# Child and Family Guidance Center of Texoma

## Audited Financial Statements

For the Year Ended December 31, 2019

# Child and Family Guidance Center of Texoma
For the Year Ended December 31, 2019

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Child and Family Guidance Center of Texoma

### *Report on the Financial Statements*

I have audited the accompanying financial statements of Child and Family Guidance Center of Texoma (CFGC) (a Texas nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and functional expenses 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Child and Family Guidance Center of Texoma as of December 31, 2019, and the changes in its net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Lori Ann Cannon, CPA

Sherman, Texas
November 11, 2020

# Child and Family Guidance Center of Texoma

Statement of Financial Position

December 31, 2019

## Assets

| | |
|---|---|
| Current Assets | |
| Cash and Cash Equivalents | $ 597,396 |
| Total Current Assets | 597,396 |
| | |
| Fixed Assets | |
| Land | 40,000 |
| Buildings and Improvements | 587,658 |
| Furniture and Equipment | 72,095 |
| Less Accumulated Depreciation | (215,255) |
| Total Fixed Assets | 484,498 |
| | |
| Total Assets | $ 1,081,894 |

## Liabilities and Net Assets

| | |
|---|---|
| Current Liabilities | |
| Accrued Payroll | $ 658 |
| Total Current Liabilities | 658 |
| | |
| Total Liabilities | 658 |
| | |
| Net Assets | |
| With Donor Restrictions | 140,000 |
| Without Donor Restrictions | |
| Undesignated | 456,738 |
| Net Investment in Capital Assets | 484,498 |
| Total Without Donor Restrictions | 941,236 |
| | |
| Total Liabilities and Net Assets | $ 1,081,894 |

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

## Child and Family Guidance Center of Texoma

Statement of Activities

For the Year Ended December 31, 2019

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Operating Support and Revenue | | | |
| Fees for Therapy and Education | $ 678,298 | $ - | $ 678,298 |
| Contributions | | | |
| Indirect - United Way Allocation | 56,334 | - | 56,334 |
| Direct Contributions | 251,406 | 140,000 | 391,406 |
| Fundraising | 211,513 | - | 211,513 |
| Interest Income | 1,559 | - | 1,559 |
| Total Operating Support and Revenue | 1,199,110 | 140,000 | 1,339,110 |
| Expenses | | | |
| Program | 993,753 | - | 993,753 |
| Management and General | 94,954 | - | 94,954 |
| Fundraising | 83,157 | - | 83,157 |
| Total Operating Expenses | 1,171,864 | - | 1,171,864 |
| Change in Net Assets | 27,246 | 140,000 | 167,246 |
| Net Assets, Beginning of Year | 913,990 | - | 913,990 |
| Net Assets, End of Year | $ 941,236 | $ 140,000 | $ 1,081,236 |

