

THE CHILDREN'S CENTER OF MEDINA COUNTY

(A NON-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

**Laura J. MacDonald, CPA, Inc.
3637 Medina Road, Suite 25
Medina, Ohio 44256**

**THE CHILDREN'S CENTER OF MEDINA COUNTY
(A NON-PROFIT ORGANIZATION)
FINANCIAL STATEMENTS
June 30, 2023 and 2022**

<u>TABLE OF CONTENTS</u>	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statement of Functional Expenses	
Year Ended June 30, 2023	5
Year Ended June 30, 2022	6
Statements of Cash Flows	7
Notes to Financial Statements	8



Specializing in Audits
of Non-Profit Agencies

LAURA J. MACDONALD
CPA, INC.

3637 Medina Road, Suite 25 • Medina, Ohio 44256
330-760-3478

INDEPENDENT AUDITOR'S REPORT

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

Opinion

I have audited the accompanying financial statements of The Children's Center of Medina County (a nonprofit organization), which comprise the Statements of Financial Position as of June 30, 2023 and 2022, and the related Statements of Activities, Functional Expenses and Cash Flows for the years then ended, and the related Notes to the Financial Statements.

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, 2023 and 2022, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Children's Center of Medina County and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Children's Center of Medina County's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

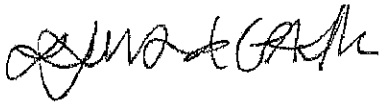
My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

In performing an audit in accordance with generally accepted auditing standards I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Children's Center of Medina County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Children's Center of Medina County's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.



Medina, Ohio
October 31, 2023

THE CHILDREN'S CENTER OF MEDINA COUNTY
(A NON-PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents		
Unrestricted	\$ 541,754	\$ 195,872
Restricted for capital campaign	12,483	8,074
Grants and reimbursement contracts receivable	7,921	7,921
Accounts receivable	8,645	3,700
Prepaid expenses	8,576	5,072
	<hr/>	<hr/>
TOTAL CURRENT ASSETS	579,379	220,639
PROPERTY AND EQUIPMENT		
Land	58,700	58,700
Building and building improvements	721,755	721,755
Computers and software	11,073	9,641
Furniture and equipment	48,981	48,981
Land improvements	65,147	57,247
	<hr/>	<hr/>
	905,656	896,324
Less accumulated depreciation	(146,335)	(114,231)
	<hr/>	<hr/>
	759,321	782,093
	<hr/>	<hr/>
	\$ 1,338,700	\$ 1,002,732
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,282	\$ 2,525
Accrued expenses		
Accrued payroll and related expenses and withholdings	3,810	4,405
Accrued vacation	15,683	13,313
Refundable advances	14,904	-
	<hr/>	<hr/>
TOTAL CURRENT LIABILITIES	38,679	20,243
NET ASSETS		
Net assets without donor restrictions	1,267,538	974,415
Net assets with donor restrictions	32,483	8,074
	<hr/>	<hr/>
TOTAL NET ASSETS	1,300,021	982,489
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 1,338,700	\$ 1,002,732
	<hr/>	<hr/>

Please refer to accompanying notes.

**THE CHILDREN'S CENTER OF MEDINA COUNTY
(A NON-PROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
CHANGES IN UNRESTRICTED NET ASSETS		
UNRESTRICTED SUPPORT AND REVENUE		
Program revenue:		
JFS visitation revenue/Visitation Coordinator	\$ 40,651	\$ 35,026
Medical exam revenue	6,000	6,000
Contributions	365,448	122,613
Fundraising revenue, net of expenses of \$24,472 and \$18,578 in 2023 and 2022, respectively	194,195	183,093
Grants and reimbursement contracts	99,361	172,985
In-kind contributions	36,613	33,848
Other income	3,307	8,526
	<u>745,575</u>	<u>562,091</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of donor restrictions	8,091	30,610
	<u>753,666</u>	<u>592,701</u>
UNRESTRICTED EXPENSES		
Program expenses	320,411	341,909
Fundraising expenses	9,128	8,801
Management and general expenses	131,004	112,034
	<u>460,543</u>	<u>462,744</u>
INCREASE IN UNRESTRICTED NET ASSETS	293,123	129,957
CHANGE IN DONOR RESTRICTED NET ASSETS		
Contributions received for capital/other projects	32,500	-
Contributions disbursed for capital/other projects	(8,091)	(30,610)
	<u>24,409</u>	<u>(30,610)</u>
INCREASE (DECREASE) IN DONOR DONOR RESTRICTED NET ASSETS	<u>24,409</u>	<u>(30,610)</u>
INCREASE IN NET ASSETS	317,532	99,347
NET ASSETS AT BEGINNING OF YEAR	<u>982,489</u>	<u>883,142</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,300,021</u>	<u>\$ 982,489</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, 2023

