

**FORT BEND COUNTY CHILD
ADVOCATES, INC.
AND
FORT BEND COUNTY CHILD
ADVOCATES ENDOWMENT, INC.**

COMBINING FINANCIAL STATEMENTS

**For the Year Ended December 31, 2020
with Comparative Totals for 2019**

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
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ESTABLISHED IN 1991

CHILD
ADVOCATES
OF FORT BEND™

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Fort Bend County Child Advocates, Inc.
and Fort Bend County Child Advocates Endowment, Inc.
Rosenberg, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Fort Bend County Child Advocates, Inc. and Fort Bend County Child Advocates Endowment, Inc. Endowment (collectively, the "Organization") which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization as of December 31, 2020, 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.

To the Board of Directors
Fort Bend County Child Advocates, Inc.
and Fort Bend County Child Advocates Endowment, Inc.

Report on Summarized Comparative Information

We have previously audited the Organization’s 2019 financial statements, and our report dated August 18, 2020 expressed an unmodified opinion on those audited financial statements. 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2021, on our consideration of the Organization’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.



Houston, Texas
June 15, 2021

FINANCIAL STATEMENTS

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
As of December 31, 2020 (with comparative totals for 2019)**

	<u>Agency</u>	<u>Endowment</u>	<u>Eliminations</u>	<u>2020 Total</u>	<u>2019 Total</u>
Assets					
Cash and cash equivalents	\$ 1,487,274	\$ 278,097	\$ -	\$ 1,765,371	\$ 2,716,568
Grants receivable	575,265	-	-	575,265	865,602
Promises to give, net	433,779	-	-	433,779	537,223
Capital campaign, net	517,830	-	-	517,830	2,274,285
Prepaid expenses	4,237	-	-	4,237	22,122
Property and equipment, net	8,627,855	-	-	8,627,855	7,433,913
Due from Endowment	599,051	-	(599,051)	-	-
Investments	-	4,568,175	-	4,568,175	3,794,456
Total Assets	<u>\$ 12,245,291</u>	<u>\$ 4,846,272</u>	<u>\$ (599,051)</u>	<u>\$ 16,492,512</u>	<u>\$ 17,644,169</u>
Liabilities and Net Assets					
Liabilities:					
Accounts payable	\$ 57,841	\$ -	\$ -	\$ 57,841	\$ 25,990
Accrued expenses	103,252	-	-	103,252	1,600,385
Loan payable	464,200	-	-	464,200	-
Due to Agency	-	599,051	(599,051)	-	-
Total Liabilities	<u>625,293</u>	<u>599,051</u>	<u>(599,051)</u>	<u>625,293</u>	<u>1,626,375</u>
Net Assets:					
Without Donor Restrictions:					
Invested in property and equipment	8,627,855	-	-	8,627,855	7,433,913
Board designated endowment	-	4,247,221	-	4,247,221	3,820,974
Undesignated	2,470,925	-	-	2,470,925	3,979,789
Total Without Donor Restrictions	<u>11,098,780</u>	<u>4,247,221</u>	<u>-</u>	<u>15,346,001</u>	<u>15,234,676</u>
With Donor Restrictions	<u>521,218</u>	<u>-</u>	<u>-</u>	<u>521,218</u>	<u>783,118</u>
Total Net Assets	<u>11,619,998</u>	<u>4,247,221</u>	<u>-</u>	<u>15,867,219</u>	<u>16,017,794</u>
Total Liabilities and Net Assets	<u>\$ 12,245,291</u>	<u>\$ 4,846,272</u>	<u>\$ (599,051)</u>	<u>\$ 16,492,512</u>	<u>\$ 17,644,169</u>

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
COMBINING STATEMENT OF ACTIVITIES
As of December 31, 2020 (with comparative totals for 2019)**

	<u>Agency</u>	<u>Endowment</u>	<u>Eliminations</u>	<u>2020 Total</u>	<u>2019 Total</u>
Net Assets Without Donor Restrictions					
Revenues and Gains:					
Contributions and grants	\$ 780,682	\$ -	\$ (221,001)	\$ 559,681	\$ 3,855,401
Federal and State grants	2,023,149	-	-	2,023,149	1,878,174
Partner reimbursements	20,618	-	-	20,618	16,181
Special fundraising events	678,243	-	-	678,243	559,531
Less: cost of direct benefits to donors	(4,500)	-	-	(4,500)	(74,152)
In-kind contributions	950	36,095	-	37,045	34,350
Net investment return	7,201	650,268	-	657,469	633,278
Total Revenues and Gains	<u>3,506,343</u>	<u>686,363</u>	<u>(221,001)</u>	<u>3,971,705</u>	<u>6,902,763</u>
Net assets released from restrictions	656,900	-	-	656,900	285,000
Total Revenues and Gains, and Releases from Restrictions	<u>4,163,243</u>	<u>686,363</u>	<u>(221,001)</u>	<u>4,628,605</u>	<u>7,187,763</u>
Expenses					
Program:					
Contribution Agency	-	221,001	(221,001)	-	-
Program services	3,481,900	-	-	3,481,900	2,997,467
Total Program	<u>3,481,900</u>	<u>221,001</u>	<u>(221,001)</u>	<u>3,481,900</u>	<u>2,997,467</u>
Supporting Services:					
General and administrative	865,740	39,115	-	904,855	794,474
Fundraising	64,014	-	-	64,014	114,061
Capital Campaign	66,511	-	-	66,511	650,695
Total Supporting Services	<u>996,265</u>	<u>39,115</u>	<u>-</u>	<u>1,035,380</u>	<u>1,559,230</u>
Total Expenses	<u>4,478,165</u>	<u>260,116</u>	<u>(221,001)</u>	<u>4,517,280</u>	<u>4,556,697</u>
Change in Net Assets Without Donor Restrictions	<u>(314,922)</u>	<u>426,247</u>	<u>-</u>	<u>111,325</u>	<u>2,631,066</u>
Net Assets with Donor Restrictions					
Contributions	395,000	-	-	395,000	906,900
Net assets released from restrictions	(656,900)	-	-	(656,900)	(285,000)
Change in Net Assets with Donor Restrictions	<u>(261,900)</u>	<u>-</u>	<u>-</u>	<u>(261,900)</u>	<u>621,900</u>
Change in Net Assets	(576,822)	426,247	-	(150,575)	3,252,966
Net Assets, beginning of year	<u>12,196,820</u>	<u>3,820,974</u>	<u>-</u>	<u>16,017,794</u>	<u>12,764,828</u>
Net Assets, end of year	<u>\$ 11,619,998</u>	<u>\$ 4,247,221</u>	<u>\$ -</u>	<u>\$ 15,867,219</u>	<u>\$ 16,017,794</u>

FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	Agency				Total
	Program	General and Administrative	Fundraising	Capital Campaign	
Payroll					
Salaries	\$ 2,238,509	\$ 559,627	\$ -	\$ -	\$ 2,798,136
Employee benefits	238,901	61,657	-	-	300,558
Payroll taxes	169,674	42,606	-	-	212,280
Retirement contributions	44,415	11,104	-	-	55,519
Payroll services	22,935	5,734	-	-	28,669
Total Payroll	2,714,434	680,728	-	-	3,395,162
Other					
Bad debts	-	36,000	-	-	36,000
Bank charges	4,287	1,072	14,546	32	19,937
Catering	-	-	-	3,111	3,111
Contracted services	94,836	-	20,070	36,697	151,603
Depreciation (note 4)	223,336	55,834	-	-	279,170
Dues and license fees	14,242	2,106	-	-	16,348
E-mail and website expenses	49,500	12,375	-	-	61,875
Equipment and software	64,550	16,138	-	2,773	83,461
Grants to Agency (note 10)	-	-	-	-	-
Insurance	30,149	7,537	-	-	37,686
Meals	1,424	291	-	-	1,715
Miscellaneous	6,265	30	-	-	6,295
Office supplies	22,347	5,585	-	2,142	30,074
Outreach	708	-	1,869	-	2,577
Postage	4,916	1,229	1,666	-	7,811
Printing	1,794	-	2,314	168	4,276
Professional fees	15,221	3,805	-	-	19,026
Program supplies	68,035	4,970	20,670	3,061	96,736
Program fees	7,878	-	-	2,746	10,624
Promotion	5,572	-	2,879	912	9,363
Repairs and maintenance	57,635	14,409	-	3,211	75,255
Training	32,618	8,155	-	-	40,773
Travel	14,758	3,627	-	-	18,385
Utilities	47,395	11,849	-	11,658	70,902
Total Other	767,466	185,012	64,014	66,511	1,083,003
Total Functional Expenses	\$ 3,481,900	\$ 865,740	\$ 64,014	\$ 66,511	\$ 4,478,165

FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020

	<u>Endowment</u>			<u>Eliminations</u>	<u>Total Expenses</u>
	<u>Program</u>	<u>General and Administrative</u>	<u>Total</u>		
Payroll					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 2,798,136
Employee benefits	-	-	-	-	300,558
Payroll taxes	-	-	-	-	212,280
Retirement contributions	-	-	-	-	55,519
Payroll services	-	-	-	-	28,669
Total Payroll	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,395,162</u>
Other					
Bad debts	-	-	-	-	36,000
Bank charges	-	-	-	-	19,937
Catering	-	-	-	-	3,111
Contracted services	-	-	-	-	151,603
Depreciation (note 4)	-	-	-	-	279,170
Dues and license fees	-	-	-	-	16,348
E-mail and website expenses	-	-	-	-	61,875
Equipment and software	-	-	-	-	83,461
Grants to Agency (note 10)	221,001	-	221,001	(221,001)	-
Insurance	-	2,020	2,020	-	39,706
Meals	-	-	-	-	1,715
Miscellaneous	-	-	-	-	6,295
Office supplies	-	-	-	-	30,074
Outreach	-	-	-	-	2,577
Postage	-	-	-	-	7,811
Printing	-	-	-	-	4,276
Professional fees	-	37,095	37,095	-	56,121
Program supplies	-	-	-	-	96,736
Program fees	-	-	-	-	10,624
Promotion	-	-	-	-	9,363
Repairs and maintenance	-	-	-	-	75,255
Training	-	-	-	-	40,773
Travel	-	-	-	-	18,385
Utilities	-	-	-	-	70,902
Total Other	<u>221,001</u>	<u>39,115</u>	<u>260,116</u>	<u>(221,001)</u>	<u>1,122,118</u>
Total Functional Expenses	<u>\$221,001</u>	<u>\$ 39,115</u>	<u>\$ 260,116</u>	<u>\$ (221,001)</u>	<u>\$ 4,517,280</u>

FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Agency				Total
	Program	General and Administrative	Fundraising	Capital Campaign	
Payroll					
Salaries	\$ 1,902,425	\$ 477,337	\$ -	\$ 221,600	\$2,601,362
Employee benefits	242,810	58,941	-	16,656	318,407
Payroll taxes	147,018	36,776	-	14,560	198,354
Retirement contributions	43,202	10,801	-	-	54,003
Payroll services	20,920	5,230	-	-	26,150
Total Payroll	<u>2,356,375</u>	<u>589,085</u>	<u>-</u>	<u>252,816</u>	<u>3,198,276</u>
Other					
Bad debts	-	55,707	-	-	55,707
Bank charges	2,425	606	13,859	-	16,890
Contracted services	89,814	-	59,569	150,216	299,599
Depreciation (note 4)	86,590	21,648	-	-	108,238
Dues and license fees	8,916	2,221	-	-	11,137
E-mail and website expenses	42,215	10,554	-	-	52,769
Equipment and software	59,802	14,951	-	33,784	108,537
Grants to Agency (note 10)	-	-	-	-	-
Insurance	25,572	6,393	-	-	31,965
Meals	2,924	647	-	-	3,571
Miscellaneous	4,676	208	-	-	4,884
Office supplies	24,581	6,145	-	2,565	33,291
Outreach	858	-	4,875	1,047	6,780
Postage	3,246	725	565	821	5,357
Printing	6,122	-	2,386	4,179	12,687
Professional fees	15,200	3,800	-	-	19,000
Program supplies	78,182	5,231	28,742	75,090	187,245
Program fees	4,183	-	-	4,345	8,528
Promotion	8,943	1,000	4,065	-	14,008
Repairs and maintenance	51,297	12,825	-	110,297	174,419
Telephone	517	-	-	-	517
Training	24,246	4,571	-	-	28,817
Travel	56,255	11,082	-	265	67,602
Utilities	44,528	11,131	-	15,270	70,929
Total Other	<u>641,092</u>	<u>169,445</u>	<u>114,061</u>	<u>397,879</u>	<u>1,322,477</u>
Total Functional Expenses	<u>\$ 2,997,467</u>	<u>\$ 758,530</u>	<u>\$ 114,061</u>	<u>\$ 650,695</u>	<u>\$4,520,753</u>

FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
COMBINING STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	<u>Endowment</u>		<u>Total</u>	<u>Eliminations</u>	<u>Total Expenses</u>
	<u>Program</u>	<u>General and Administrative</u>			
Payroll					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 2,601,362
Employee benefits	-	-	-	-	318,407
Payroll taxes	-	-	-	-	198,354
Retirement contributions	-	-	-	-	54,003
Payroll services	-	-	-	-	26,150
Total Payroll	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,198,276</u>
Other					
Bad debts	-	-	-	-	55,707
Bank charges	-	-	-	-	16,890
Contracted services	-	-	-	-	299,599
Depreciation (note 4)	-	-	-	-	108,238
Dues and license fees	-	-	-	-	11,137
E-mail and website expenses	-	-	-	-	52,769
Equipment and software	-	-	-	-	108,537
Grants to Agency (note 10)	201,489	-	201,489	(201,489)	-
Insurance	-	-	-	-	31,965
Meals	-	-	-	-	3,571
Miscellaneous	-	-	-	-	4,884
Office supplies	-	-	-	-	33,291
Outreach	-	-	-	-	6,780
Postage	-	-	-	-	5,357
Printing	-	-	-	-	12,687
Professional fees	-	35,944	35,944	-	54,944
Program supplies	-	-	-	-	187,245
Program fees	-	-	-	-	8,528
Promotion	-	-	-	-	14,008
Repairs and maintenance	-	-	-	-	174,419
Telephone	-	-	-	-	517
Training	-	-	-	-	28,817
Travel	-	-	-	-	67,602
Utilities	-	-	-	-	70,929
Total Other	<u>201,489</u>	<u>35,944</u>	<u>237,433</u>	<u>(201,489)</u>	<u>1,358,421</u>
Total Functional Expenses	<u>\$201,489</u>	<u>\$ 35,944</u>	<u>\$ 237,433</u>	<u>\$ (201,489)</u>	<u>\$ 4,556,697</u>

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020 (with comparative totals for 2019)**

	<u>Agency</u>	<u>Endowment</u>	<u>2020 Total</u>	<u>2019 Total</u>
Cash Flows From Operating Activities:				
Change in Net Assets	\$ (576,822)	\$ 426,247	\$ (150,575)	\$ 3,252,966
Adjustments to reconcile change in net assets to net cash operating activities:				
Unrealized (gain) on investments	-	(542,237)	(542,237)	(429,335)
Realized (gain) on investments	-	(35,650)	(35,650)	(80,125)
Depreciation expense	279,170	-	279,170	108,238
Change in operating assets and liabilities				
Grants receivable	290,337	-	290,337	(660,240)
Promises to give	103,444	-	103,444	171,549
Capital campaign	1,756,455	-	1,756,455	2,254,215
Prepaid expenses	17,885	-	17,885	(556)
Accounts payable	31,851	-	31,851	(77,570)
Accrued expenses	(1,497,133)	-	(1,497,133)	1,475,905
Loan payable	464,200	-	464,200	-
Net Cash Provided (Used) By Operating Activities	<u>869,387</u>	<u>(151,640)</u>	<u>717,747</u>	<u>6,015,047</u>
Cash Flows From Investing Activities:				
Purchase of fixed assets	(1,473,112)	-	(1,473,112)	(5,174,000)
Interest and dividends reinvested	-	(72,381)	(72,381)	(84,863)
Purchases of investments	-	(1,278,884)	(1,278,884)	(990,727)
Proceeds from sales of investments	-	1,155,433	1,155,433	1,072,389
Net Cash Provided (Used) By Investing Activities	<u>(1,473,112)</u>	<u>(195,832)</u>	<u>(1,668,944)</u>	<u>(5,177,201)</u>
Net Change in Cash and Cash Equivalents	(603,725)	(347,472)	(951,197)	837,846
Beginning Cash and Cash Equivalents	<u>2,090,999</u>	<u>625,569</u>	<u>2,716,568</u>	<u>1,878,722</u>
Ending Cash and Cash Equivalents	<u>\$ 1,487,274</u>	<u>\$ 278,097</u>	<u>\$ 1,765,371</u>	<u>\$ 2,716,568</u>

