

BIVONA CHILD ADVOCACY CENTER

FINANCIAL STATEMENTS

December 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bivona Child Advocacy Center
Rochester, New York

Opinion

We have audited the accompanying financial statements of Bivona Child Advocacy Center (a New York nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bivona Child Advocacy Center as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bivona Child Advocacy Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Bivona Child Advocacy Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 auditors' report that includes our 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.

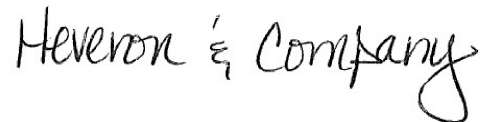
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 Bivona Child Advocacy Center'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 our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about Bivona Child Advocacy Center's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Bivona Child Advocacy Center's consolidated financial statements for the year ended December 31, 2021, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated June 16, 2022. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2021, is consistent in all material respects with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Heveron & Company". The signature is written in a cursive, flowing style.

Heveron & Company
Certified Public Accountants

Rochester, New York
June 21, 2023

BIVONA CHILD ADVOCACY CENTER
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

ASSETS

	(Consolidated)	
	<u>2022</u>	<u>2021</u>
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 2,640,106	\$ 2,547,084
Accounts and Grants Receivable	265,180	258,328
Pledges Receivable, Current Portion	52,250	61,613
Prepaid Expenses	<u>28,359</u>	<u>36,305</u>
 Total Current Assets	 <u>2,985,895</u>	 <u>2,903,330</u>
 <u>Property and Equipment</u>		
Land, Building and Improvements	4,289,133	4,062,084
Furniture and Fixtures	49,734	49,734
Website Development	-	18,200
Computer Equipment and Software	83,933	84,092
Less: Accumulated Depreciation and Amortization	<u>(259,838)</u>	<u>(203,020)</u>
 Net Property and Equipment	 <u>4,162,962</u>	 <u>4,011,090</u>
 <u>Other Assets</u>		
Investments	2,007,693	2,208,409
Right-of-Use Assets - Operating Leases	46,750	-
Pledges Receivable, Long-Term Portion	<u>75,500</u>	<u>37,000</u>
 Total Other Assets	 <u>2,129,943</u>	 <u>2,245,409</u>
 TOTAL ASSETS	 <u><u>\$ 9,278,800</u></u>	 <u><u>\$ 9,159,829</u></u>

LIABILITIES AND NET ASSETS

	(Consolidated)	
	2022	2021
<u>Current Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ 48,536	\$ 176,501
Current Portion of Operating Lease Liabilities	7,965	-
Accrued Payroll and Benefits	132,601	104,076
Refundable Advances	221,657	18,000
 Total Current Liabilities	 410,759	 298,577
<u>Long Term Liabilities</u>		
Operating Lease Liabilities, Net of Current Portion	38,785	-
 Total Liabilities	 449,544	 298,577
<u>Net Assets</u>		
Net Assets Without Donor Restrictions:		
Undesignated	6,396,937	6,176,983
Board Designated	2,007,693	2,208,409
Total Net Assets Without Donor Restrictions	8,404,630	8,385,392
Net Assets With Donor Restrictions:		
Purpose Restrictions	299,626	358,410
Time Restrictions	125,000	117,450
Total Net Assets With Donor Restrictions	424,626	475,860
 Total Net Assets	 8,829,256	 8,861,252
 TOTAL LIABILITIES AND NET ASSETS	 \$ 9,278,800	 \$ 9,159,829

See Accompanying Notes to Financial Statements.

BIVONA CHILD ADVOCACY CENTER
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2022
(With Comparative Totals For The Year Ended December 31, 2021)

	Without Donor	With Donor	<u>Totals</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	(Consolidated)	
			<u>2022</u>	<u>2021</u>
<u>Support and Revenue</u>				
Contributions	\$ 658,904	\$ 133,707	\$ 792,611	\$ 673,643
Foundations	146,943	242,500	389,443	304,302
Grants	1,158,658	-	1,158,658	1,005,975
Partner Agency Fees	158,549	-	158,549	179,727
Special Events	722,826	-	722,826	642,835
Less: Direct Expenses	(147,068)	-	(147,068)	(104,264)
Summit	161,612	-	161,612	227,975
Less: Direct Expenses	(65,159)	-	(65,159)	(85,693)
Other Income	-	-	-	1,135
Net Assets Released from Restrictions	<u>427,441</u>	<u>(427,441)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>3,222,706</u>	<u>(51,234)</u>	<u>3,171,472</u>	<u>2,845,635</u>
<u>Expenses</u>				
Program Services	2,282,866	-	2,282,866	1,929,674
Supporting Services:				
Management and General	213,984	-	213,984	213,080
Fundraising Expenses	<u>427,166</u>	<u>-</u>	<u>427,166</u>	<u>299,296</u>
Total Expenses	<u>2,924,016</u>	<u>-</u>	<u>2,924,016</u>	<u>2,442,050</u>
Change in Net Assets From Operations	<u>298,690</u>	<u>(51,234)</u>	<u>247,456</u>	<u>403,585</u>