	<u>PROGRAM EXPENSES</u>	<u>FUND- RAISING</u>	<u>MANAGE- MENT AND GENERAL</u>	<u>AGENCY TOTALS</u>
Salaries and wages	\$ 166,546	\$ 5,100	\$ 88,808	\$ 260,454
Payroll taxes and benefits	24,943	751	13,294	38,988
Facility expenses	11,979	-	2,995	14,974
Office expenses	9,639	3,277	6,362	19,278
Conferences	8,886	-	-	8,886
Professional fees	23,715	-	11,000	34,715
Insurance	3,944	-	986	4,930
Equipment/service contracts	371	-	-	371
Depreciation	25,683	-	6,421	32,104
In-kind expenses	36,613	-	-	36,613
Other	8,092	-	1,138	9,230
	<u>\$ 320,411</u>	<u>\$ 9,128</u>	<u>\$ 131,004</u>	<u>\$ 460,543</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, 2022

	<u>PROGRAM EXPENSES</u>	<u>FUND- RAISING</u>	<u>MANAGE- MENT AND GENERAL</u>	<u>AGENCY TOTALS</u>
Salaries and wages	\$ 168,181	\$ 3,169	\$ 62,500	\$ 233,850
Payroll taxes and benefits	27,684	-	9,938	37,622
Facility expenses	12,900	-	4,704	17,604
Office expenses	13,110	4,545	8,564	26,219
Conferences	5,546	873	-	6,419
Professional fees	13,768	-	11,650	25,418
Insurance	5,390	-	1,348	6,738
Equipment/service contracts	7,414	-	1,853	9,267
Interest	3,556	-	1,250	4,806
Depreciation	26,240	-	6,559	32,799
In-kind expenses	33,634	214	-	33,848
Other	24,486	-	3,668	28,154
	<u>\$ 341,909</u>	<u>\$ 8,801</u>	<u>\$ 112,034</u>	<u>\$ 462,744</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, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 317,532	\$ 99,347
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	32,104	28,549
Amortization of deferred financing fees	-	4,250
(Increase) decrease in assets:		
Grants and reimbursement contracts receivable	-	15,642
Accounts receivable	(4,945)	(3,700)
Prepaid expenses	(3,504)	3,962
Increase (decrease) in liabilities:		
Accounts payable	1,757	(6,237)
Accrued payroll and related expenses and withholdings	1,775	9,961
Refundable advances	14,904	(2,625)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>359,623</u>	<u>149,149</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Property and equipment additions	(9,332)	(16,532)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	<u>-</u>	<u>(85,235)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	350,291	47,382
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>203,946</u>	<u>156,564</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 554,237</u>	<u>\$ 203,946</u>
 <u>Cash and Cash Equivalents:</u>		
Cash and cash equivalents at the end of the year consists of the following:		
	<u>2023</u>	<u>2022</u>
Unrestricted cash and cash equivalents	\$ 541,754	\$ 195,872
Cash restricted for capital campaign	12,483	8,074
	<u>\$ 554,237</u>	<u>\$ 203,946</u>

Please refer to accompanying notes.

**THE CHILDREN’S CENTER OF MEDINA COUNTY
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022**

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. The Children’s Center’s mission is to reduce trauma by providing a pathway to healing for children and families impacted by abuse, neglect and exploitation. 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 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. 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 \$32,483 as of June 30, 2023 and \$8,074 as of June 30, 2022 and includes \$12,483 and \$8,074 in capital campaign funds pledged for the Center’s new facility and restricted campaign funds received and not yet spent, as of June 30, 2023 and 2022, respectively; along with an additional \$20,000 in unspent, restricted donations for the Family and Canine Advocate programs in 2023.