**FORT BEND COUNTY CHILD ADVOCATES, INC, AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
NOTES TO COMBINING FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

Fort Bend County Child Advocates, Inc. (the “Agency”) is a not-for-profit enterprise organized for the purpose of working on behalf of child abuse victims through two advocacy programs: Court Appointed Special Advocates (CASA) and The Children's Advocacy Center (CAC). Incorporated in 1991, the Agency's mission is to provide a voice for abused and neglected children in Fort Bend County through the use of specially trained community volunteers and staff. Fort Bend County Child Advocates, Inc. is supported primarily through donor contributions and grants.

Fort Bend County Child Advocates Endowment, Inc. (the “Endowment”) was incorporated in 1998 and funded by Fort Bend County Child Advocates, Inc. in 1999. The Endowment was organized and operates for educational and charitable purposes, and is exclusively for the benefit of Fort Bend County Child Advocates, Inc. (the Supported Organization).

Basis of Accounting – The combining financial statements of the Agency and the Endowment (collectively, the "Organization") have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Significant intercompany accounts between the combining entities have been eliminated.

Basis of Presentation – On August 18, 2016 FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly. The ASU has been applied retroactively to all periods presented, but no changes to the net asset classifications were necessary.

The Organization’s financial statements are prepared in accordance with ASU 2016-14 Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. Under ASC 958, the Center has reported its net assets with and without donor restrictions.

On February 25, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842). The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. In November 2019, FASB issued ASU 2019-10 which amended the effective date of ASU 2016-02 to fiscal years beginning after December 15, 2020 and interim periods within fiscal years beginning after December 15, 2021.

In addition, the Organization is required by FASB ASC 958-205-45-4 to present a statement of cash flows.

Summary of Financial Information for 2019 - 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 presentation conformity with U.S. generally accepted accounting principles (U.S. GAAP). Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Revenue Recognition - Generally, grants are recognized as revenues when earned. Grants that operate on a reimbursement basis are recognized on the accrual basis as revenues only to the extent of disbursements and commitments that are allowable for reimbursement. Revenues from contributions, donations and other sources are recognized as net assets without donor restrictions or net assets with donor restrictions when received or unconditionally promised by a third party. Revenues from special events are recognized when the events are held. Interest income is recognized when earned based on passage of time. Program income and other income are recognized when received.

**FORT BEND COUNTY CHILD ADVOCATES, INC, AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
NOTES TO COMBINING FINANCIAL STATEMENTS (continued)**

Note 1 - Summary of Significant Accounting Policies (continued)

Contributions and Promises to Give - In accordance with FASB ASC 958-605-45-3, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give cash or other assets are not recognized as revenues until received. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are met in the fiscal year in which the contributions were recognized. All other donor-restricted contributions would be reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

The Organization uses the allowances method to determine uncollectible unconditional promises receivable. The allowance is based on management's analysis of specific promises made. The Organization considers all remaining promises to give to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates. The significant estimates included in the financial statements are the estimates of useful lives used for depreciating property and equipment items.

Cash and Cash Equivalents - The Organization considers all monies in banks and highly liquid investments with maturities of three months or less from the date of purchase to be cash and cash equivalents. The carrying values of any cash and cash equivalents are deemed to approximate their fair values because of the short maturities of those financial instruments.

Property and Equipment - Purchased property and equipment assets are carried at cost. Major additions and betterments equal to or greater than \$5,000 that extend the useful lives of property and equipment are capitalized and charged to the asset accounts while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets, are expensed. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method with lives of 3 to 40 years.

Advertising – Advertising costs are expensed as incurred

**FORT BEND COUNTY CHILD ADVOCATES, INC, AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
NOTES TO COMBINING FINANCIAL STATEMENTS (continued)**

Note 1 - Summary of Significant Accounting Policies (continued)

Donations - Donations are recorded as contributions at fair value at the date of donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as restricted by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Grants Receivable - Grants receivable consist primarily of cost reimbursement requests outstanding at year-end related to various contracts from the State of Texas and other agencies under Federal grant programs.

Contributed Services - The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's purpose. No amounts have been reflected in the combining financial statements for these volunteer services since they do not meet the criteria for recognition under FASB ASC 958-605-25-26, "*Accounting for Contributions Received and Contributions Made*".

Functional Allocation of Expense - Expenses are categorized in the Statement of Activities as program services, fundraising and management and general. The Organization's expenses are allocated on a functional basis among these benefited categories.

Program service expenses include direct and indirect (allocated) expenses for the various programs offered by the Organization. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses, that are common to several functions, are allocated to program services by various reasonable bases.