BIVONA CHILD ADVOCACY CENTER
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2022
(With Comparative Totals For The Year Ended December 31, 2021)
(Continued)

	Without Donor	With Donor	<u>Totals</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	(Consolidated)	
			<u>2022</u>	<u>2021</u>
<u>Other Income and Expenses</u>				
Net Loss on Disposition/Sale	-	-	-	(895,715)
Investment Income	43,153	-	43,153	41,319
Net Investment Return	<u>(322,605)</u>	<u>-</u>	<u>(322,605)</u>	<u>227,202</u>
 Total Other Income and Expenses	 <u>(279,452)</u>	 <u>-</u>	 <u>(279,452)</u>	 <u>(627,194)</u>
 Change in Net Assets	 19,238	 (51,234)	 (31,996)	 (223,609)
 Net Assets - Beginning of Year	 <u>8,385,392</u>	 <u>475,860</u>	 <u>8,861,252</u>	 <u>9,084,861</u>
 Net Assets - End of Year	 <u>\$ 8,404,630</u>	 <u>\$ 424,626</u>	 <u>\$ 8,829,256</u>	 <u>\$ 8,861,252</u>

See Accompanying Notes to Financial Statements.

BIVONA CHILD ADVOCACY CENTER
STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2022

(With Comparative Totals For The Year Ended December 31, 2021)

		Supporting Services		Totals	
	Program Services	Management and General	Fund- Raising	(Consolidated)	
				2022	2021
Salaries	\$ 1,297,232	\$ 138,465	\$ 204,688	\$ 1,640,385	\$ 1,441,472
Payroll Taxes	93,743	10,129	14,974	118,846	121,217
Employee Benefits	179,774	21,134	31,242	232,150	202,328
Total Personnel Costs	1,570,749	169,728	250,904	1,991,381	1,765,017
Professional Fees	204,032	22,053	113,433	339,518	156,129
Other Occupancy	214,955	7,616	12,352	234,923	211,253
Event Expenses	65,159	-	147,068	212,227	189,957
Depreciation	109,712	3,811	6,205	119,728	114,033
Office Expenses and Supplies	78,580	3,856	11,915	94,351	101,818
Other Expenses	66,015	1,632	21,554	89,201	38,230
Training, Travel and Meetings	35,148	3,038	6,210	44,396	28,848
Marketing Expense	3,675	-	4,593	8,268	4,821
Bad Debt Expense	-	2,250	-	2,250	21,901
Total Expenses	2,348,025	213,984	574,234	3,136,243	2,632,007
Less Expenses Included with Support and Revenue on the Statement of Activities	(65,159)	-	(147,068)	(212,227)	(189,957)
Total Expenses Included in the Expense Section of the Statement of Activities	\$ 2,282,866	\$ 213,984	\$ 427,166	\$ 2,924,016	\$ 2,442,050

See Accompanying Notes to Financial Statements.

BIVONA CHILD ADVOCACY CENTER
STATEMENTS OF CASH FLOWS
For The Years Ended December 31, 2022 and 2021

