax positions. Additionally, no tax

**THE CHILDREN'S CENTER OF MEDINA COUNTY  
(A NON-PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Income Taxes (Continued)**

positions exist for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease during the next 12 months. The Center evaluates uncertain tax positions, if any, on a continual basis. The Center's Federal income tax returns are generally subject to examination by the IRS for three years after they are filed.

**Statements of Cash Flows**

The Statements of Cash Flows are presented in accordance with FASB ASC 230. The Center considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consisted of money market funds as of June 30, 2019 and 2018. In accordance with ASU 2016-14, restricted deposits have also been included in cash and cash equivalents in the accompanying Statements of Cash Flows. Cash payments for interest totaled \$6,327 and \$1,384 during the years ended June 30, 2019 and 2018, respectively. There were no cash payments for income taxes.

**Functional Allocation of Expenses**

The costs of nurturing abused and neglected children and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, certain costs have been allocated between program expenses, management and general expenses and fundraising expenses using various allocation methods which attempt to allocate the costs equitably in relation to the benefits provided.

**Impairment of Long-Lived Assets**

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of assets carrying value to its future undiscounted net cash flows. Impaired assets are recognized at the lower of fair value or carrying amount. No impaired assets were identified during the years ended June 30, 2019 and 2018.

**Concentration of Credit Risk**

Financial instruments, which could potentially subject The Children's Center of Medina County to concentration of credit risk include cash and cash equivalents and grants/contracts and pledges receivable. These financial instruments are all carried at their approximate fair value. At various times during the years ended June 30, 2019 and 2018, bank balances exceeded federally insured limits. As of June 30, 2019 bank balances exceeded federally insured limits by approximately \$63,000. The Center's policy is to limit credit exposure on financial instruments and to place its cash and cash equivalents with financial institutions that are credit worthy. Grants and reimbursement contracts receivable are due primarily governmental entities and non-profit Organizations with limited credit risk.

**Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make certain estimates that affect the amount of assets, liabilities, revenues and expenses reported in the financial statements. Actual results could differ from those estimates.

**Reclassifications**

Certain account balances in the 2018 financial statements have been reclassified to conform with the 2019 presentation.

**THE CHILDREN'S CENTER OF MEDINA COUNTY  
(A NON-PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018**

**NOTE 2 – UNCONDITIONAL PROMISES TO GIVE/RELATED PARTY TRANSACTIONS**

Unconditional promises to give totaled \$60,600 and \$97,180 as of June 30, 2019 and 2018, respectively and consists exclusively of capital campaign pledges for the Center's new facility. These pledges include \$8,800 in pledges from the Center's Board members and \$51,800 in pledges from unrelated entities in 2019 and \$32,180 in pledges from the Center's Board members and \$65,000 in pledges from unrelated entities in 2018; and are due in the following subsequent fiscal years:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$48,648
2021	11,952

No allowance for uncollectible campaign pledges has been reflected in the accompanying Statements of Financial Position and it is the opinion of management that substantially all pledges will be collected.

**NOTE 3 – GRANTS AND REIMBURSEMENT CONTRACTS RECEIVABLE**

Grants and reimbursement contracts receivable totaled \$27,056 and \$10,000 as of June 30, 2019 and 2018, respectively, and consists of grant funding due under the Victims of Crime Act (VOCA) in each fiscal year.

**NOTE 4 – CONSTRUCTION IN PROGRESS**

Construction in progress as of June 30, 2018 totaled \$99,500, and consisted of land and a building purchased in February, 2018. The Center began renovating and expanding this facility (to be used for its administrative offices) in September 2018. This construction project was completed in the spring of 2019.