Income Taxes – The Organization is a nonprofit corporation that is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code ("Code") and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code. The Organization did not conduct any unrelated business activities in the current fiscal year. Therefore, the Organization has made no provision for federal income taxes in the accompanying financial statements.

The Organization applies the provisions of FASB ASC Topic 740, *Income Taxes*, (formerly FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109*), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Investments and Investment Income – In accordance with ASC 958-320, "*Accounting for Certain Investments Held by Not for Profit Organizations*" (formerly SFAS No. 124), investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the combining statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**FORT BEND COUNTY CHILD ADVOCATES, INC, AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
NOTES TO COMBINING FINANCIAL STATEMENTS (continued)**

Note 1 - Summary of Significant Accounting Policies (continued)

Effective July 1, 2008, the Organization adopted the provisions of ASC 820, "*Fair Value Measurements and Disclosures*" (formerly SFAS 157), with respect to its investments. ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market, and establishes a framework for measuring fair value in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date.

The valuation techniques required by ASC 820 are based upon observable and unobservable inputs, and ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 - Significant unobservable inputs that are supported by little or no market activity.

All cash, cash equivalents and investments held by the Organization as of December 31, 2020 and 2019 were Level 1. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used are to maximize the use of observable inputs and minimize the use of unobservable inputs. The valuation techniques used in the fair value measurement are based on quoted market closing prices for Level 2 inputs.

The Organization records investment purchases at cost. Thereafter, investments are reported at their fair value in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Note 2 - Concentration of Credit Risk

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the Federal Deposit Insurance Corporation (FDIC) up to the standard maximum deposit insurance amount \$250,000, for each deposit insurance ownership category. Additionally, cash and securities held by a customer at a Security Investor Protection Corporation (SIPC) member brokerage firm are protected up to \$500,000, which includes a limit of \$250,000 for cash.

The Organization maintains cash balances at a financial institution located in Texas. At December 31, 2020 and 2019, the Organization had approximately \$1,160,772 and \$1,793,151, respectively, of cash balances that were not insured by the FDIC. The Organization has not experienced any losses in such accounts and believes the risk of future loss is mitigated by monitoring the balances and the financial institutions where the cash is deposited.

**FORT BEND COUNTY CHILD ADVOCATES, INC, AND
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
 NOTES TO COMBINING FINANCIAL STATEMENTS (continued)**

Note 2 - Concentration of Credit Risk (continued)

The Organization’s investments amount to \$4,846,272 and \$4,420,025 at December 31, 2020 and 2019, respectively, and consist of cash held for long-term investment, fixed income securities, mutual funds and corporate equities which are held at a brokerage firm. Investments in excess of the SIPC limit amounts to \$4,346,272 and \$3,920,025 at December 31, 2020 and 2019, respectively. These investments are exposed to several risks, such as interest rates, market and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Organization’s combining financial statements.

Note 3 - Grants Receivable

As of December 31, 2020 and 2019, grants receivable consist of the following:

	<u>2020</u>	<u>2019</u>
Federal Financial Assistance		
Criminal Justice Division-CAC VOCA	\$ 137,117	\$ 69,709
CASA VOCA	76,754	60,814
Fort Bend County CDBG	849	2,461
City of Missouri City CDBG	-	3,000
	<u>214,720</u>	<u>135,984</u>
Other governmental financial assistance		
Texas CASA	17,145	28,677
CAC’s of Texas, Inc.	69,215	57,923
OVAG	13,917	6,594
	<u>100,277</u>	<u>93,194</u>
Total Federal and other governmental financial assistance	<u>314,997</u>	<u>229,178</u>
Other Private Grants		
Other	260,268	636,424
Total Other Private Grants	<u>260,268</u>	<u>636,424</u>
Total grants receivable	<u>\$ 575,265</u>	<u>\$ 865,602</u>

All grants receivable are due within one year.

**FORT BEND COUNTY CHILD ADVOCATES, INC, AND
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
 NOTES TO COMBINING FINANCIAL STATEMENTS (continued)**

Note 4 - Property and Equipment

Property and equipment consist of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 397,379	\$ 394,190
Construction in progress	8,528	4,756,248
Buildings and Improvements	8,913,296	2,933,194
Furniture and Equipment	<u>895,108</u>	<u>657,567</u>
Total Property and Equipment	10,214,311	8,741,199
Less Accumulated Depreciation	<u>(1,586,456)</u>	<u>(1,307,286)</u>
Property and Equipment, Net	<u>\$ 8,627,855</u>	<u>\$ 7,433,913</u>

Depreciation expense for the years ended December 31, 2020 and 2019 was \$279,170 and \$108,238, respectively.

Note 5 - Long-Term Investments

Investments for the years ended December 31, 2020 and 2019 are stated at fair value and consist primarily of fixed income securities, mutual funds and corporate equities, as follows:

	<u>2020</u>		
	<u>Cost</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Unrealized Appreciation/ (Depreciation)
Cash held for long-term investment	\$ 278,097	\$ 278,097	\$ -
US Treasury securities	1,350,000	1,300,643	(49,357)
Equity funds and other assets	<u>2,601,201</u>	<u>3,267,532</u>	<u>666,332</u>
Totals	<u>\$ 4,229,298</u>	<u>\$ 4,846,272</u>	<u>\$ 616,975</u>

	<u>2019</u>		
	<u>Cost</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Unrealized Appreciation
Cash held for long-term investment	\$ 625,569	\$ 625,569	\$ -
US Treasury securities	1,080,000	1,101,897	21,897
Equity funds and other assets	<u>2,247,402</u>	<u>2,692,559</u>	<u>445,157</u>
Totals	<u>\$ 3,952,971</u>	<u>\$ 4,420,025</u>	<u>\$ 467,054</u>