	(Consolidated)	
	<u>2022</u>	<u>2021</u>
<u>Cash Flow From Operating Activities</u>		
Change in Net Assets	\$ (31,996)	\$ (223,609)
Noncash Expenses and Losses:		
Depreciation	119,728	114,033
Forgiveness of Loan Payable	-	(230,378)
Bad Debt Expense	2,250	21,901
Net Unrealized (Gain)/Loss on Investments	328,597	(441,879)
Loss on Disposition/Sale	-	895,715
Decrease/(Increase) In:		
Accounts and Grants Receivable	(6,852)	89,747
Pledges Receivable	(31,387)	35,814
Prepaid Expenses	7,946	(3,720)
Right-of-Use Assets - Operating Leases	(46,750)	-
Increase/(Decrease) In:		
Accounts Payable and Accrued Expenses	(127,966)	161,143
Accrued Payroll and Benefits	28,525	(5,011)
Refundable Advances	203,657	15,500
Operating Lease Liability	<u>46,750</u>	<u>-</u>
Net Cash Flow Provided/(Used) By Operating Activities	<u>492,502</u>	<u>429,256</u>
<u>Cash Flow From Investing Activities</u>		
Purchase of Property and Equipment	(271,599)	(205,271)
Proceeds from Investments	-	2,175,613
Purchase of Investments	(127,881)	(2,105,129)
Purchase of Investor Member Interest	<u>-</u>	<u>(79,096)</u>
Net Cash Flow Provided/(Used) By Investing Activities	<u>(399,480)</u>	<u>(213,883)</u>
<u>Cash Flow From Financing Activities</u>		
Proceeds from Loan Payable	<u>-</u>	<u>230,378</u>
Net Cash Flow Provided/(Used) By Financing Activities	<u>-</u>	<u>230,378</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	93,022	445,751
Cash and Cash Equivalents - Beginning of Year	<u>2,547,084</u>	<u>2,101,333</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,640,106</u>	<u>\$ 2,547,084</u>

See Accompanying Notes to Financial Statements.

BIVONA CHILD ADVOCACY CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Bivona Child Advocacy Center (the Organization) is a nonprofit organization that offers a safe, welcoming place where children who have been sexually or physically abused can begin their journey of healing. The Organization facilitates a multidisciplinary team of professionals that includes 23 partner agencies and provides the physical space where cases of child sexual and severe physical abuse, whenever possible and practical are investigated, evaluated, and treated. In 2022, the Organization evaluated nearly 1,600 children for child sexual abuse, severe physical abuse, and children who have been a witness to violence. Children seen are assigned a family advocate, will receive a forensic interview, may be referred to mental health services, and may receive a medical exam. The Organization also leads the Monroe County Child Fatality Review Team, which evaluates all sudden, unexplained, or unexpected child fatalities. The Organization addresses prevention of child abuse by providing community-based education and outreach programs. In 2022, the Organization educated over 30,000 children and teens in local school districts. The Organization obtains its support directly and indirectly from individuals, organizations, and government agencies in the community.

The prior year consolidated financial statements included the accounts of Bivona Child Advocacy Center (Bivona), Bivona Corporation (the Corporation), and One Mt. Hope LLC (OMH). The Corporation and OMH were dissolved in January 2021. All assets and liabilities of the Corporation and OMH were sold to Bivona. All significant intercompany transactions were eliminated.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the Organization reports information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for board-designated endowments.

BIVONA CHILD ADVOCACY CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

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

Net Assets (Continued)

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions that are expected to be received in future years are recorded at their present value. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Revenue Recognition

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as unearned revenue on the statement of financial position.

Special event revenue is recognized as the event occurs. Amounts received prior to the date of the event are reported as refundable advances.

BIVONA CHILD ADVOCACY CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

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

Revenue Recognition (Continued)

Partner agency fees are recognized monthly over the lease term. Payments are due from tenants at the beginning of each month and prepayments of fees are recorded as liabilities until earned. All leases are operating leases.

Income Taxes

The Internal Revenue Service has determined that the Organization is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code, and has also determined that the organization is publicly supported. As a result, no provision for federal or state income taxes has been made.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect. Amounts that management believes to be uncollectible after collection efforts have been completed are written off. In addition, management evaluates the need for, and if appropriate, provides an allowance to reduce receivables to amounts management expects will be collected. Management determined that no allowances were necessary at December 31, 2022 and 2021.

Cash, Cash Equivalents and Restricted Cash

For the purposes of the statements of cash flows, cash, cash equivalents and restricted cash include all cash on hand and in banks, which, at times, may exceed federally insured limits. The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash, cash equivalents and restricted cash.

Cash, cash equivalents and restricted cash consisted of the following at December 31:

	2022	2021
Checking	\$2,389,634	\$2,296,987
Savings	250,472	250,097
Total Cash, Cash Equivalents, and Restricted Cash	\$2,640,106	\$2,547,084

Marketing

Marketing costs are expensed as incurred.

BIVONA CHILD ADVOCACY CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

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

Property and Equipment

Property and equipment is stated at cost. The Organization capitalizes property and equipment with a cost of over \$2,500 and estimated life of three years or more, while expenditures for repairs, maintenance, and renewal of a relatively minor nature are expensed.