Adoption of ASC 606 “Revenue from Contracts with Customers”

The Organization has adopted ASC 606 effective for its 2021 fiscal year beginning July 1, 2020, using the full retrospective approach. This standard requires an entity to recognize revenue when control of the related goods or services is transferred to the customer or patient. Revenues are recognized in an amount equal to the expected compensation to be received. Because the Center bills for services on a daily basis and has no long-term performance contracts, the adoption of this accounting standard did not materially impact the 2023 or 2022 financial position, results of operations or cash flows of the Organization.

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

**THE CHILDREN'S CENTER OF MEDINA COUNTY
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022**

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

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.

Compensated Absences

Certain employees of the Organization are entitled to paid vacation, sick and personal days off. Accrued vacation totaled \$15,683 as of June 30, 2023 and \$13,313 as of June 30, 2022.

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 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 fees, construction services and related supplies totaled \$36,613 and \$33,848 for the years ended June 30, 2023 and 2022, respectively. In 2023, this amount was comprised of \$13,138 in professional services and \$23,475 in supplies. In 2022, this amount was comprised of \$16,200 in professional services and \$17,648 in supplies.

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, 2023 through the date the accompanying financial statements were available to be issued (October 31, 2023).

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 CHILDREN'S CENTER OF MEDINA COUNTY
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022**

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

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 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 and a certificate of deposit as of June 30, 2023 and of money market funds as of June 30, 2022. 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 \$4,806 during the year ended June 30, 2022. There were no cash payments for interest during the year ended June 30, 2023. There were no cash payments for income taxes during the years ended June 30, 2023 and 2022.

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 shared 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. These allocations are based on square footage and full-time equivalents, as applicable.

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, 2023 and 2022.

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, 2023 and 2022 bank balances exceeded federally insured limits. 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.

**THE CHILDREN'S CENTER OF MEDINA COUNTY
(A NON-PROFIT ORGANIZATION)
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022**

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reclassifications

Certain account balances in the 2022 financial statements have been reclassified to conform with the 2023 presentation.

NOTE 2 – GRANTS AND REIMBURSEMENT CONTRACTS RECEIVABLE

Grants and reimbursement contracts receivable totaled \$7,921 as of June 30, 2023 and 2022, and consists of grant funding due under the Victims of Crime Act (VOCA) in each year.

NOTE 3 - CORPORATE FUNDRAISING ACTIVITIES

The Center held various fundraising activities during the years ended June 30, 2023 and 2022. Revenue and expenses from these activities totaled \$218,667 and \$24,472, respectively during the year ended June 30, 2023 and \$201,671 and \$18,578, respectively during the year ended June 30, 2022.

NOTE 4 – DONOR RESTRICTED NET ASSETS

Donor restricted net assets totaled \$32,483 and \$8,074 as of June 30, 2023 and 2022 and consists of cash restricted for a capital campaign (totaling \$12,483 in 2023 and \$8,074 in 2022) and unspent restricted donations (totaling \$20,000 in 2023).

NOTE 5 – 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 Directors. During the years ended June 30, 2023 and 2022, The Center contributed \$7,367 and \$6,525, respectively to this Plan. These contributions were based on employee matching contributions of up to 3% of each eligible employee's salary.

NOTE 6 - LIQUIDITY

The Center's sources of revenue includes unrestricted program revenue, fundraising revenue, contributions, grants, reimbursement contracts and other unrestricted revenue (which accounts for approximately 99% 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.

As of June 30, 2023, the Center had \$541,754 in unrestricted cash and cash equivalents and \$16,566 in grants and reimbursement contracts/accounts receivable available to meet obligations for general expenditures.

In accordance with ASU 2016-14, assets included in the accompanying Statements of Financial Position have been sequenced according to the date of their anticipated conversion to cash and liabilities have been sequenced according to their estimated maturity dates.