The Organization recorded a \$542,237 and \$429,335 increase in the fair value of investments that is included in net investment return for the years ended December 31, 2020 and 2019, respectively. Net investment return is summarized as follows:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 79,582	\$ 123,818
Gain on sale of investments	35,650	80,125
Unrealized gain (loss) on investments	<u>542,237</u>	<u>429,335</u>
Net investment return	<u>\$ 657,469</u>	<u>\$ 633,278</u>

**FORT BEND COUNTY CHILD ADVOCATES, INC, AND
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
 NOTES TO COMBINING FINANCIAL STATEMENTS (continued)**

Note 6 - Leases

The Organization is obligated under a non-cancelable operating lease. Future minimum lease payments over the remainder of the copier lease agreement are as follows:

For the Year Ending December 31,	Amount
2021	\$ 8,125
2022	8,125
2023	8,125
2024	8,125
2025	8,127
	<u>\$ 40,627</u>

Total copier lease expense for the years ended December 31, 2020 and 2019 was \$6,470 and \$13,826, respectively.

Note 7 - Partnering Agencies

In accomplishing its mission, the Organization partners with various State and County agencies whose purpose is to serve the needs of the children of Fort Bend County. These partnering agencies occupy space within the Organization's facility and reimburse the Organization for expenses related to their occupancy such as utilities, repairs and maintenance based on an allocation of expenses determined by the square footage occupied. Currently, monthly reimbursements total approximately \$13,004 and \$7,220 for the years ended December 31, 2020 and 2019, respectively, and are recalculated at the end of each twelve-month agreement.

Total reimbursements from partnering agencies and licensing agreements were \$20,618 and \$16,181 for the years ended December 31, 2020 and 2019, respectively.

Note 8 - Without Donor Restrictions Net Assets

Without donor restrictions net assets include resources available for the Organization to provide a voice for abused and neglected children in Fort Bend County through the use of specially trained community volunteers and staff. The without donor restrictions net asset amounts at December 31, 2020 and 2019, were \$15,346,001 and \$15,234,676, respectively. Included in the net assets without donor restrictions are the facilities and equipment used by the Organization and Board designated endowment which are not available for operations. The without donor restrictions, undesignated (available for operations) net assets category were \$2,470,925 and \$3,979,789 for the years ending December 31, 2020 and 2019, respectively.

Note 9 - With Donor Restrictions Net Assets

Net assets with donor restrictions are available for the following purpose and time restrictions:

	2020	2019
CAC Program	\$ 56,718	\$ 44,218
CASA Program	34,500	186,400
Operations	<u>430,000</u>	<u>552,500</u>
Total	<u>\$ 521,218</u>	<u>\$ 783,118</u>

**FORT BEND COUNTY CHILD ADVOCATES, INC, AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
NOTES TO COMBINING FINANCIAL STATEMENTS (continued)**

Note 10 - Related Party Transactions

The Agency is an affiliate of Children's Advocacy Centers of Texas, Inc. (a State organization). The Agency pays annual affiliation fees to the State organization. The State organization provides the Agency with advocacy, educational opportunities, membership and other supporting services. The Agency paid affiliation fees of \$10,532 and \$11,107 for the years ended December 31, 2020 and 2019, respectively.

The Endowment gifted the Agency a portion of its investment income totaling \$221,001 and \$201,489 for the years ended December 31, 2020 and 2019, respectively.

The Agency transferred \$599,051 in prior years to the Endowment to combine with their investment funds to yield a higher rate of return. This amount is eliminated in the current year financials.

These intercompany transactions are eliminated in the combining financial statements.

Note 11 - Employee Benefits

The Organization has a defined contribution, salary-reduction 401(k) plan that is available to all of its full-time employees age 21 and over after three months of service. Qualified employees may contribute any portion of their pretax annual compensation to the plan (up to annual statutory limits), and the Organization makes a 50% matching contribution up to 6% of the employee's pretax annual compensation. Such matching contributions are expensed by the Organization. Total accrued matching contributions were \$55,518 and \$54,003 for the years ended December 31, 2020 and 2019, respectively.

Note 12 - Concentrations

The Organization is dependent on several sources of support and revenue. Grant funds from the State of Texas received directly for child advocacy and received indirectly as a contractor or sub-grantee from pass-through grants from other child advocacy agencies provide approximately fifty-eight percent (58%) and twenty-nine percent (29%) of the Organization's support for the years ended December 31, 2020 and 2019, respectively. These sources also make up fifty percent (55%) and twenty-five percent (26%) of the Organization's grants and promises to give receivables for the years ended December 31, 2020 and 2019, respectively. A significant reduction in the level of this support, if this were to occur, could have an adverse impact on the Organization's programs and activities.

The Organization also conducts two annual fundraisers in Fort Bend County, Texas, which provide approximately nineteen percent (19%) and seven percent (7%) of its operating revenues for the years ended December 31, 2020 and 2019, respectively. The gross proceeds raised and direct costs of benefits to donors incurred may fluctuate from year-to-year based on economic and other factors.

Note 13 - Contingencies

The Organization's programs are supported through federal, state, and local grant programs that are governed by various rules and regulations. Expenses charged to the grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of management, there are no contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provisions have been made in the accompanying financial statements for such contingencies.