	<u>Years</u>
Building and Improvements	15-39
Furniture and Fixtures	5-15
Computer Equipment and Software	3-5

Depreciation expense amounted to \$119,728 and \$114,033 for the years ended December 31, 2022 and 2021, respectively.

Amortization

Website development and software costs are amortized on the straight-line method over three years. The assets are fully amortized.

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program, management and general, and fundraising categories.

Expenses are allocated among program and supporting services on the following basis:

- (a) Personnel, training, travel, meeting, and other expenses are allocated on the basis of time and effort.
- (b) Building and occupancy costs, office expenses and depreciation/amortization are allocated on the basis of space and staff usage.
- (c) Professional fees, event expenses, and marketing are based on actual costs.

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America, require management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses, and the disclosure of contingent assets and liabilities. Actual results could vary from those estimates.

BIVONA CHILD ADVOCACY CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

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

Determining Fair Value of Financial Assets and Liabilities

Accounting principles generally accepted in the United States of America established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation method are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation method include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

The asset 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, need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Comparative Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

Risks and Uncertainties

The Organization is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where the property is located.

BIVONA CHILD ADVOCACY CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

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

Recent Accounting Pronouncements

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The main difference between the guidance in ASU 2020-07 and previous GAAP is the disclosure of a disaggregation of the amount of contributed nonfinancial assets, qualitative information about whether the contributed nonfinancial assets were either sold or utilized during the period, the Organization's policy about selling rather than utilizing the assets, a description of any donor-imposed restrictions associated with the assets, a description of the valuation techniques used, and the principal market used to arrive at a fair value measurement. During the year ended December 31, 2022, the Organization adopted ASU 2020-07 for its contributed nonfinancial assets.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases and makes certain changes to the accounting for lease expenses. The main difference between the guidance in ASU 2016-02 and current GAAP is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. During 2022 the Organization adopted ASU 2016-02 for its leasing arrangements, along with the practical expedient, which allows modifications of contracts to be applied at the time of adoption. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets and lease liabilities totaling \$59,429 in its statements of financial position as of January 1, 2022.

Reclassifications

Certain account balances as of December 31, 2021 have been reclassified to conform with the presentation as of December 31, 2022. The reclassifications had no impact on previously reported net assets.

NOTE 2 - LINE OF CREDIT

The Organization has a line of credit with a maximum authorization of \$250,000. Advances against the line bears interest at the Wall Street Journal prime rate. There was no amount outstanding at December 31, 2022 and 2021.

BIVONA CHILD ADVOCACY CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

NOTE 3 - LIQUIDITY AND AVAILABILITY

At December 31, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures, such as operating expenses:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 2,640,106	\$ 2,547,084
Accounts and Grants Receivable	265,180	258,328
Pledges receivable	52,250	61,613
Investments	2,007,693	2,208,409
Donor-imposed restrictions:		
Purpose Restrictions	(299,626)	(358,410)
Time Restrictions	(125,000)	(117,450)
Internal designations:		
Board Designation	<u>(2,007,693)</u>	<u>(2,208,409)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,532,910</u>	<u>\$ 2,391,165</u>

As part of the Organization’s liquidity management policy, the financial assets are structured to be available as general expenditures and liabilities come due. This includes investing cash in excess of daily requirements in short term investments and the board of directors establishing various reserves. The Organization also has an available line of credit in the amount of \$250,000, should it have the need for additional immediate financial assets.

NOTE 4 - DONATED SERVICES AND GOODS

The Organization receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During 2022 and 2021, approximately 215 and 170 active volunteers provided 2,000 and 2,130 hours of service, respectively. These consisted mostly of board service and special event, office, and clerical assistance.

Donated auction items were valued at the sale price received during the auction on the day of event.

**BIVONA CHILD ADVOCACY CENTER
NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)**

NOTE 5 - RETIREMENT PLAN

The Organization adopted a Simple IRA retirement plan during 2009. Employees who received \$5,000 or more in total compensation from the Organization are eligible to participate. The plan allows employees to make contributions and also provides for employer contributions. The Organization matches employee contributions up to 3% of their gross wages. Employer contributions of \$38,807 and \$36,693 were made during the years ended December 31, 2022 and 2021, respectively.