**NOTE 5 – LONG-TERM DEBT/SUBSEQUENT EVENT**

Long-term debt consists of the following as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Commercial promissory note payable to bank in monthly installments of \$504, including interest at a variable rate (5.745% through March, 2023) and adjusted thereafter, with any unpaid principal and accrued interest due in February, 2038. Secured by land and building and any related improvements.	\$68,752	\$70,739
Construction loan, payable to bank in monthly installments of interest only at a variable rate (6.00% as of June, 2019) Secured by land and building and any related improvements.	<u>125,713</u>	<u>—</u>
	194,465	70,739
Less debt issuance costs	<u>(2,990)</u>	<u>(3,149)</u>
	191,475	67,590
Less current portion	<u>30,335</u>	<u>1,826</u>
Long – term portion	<u>161,140</u>	<u>\$65,764</u>

**THE CHILDREN'S CENTER OF MEDINA COUNTY  
(A NON-PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018**

**NOTE 5 – LONG-TERM DEBT (Continued)**

Future maturities of long-term debt are as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2020	\$ 30,335
2021	5,579
2022	5,825
2023	6,081
2024	6,349
Thereafter	140,296

In accordance with ASC 835-30-45-32 debt issuance costs (totaling \$2,990 as of June 30, 2019) have been reflected as a reduction in the related debt balance and will be amortized over the life of the loan (20 years). Amortization expense associated with debt issuance costs totaled \$159 and \$32 for the years ended June 30, 2019 and 2018, respectively, and have been included in interest expense in the accompanying Statements of Functional Expenses.

On October 10, 2019, the Center's Commercial Promissory Note and the Center's Construction Loan were paid in full with approximately \$103,000 in funding contributed by the Center, and additional funding provided by a new mortgage note in the amount of \$168,413. This new debt instrument bears interest at a variable rate (4.26% as of October 10, 2019) and is payable in monthly installments of \$1,049, with all unpaid principal and interest due on October 10, 2039.

**NOTE 6 - CORPORATE FUNDRAISING ACTIVITIES**

The Center held various fundraising activities during the years ended June 30, 2019 and 2018. Revenue and expenses from these activities totaled \$135,542 and \$20,807, respectively during the year ended June 30, 2019 and \$114,796 and \$23,168, respectively during the year ended June 30, 2018.

**NOTE 7 – DONOR RESTRICTED NET ASSETS**

Donor restricted net assets totaled \$297,936 and \$207,658 as of June 30, 2019 and 2018 and consists of the following:

	<u>2019</u>	<u>2018</u>
Cash restricted for capital campaign	\$237,336	\$110,478
Unconditional promises to give:		
Current portion	48,648	45,573
Long-term portion	<u>11,952</u>	<u>51,607</u>
	<u>\$297,936</u>	<u>\$207,658</u>

**NOTE 8 – NON-CANCELLABLE OPERATING LEASE COMMITMENTS**

The Center leases office equipment under a non-cancellable operating lease agreement. Future minimum payments under this agreement are as follows:

<u>Year Ended June 30,</u>	
2020	\$1,536
2021	1,536
2022	1,536
2023	1,152
Thereafter	-

Rent expense for all leases totaled \$17,736 for the year ended June 30, 2019 and \$16,956 for the year ended June 30, 2018.

**THE CHILDREN'S CENTER OF MEDINA COUNTY  
(A NON-PROFIT ORGANIZATION)  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019 and 2018**

**NOTE 9 -- RETIREMENT PLAN**

During fiscal 2019, The Children's Center of Medina County established a SIMPLE IRA in order to provide retirement benefits to eligible employees. The Center has agreed to make voluntary annual contributions to the Plan, at the discretion of the Center's Board of Trustees. During the year ended June 30, 2019, The Center contributed \$3,045 to this Plan and this contribution was based on employee matching contributions of up to 3% of each eligible employee's salary.

**NOTE 10 - LIQUIDITY**

The Center's sources of revenue includes program revenue, fundraising revenue, contributions, grants, reimbursement contracts and other unrestricted revenue (which accounts for approximately 80% of total revenues, excluding in-kind). Because the Center's unrestricted revenue stream is substantial, the Organization's management anticipates it will have no difficulty maintaining sufficient resources to meet any restrictions imposed by its donors during the upcoming year. The Center had \$237,336 in restricted capital campaign contributions held in a separate bank deposit account as of June 30, 2019 and this amount represents all restricted unspent contributions received as of June 30, 2019.

As of June 30, 2019, the Center also had \$75,983 in unrestricted cash and cash equivalents and \$27,056 in grants and reimbursement contracts receivable available to meet obligations for general expenditures.