**FORT BEND COUNTY CHILD ADVOCATES, INC, AND
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
 NOTES TO COMBINING FINANCIAL STATEMENTS (continued)**

Note 14 - Endowment Funds

As of December 31, 2020 and 2019, the Board of Directors had designated \$4,247,221 and \$3,820,974, respectively, of net assets without donor restrictions as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

The Organization has a spending policy of appropriating for distribution each year 5% of its board-designated endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its general endowment fund to grow at an average of 5% annually.

This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. To achieve that objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the fund if possible.

The Organization expects its Endowment assets to perform based on market conditions and investment decisions. Returns may vary from year to year. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Composition of and changes in endowment net assets for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Board-designated endowment net assets, beginning of year	\$ 3,820,974	\$ 3,430,734
Investment income	72,381	84,863
Net appreciation/(depreciation)	(577,887)	(509,460)
Amounts appropriated for expenditure	931,753	814,837
Board-designated endowment net assets, end of year	\$ 4,247,221	\$ 3,820,974

Note 15 - Promises To Give

Promises to give consist of the following:

	2020	2019
Voices for Children	453,963	\$ 552,505
Other	10,150	10,730
Less: discount, 2%	(12,266)	(12,474)
	451,847	550,761
Less: allowance for doubtful accounts	(18,068)	-
Total Promises to give	\$ 433,779	\$ 550,761

**FORT BEND COUNTY CHILD ADVOCATES, INC, AND
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
 NOTES TO COMBINING FINANCIAL STATEMENTS (continued)**

Note 15 - Promises To Give (continued)

The present value discount of cash flows from promises to give for years ended December 31, 2020 and 2019 are \$12,266 and \$12,474, respectively.

Promises to give are due as follows:

	<u>2020</u>	<u>2019</u>
Amounts due in:		
Less than one year	\$ 163,136	\$ 155,121
One to five years	<u>270,643</u>	<u>395,640</u>
Total	<u>\$ 433,779</u>	<u>\$ 550,761</u>

During the years ended December 31, 2020 and 2019, the value of contributed services meeting the requirement for recognition in the financial statements was \$37,045 and \$34,350, respectively.

Note 16 - Capital Campaign

In September 2018, the Organization launched a campaign to raise capital for construction and remodeling and growth in operational costs. During the fiscal year, the Organization received \$6,331 in contributions and has in pledges of contributions for future years. The present value discount of cash flows from the capital campaign pledges for December 31, 2020 and 2019 are \$6,331 and \$13,538, respectively.

Capital campaign pledges are due as follows:

	<u>2020</u>	<u>2019</u>
Amounts due in:		
Less than one year	\$ 316,280	\$ 1,916,661
One to five years	207,881	383,636
Less: discount, 2%	<u>(6,331)</u>	<u>(13,538)</u>
Total	<u>\$ 517,830</u>	<u>\$ 2,286,759</u>

Note 17 - Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require an allocation on a reasonable basis that is consistently applied. A percentage of general and administrative expenses are allocated to the respective programs based on the estimated percentage of general and administrative hours charged to the Organization's programs.

**FORT BEND COUNTY CHILD ADVOCATES, INC, AND
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
 NOTES TO COMBINING FINANCIAL STATEMENTS (continued)**

Note 18 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise of cash and cash equivalents, receivables for grants, promises to give, capital campaign, and endowment spending-rate distributions. The balances as of December 31, 2020 and 2019 are shown below.

	2020	2019
Cash and cash equivalents	\$ 1,765,371	\$ 2,716,568
Grants receivable	575,265	865,602
Promises to give	163,136	155,121
Capital campaign	316,280	1,916,661
Endowment spending-rate distributions	212,361	191,049
	<u>\$ 3,032,413</u>	<u>\$ 5,845,001</u>

The board-designated endowment of \$4,247,221 is subject to an annual spending rate of 5% as described in Note 14. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board’s annual budget approval and appropriation), these amounts could be made available if necessary.

Note 19 – Loan payable (SBA PPP Loan)

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America. Efforts implemented by local and national governments, as well as businesses, including temporary closures, are expected to have adverse impacts on local, national and the global economies. Although the disruption is currently expected to be temporary, there is uncertainty around the duration and the related economic impact. Therefore, while we expect this matter to have an impact our business, including staff working remotely versus onsite. The impact to our results of operations and financial position cannot be reasonably estimated at this time.

On March 27, 2020, the U.S. federal government enacted the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”), which included provision for a Paycheck Protection Program (“PPP”) administered by the U.S. Small Business Administration (“SBA”). The PPP allows qualifying business to borrow up to \$10 million calculated based on qualifying payroll costs. PPP loans bear a fixed interest rate of 1% over a two-year term, are guaranteed by the federal government, and do not require collateral. Payments of principal and interest are deferred until 10 months from the date of the loan, and prepayments may be made at any time without penalty. The loans may be forgiven, in part or whole, if the proceeds are used to retain and pay employees and for other qualifying expenditures.

The Organization received a SBA PPP loan in April 2020 in the amount of \$464,200, and recorded the associated liability at December 31, 2020. The loan has an interest rate of 1.00% and a mature date of April 2022. The Organization has elected to account for the PPP loan in accordance with ASC 470 – Debt. The Organization used the proceeds of the PPP loan in accordance with the provisions of the CARES Act and applied for full forgiveness.

**FORT BEND COUNTY CHILD ADVOCATES, INC, AND
FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.**
NOTES TO COMBINING FINANCIAL STATEMENTS (continued)

Note 20 - Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the date of this report.