The Organization adopted an additional retirement plan under IRS section 457(b) during 2015. This is a non-qualified plan covering certain eligible participants. The plan allows participants to make contributions, while the employer is able to make discretionary contributions to the plan. No contributions were made for the years ended December 31, 2022 and 2021.

NOTE 6 - FORGIVENESS OF LOAN PAYABLE

In January 2021, the Organization applied for and was approved for a \$230,378 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 Small Business Administration forgave the loan in its entirety in June 2021.

NOTE 7 - NET ASSETS

Net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Mental Health Director	\$ 140,000	\$ 180,000
Community Education	134,769	115,000
Other Programs and Program Support	24,857	63,410
Subject to the passage of time:		
Time Restriction	<u>125,000</u>	<u>117,450</u>
Total	<u>\$ 424,626</u>	<u>\$ 475,860</u>

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NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

NOTE 7 - NET ASSETS (Continued)

Net assets without donor restrictions are designated as follows:

	2022	2021
General Purpose	<u>\$6,396,937</u>	<u>\$6,176,983</u>
Board Designated:		
Board Designated Endowment Fund	999,229	1,050,754
Capital Reserve Fund	777,403	892,511
Mary Whittier's Sustainability Fund	<u>231,061</u>	<u>265,144</u>
Total Board Designated	<u>2,007,693</u>	<u>2,208,409</u>
Total	<u>\$8,404,630</u>	<u>\$8,385,392</u>

NOTE 8 - PLEDGES RECEIVABLE

During 2019, the Organization initiated the Circle of Hope campaign. Pledges receivable represent amounts due the Organization under the terms of unconditional promises to give. Management determined that no allowances were necessary at December 31, 2022 and 2021.

Scheduled payments on all outstanding pledges receivable are as follows for the year ending December 31:

<u>Year</u>	<u>Amount</u>
2023	\$ 52,250
2024	44,000
2025	<u>31,500</u>
Total	127,750
Less: Current Portion	<u>(52,250)</u>
Long-Term Portion	<u>\$ 75,500</u>

NOTE 9 - TRANSACTIONS WITH RELATED PARTIES

During the years ended December 31, 2022 and 2021, \$229,043 and \$115,066, was donated by board members and organizations that board members own, respectively.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

NOTE 10 - INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair market value. Unrealized gains or losses on securities result from differences between the cost and fair market value of securities on a specified valuation date.

Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. 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 accompanying financial statements.

Investments are held in investment funds managed by professional investment advisors. A summary of investments at market value at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Money Market Fund	\$ 4,512	\$ 7,045
Alternative Investments	201,582	225,820
Bond Investments	575,892	617,913
Equity Investments	<u>1,225,707</u>	<u>1,357,631</u>
Total Investments	<u>\$ 2,007,693</u>	<u>\$ 2,208,409</u>

There were no changes in the valuation techniques during the year.

All of the investments are based on level 1 inputs in the hierarchy as described in Note 1.

NOTE 11 - LEASES

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statements of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and lease liabilities for its immaterial or short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

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NOTES TO FINANCIAL STATEMENTS
December 31, 2022
(Continued)

NOTE 11 - LEASES (Continued)

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization’s right to use underlying assets for the lease term, and the lease liabilities represent the Organization’s obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments.

The Organization’s operating leases consist of copiers.

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

<u>Weighted Average Remaining Lease Term</u>	
Operating leases	4.2 years
 <u>Weighted Average Discount Rate</u>	
Operating leases	3.25%

Future maturities of lease liabilities are presented in the following table, for the years ending December 31:

	<u>Operating</u>
2023	\$ 13,536
2024	11,139
2025	11,139
2026	11,139
2027	<u>4,641</u>
Total Lease Payments	51,594
Less Present Value Discount	<u>(4,844)</u>
Total Lease Obligations	<u><u>\$ 46,750</u></u>

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NOTES TO FINANCIAL STATEMENTS
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(Continued)

NOTE 11 - LEASES (Continued)

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended December 31, 2022:

Operating lease expense included in program services expenses	\$ 12,809
Operating lease expense included in management and general expenses	1,384
Operating lease expense included in fundraising expenses	<u>2,046</u>
Total operating lease costs	<u><u>\$ 16,239</u></u>

Supplemental Disclosures of Non-Cash Investing and Financing Activities

The following summarizes cash flow information related to leases for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 16,239
Lease assets obtained in exchange for lease obligations:	
Operating leases	\$ 59,429

NOTE 12 - SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 21, 2023, which is the date the statements were available for issuance.