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

# Child and Family Guidance Center of Texoma

Statement of Functional Expenses

For the Year Ended December 31, 2019

| | Program | Management and General | Fundraising | Total |
|---|---|---|---|---|
| Assistance to Indigent | $ 1,000 | $ - | $ - | $ 1,000 |
| Bank Charges/Misc | - | 5,861 | - | 5,861 |
| Board/Staff Meetings | 3,112 | 1,556 | 1,556 | 6,224 |
| Building - Cleaning | 7,260 | 1,281 | - | 8,541 |
| Building and Grounds Maintenance | 9,686 | 1,709 | - | 11,395 |
| Consultants | 3,663 | - | - | 3,663 |
| Continuing Education | 4,929 | 870 | - | 5,799 |
| Copier Maintenance and Supplies | 3,295 | 581 | - | 3,876 |
| Employee Benefits | 79,317 | 6,728 | 4,658 | 90,703 |
| Employee Background/Drug Tests | 764 | 65 | 45 | 874 |
| Equipment (Non-Capitalized) | 331 | 58 | - | 389 |
| Fundraising Expenses | - | - | 39,841 | 39,841 |
| Insurance - Professional | 3,625 | 2,575 | - | 6,200 |
| Insurance - Property and General Liability | 2,415 | 426 | - | 2,841 |
| Membership Dues | 123 | 699 | - | 822 |
| Office Equipment Repairs | 11,900 | 2,100 | - | 14,000 |
| Office Supplies | 3,865 | 682 | - | 4,547 |
| Payroll Processing Fees | 2,144 | 182 | 126 | 2,452 |
| Payroll Taxes | 44,532 | 3,777 | 2,616 | 50,925 |
| Postage/Shipping | 735 | 734 | - | 1,469 |
| Professional Fees - Audit | - | 4,200 | - | 4,200 |
| Printing/Publications | 2,347 | 414 | - | 2,761 |
| Salaries and Wages | 582,123 | 49,375 | 34,191 | 665,689 |
| Software - Therapy and Billing | 21,501 | 3,794 | - | 25,295 |
| Telephone, Cable and Internet | 7,414 | 1,308 | - | 8,722 |
| Therapy and Testing Contractors | 151,159 | - | - | 151,159 |
| Therapy Supplies | 11,527 | - | - | 11,527 |
| Transportation and Mileage | 1,342 | 237 | - | 1,579 |
| Utilities | 9,030 | 1,593 | - | 10,623 |
| Worker's Compensation Insurance | 2,114 | 179 | 124 | 2,417 |
| Total Expenses Before Depreciation | 971,253 | 90,984 | 83,157 | 1,145,394 |
| Depreciation Expense | 22,500 | 3,970 | - | 26,470 |
| Total Expenses | $ 993,753 | $ 94,954 | $ 83,157 | $ 1,171,864 |

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

## Note 1 - Description of Organization

**Organization, History and Purpose -** The Child and Family Guidance Center of Texoma (CFGC) embraces an environment that values transparency, the resilience and dignity of people served, and the community's passionate support of our mission, which is to strengthen, improve, and empower the lives of hurting Texoma children and families, through compassionate and restorative mental healthcare.

CFGC has evolved over 50 years to be a leading outpatient mental healthcare provider in the community for children and families experiencing trauma, trials and tribulations. Annually, over 3000 of the most vulnerable children and family members are provided access to high quality mental healthcare regardless of financial limitations.

In 2017, CFGC adopted the evidenced based, trauma-informed (TIC) model of care, embracing a culture of care that is permeating the organization from top to bottom. CFGC's organizational environment represents care for the health, well-being, and safety of, as well as respect for, its staff and clients. This model enhances the ability of their staff to provide the best possible evidenced based, trauma-informed behavioral health services to clients.

CFGC is a fully integrated trauma-informed care organization able to recognize, respond to and resist re-traumatization of clients served as well as provide trauma-informed care information and training to their collaborative partners. The Organization helps children and families find hope, heal and recover resulting in a stronger community for all.

**Tax Status -** The Organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the Organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

## Note 2 - Summary of Significant Accounting Policies

**Basis of Presentation -** The financial statements of CFGC have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require CFGC to report information regarding its financial position and activities according to the following net asset classifications:

> **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of CFGC's management and the board of directors.
>
> **Net assets with donor restrictions**: Net assets with donor restrictions are subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CFGC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were $140,000 in net assets with donor restrictions at December 31, 2019.

**Note 2 - Summary of Significant Accounting Policies (continued)**

**Net assets with donor restrictions (continued)** Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

**Cash and Cash Equivalents –** CFGC's cash consists of cash on deposit with banks. Cash equivalents are all highly liquid investments with an original maturity date of three months or less. The CFGC's deposits at one bank exceed the maximum FDIC coverage. Management is aware of this and does not consider the risk of loss to be significant.

**Classifications of Transactions -** All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses are reported as decreases in net assets without donor restrictions.

**Contributions -** Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as net assets with donor restrictions until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

**Building and Equipment -** The Center's policy is to capitalize assets with a cost or estimated fair market value of at least $2,500. Assets contributed with specific restrictions regarding use and contributions of cash that must be used to acquire property and equipment are reported as restricted support until the restrictions are satisfied. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets which varies from 5-40 years.

**Use of Estimates -** The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

**Adoption of Accounting Pronouncements -** On August 18, 2016, FASB issued 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. The CFGC has adjusted the presentation of these statements accordingly.