On January 2021, the Organization was informed that the SBA PPP loan has been forgiven and paid in full by the SBA. As such the outstanding PPP loan amount of \$464,200 is reflected within debt on the accompanying balance sheet as of December 31, 2020, and a gain on loan extinguishment of \$464,200 will be reflected during the year ended December 31, 2021.

The Organization also has applied for a second SBA PPP loan in the amount of \$584,689, which was received in February 2021. The Organization will elect to account for the second SBA PPP loan in accordance with ASC 470 – Debt. The Organization will use the proceeds of the second SBA PPP loan in accordance with the provisions of the CARES Act and intends to apply for full forgiveness.

SUPPLEMENTAL INFORMATION

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
 SCHEDULE OF TEXAS CASA, INC. - VOCA FUNDS
 For the Year Ended December 31, 2020 (with comparative totals for 2019)**

Grantor/Program Title	Grant Period	Grant Number	Award Amount	2020 Current Year Expenditures	2019 Prior Year Expenditures
VOCA - CASA	10/01/2020 - 09/30/2021	2021-66	\$ 285,884	\$ 58,729	\$ -
	10/01/2019 - 09/30/2020	2020-66	158,447	122,313	36,134
	10/01/2018 - 09/30/2019	2019-66	152,440	-	118,786
VOCA Courtesy	10/01/2020 - 09/30/2021	2021-66	155,553	27,077	-
	10/01/2019 - 09/30/2020	2020-66	94,700	33,705	23,781
Total Expenditures for VOCA - CASA Grant Funds				\$ 241,824	\$ 178,701

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
 SCHEDULE OF TEXAS CASA CVC/OAG GRANT AWARDS
 For the Year Ended December 31, 2020 (with comparative totals for 2019)**

<u>Grantor/Program Title</u>	<u>Grant Period</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>2020 Current Year Expenditures</u>	<u>2019 Prior Year Expenditures</u>
CVC/OAG FUND	09/01/2020 - 08/31/2021	2021-66	\$ 95,018	\$ 32,622	\$ -
	09/01/2019 - 08/31/2020	2020-66	196,522	137,289	59,233
	09/01/2018 - 08/31/2019	CVC-19-54	177,211	-	134,073
Total Expenditures for CVC/OAG Grant Funds				<u>\$ 169,911</u>	<u>\$ 193,306</u>

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
 SCHEDULE OF TEXAS CASA FUNCTIONAL EXPENSES
 For the Year Ended December 31, 2020 (with comparative totals for 2019)**

	2020 Current Year Expenditures		
	Program	General and Administrative	Total
Payroll			
Salaries	\$ 586,238	\$ 251,512	\$ 837,750
Employee benefits	81,980	20,495	102,475
Payroll taxes	50,232	12,558	62,790
Payroll services	6,422	1,605	8,027
Total Payroll	724,872	286,170	1,011,042
Other			
Contracted services	65,650	-	65,650
Depreciation	78,572	-	78,572
Dues and license fees	6,870	623	7,493
E-mail and website expenses	10,701	-	10,701
Equipment and software	17,963	-	17,963
Insurance	8,442	2,110	10,552
Meals	877	-	877
Miscellaneous	6,037	-	6,037
Office supplies	6,425	-	6,425
Outreach	274	68	342
Postage	2,845	-	2,845
Printing	286	72	358
Professional fees	5,308	-	5,308
Program supplies	32,257	1,204	33,461
Program fees	3,942	-	3,942
Promotion	4,142	1,062	5,204
Repairs and maintenance	13,748	3,437	17,185
Telephone	-	-	-
Training	27,988	-	27,988
Travel	14,210	-	14,210
Utilities	17,031	-	17,031
Total Other	323,568	8,576	332,144
Total Functional Expenses for Texas CASA	\$ 1,048,440	\$ 294,746	\$ 1,343,186

**FORT BEND COUNTY CHILD ADVOCATES, INC. AND
 FORT BEND COUNTY CHILD ADVOCATES ENDOWMENT, INC.
 SCHEDULE OF TEXAS CASA FUNCTIONAL EXPENSES
 For the Year Ended December 31, 2020 (with comparative totals for 2019)**

	2019 Prior Year Expenditures		
	Program	General and Administrative	Total
Payroll			
Salaries	\$ 611,002	\$ 179,653	\$ 790,655
Employee benefits	77,092	19,273	96,365
Payroll taxes	48,259	12,063	60,322
Payroll services	6,092	1,523	7,615
Total Payroll	742,445	212,512	954,957
Other			
Contracted services	71,491	-	71,491
Depreciation	31,389	-	31,389
Dues and license fees	2,673	668	3,341
E-mail and website expenses	8,504	-	8,504
Equipment and software	8,577	-	8,577
Insurance	7,204	1,801	9,005
Meals	1,644	-	1,644
Miscellaneous	3,844	-	3,844
Office supplies	6,572	-	6,572
Outreach	3,018	755	3,773
Postage	1,217	62	1,279
Printing	3,483	871	4,354
Professional fees	5,510	-	5,510
Program supplies	33,610	1,767	35,377
Program fees	2,449	-	2,449
Promotion	4,714	1,196	5,910
Repairs and maintenance	1,573	394	1,967
Telephone	517	-	517
Training	11,042	-	11,042
Travel	47,011	4	47,015
Utilities	9,127	-	9,127
Total Other	265,169	7,518	272,687
Total Functional Expenses for Texas CASA	\$ 1,007,614	\$ 220,030	\$ 1,227,644