## Note 2 - Summary of Significant Accounting Policies (continued)

**Adoption of Accounting Pronouncements (continued)** - On June 21, 2018, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) 2018-08 intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. In accordance with this new ASU, contributions not defined as exchange transactions are to be recorded in the year received and cannot be deferred. CFGC implemented the ASU for the year ended December 31, 2019.

## Note 3 - Reporting of Expenses by Function

The statement of functional expenses presents expenses of the Center according to program, management, and general, and fundraising expenses. Expenses have been allocated on a reasonable basis that is consistently applied based on management's estimates of time and effort and on primary use of resources.

## Note 4 – Government Grants

The Center receives income for counseling and therapy services from individuals, insurance, and various sources, some of which are processed by governmental agencies. The Center was a subrecipient of the Community Development Block Grant (HUD) through the City of Sherman, Texas for the purpose of providing counseling services for low income citizens. This is a reimbursing grant and the proceeds received, which are not material to the financial statements, have been included in fees income. The grant is received by the City of Sherman, Texas from the U.S. Government under Title I of the Housing and Community Development Act of 1974, Public Law 93-383.

## Note 5 - Availability and Liquidity

The following reflects the Center's financial assets as of the balance sheet date, reduced by amounts not available general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

| | |
|---|---|
| Financial Assets at Year-End | $ 597,396 |
| Less Those Unavailable for General Expenses Within One Year | - |
| Financial Assets Available to Meet Cash Needs for General Expenses Within One Year | $ 597,396 |

## Note 6 – Retirement Plan

The Center provides a Simple IRA retirement plan to eligible employees, wherein the Center matches employee contributions with a maximum of 3% of compensation.

## Child and Family Guidance Center of Texoma

Notes to the Financial Statements (continued)
For the Year Ended December 31, 2019

### Note 7 – Related Party Transactions

The Center contracts with two board members for services which are disclosed to and approved by the board. The value of the services is not material to the financial statements.

### Note 8 - Property and Equipment

Changes in assets and accumulated depreciation are as follows:

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---|---|---|---|---|
| Nondepreciable Assets | | | | |
| Land | $ 40,000 | $ - | $ - | $ 40,000 |
| Total Nondepreciable Assets | 40,000 | - | - | 40,000 |
| Depreciable Assets | | | | |
| Buildings and Improvements | 587,658 | - | - | 587,658 |
| Furniture and Equipment | 72,095 | - | - | 72,095 |
| Total Depreciable Assets | 659,753 | - | - | 659,753 |
| Accumulated Depreciation | (188,785) | (26,470) | - | (215,255) |
| Net Fixed Assets | $ 470,968 | $ (26,470) | $ - | $ 444,498 |

### Note 9 - Commitments and Contingencies

The Center is subject to program compliance audits by the grantors and third-party payors or their representatives. Accordingly, the Center's compliance with applicable grant and billing requirements will be established at some future date. If future program compliance audits result in questioned or disallowed costs, reimbursements would be made to the applicable agencies. The amounts of expenditures that might be disallowed by those agencies cannot be determined at this time; however, management believes such amounts, if any, would be immaterial.

### Note 9 - Subsequent Events

Subsequent events have been evaluated through November 11, 2020, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Organization’s operations. Future potential impacts may include disruptions or restrictions on their employees’ ability to work, donors and contributors’ ability to provide financial assistance, or events of the Organization to be able to occur. Changes to the operating environment may increase operating costs. The future effects of these issues are unknown.

**Note 9 - Subsequent Events (continued)**

In April 2020, the Organization applied for and was approved a $154,400 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The Corporation was eligible for, and was granted, loan forgiveness of 100% of the loan upon meeting certain requirements as of the date of this audit report.

At the July 16, 2020 Board Meeting the organization announced that they applied, and were approved, for the SBA Economic Injury Disaster Loan (EIDL) from the Federal Government. The terms of this loan were $150,000 at 2.75% interest for 30 years at a monthly repayment of $641/month. The board voted to accept these conditions and received the funds at the beginning of August, 2020.