The Children's Assessment Center Foundation

Financial Statements
and Independent Auditors' Report
for the years ended February 28, 2018 and 2017

The Children's Assessment Center Foundation

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Blazek & Vetterling
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors of
The Children's Assessment Center Foundation:

Report on the Financial Statements

We have audited the accompanying financial statements of The Children's Assessment Center Foundation, which comprise the statements of financial position as of February 28, 2018 and 2017 and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 our audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Children's Assessment Center Foundation as of February 28, 2018 and 2017 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Report Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2018 on our consideration of The Children's Assessment Center Foundation'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 solely 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 the effectiveness of The Children's Assessment Center Foundation's 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 Children's Assessment Center Foundation's internal control over financial reporting and compliance.

Blazek & Vetterling

June 13, 2018

The Children's Assessment Center Foundation

Statements of Financial Position as of February 28, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 2,738,482	$ 1,708,840
Pledges and grants receivable *(Note 3)*	2,209,067	2,985,311
Prepaid expenses and other assets	132,469	118,565
Cash and money market mutual funds restricted for investment in property and equipment	50,000	510,955
Cash and money market mutual funds designated for capital improvements		1,255,824
Pledges receivable restricted for capital improvements		299,315
Property and equipment, net *(Note 4)*	40,075,770	39,262,723
TOTAL ASSETS	$ 45,205,788	$ 46,141,533
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	$ 110,258	$ 231,611
Construction payable		2,287,530
Deferred revenue	161,266	84,150
Note payable *(Note 9)*	1,470,000	
Total liabilities	1,741,524	2,603,291
Commitments and contingencies *(Note 8)*		
Net assets:		
Unrestricted *(Note 5)*	40,920,154	32,371,801
Temporarily restricted *(Note 6)*	2,494,110	11,116,441
Permanently restricted *(Note 7)*	50,000	50,000
Total net assets	43,464,264	43,538,242
TOTAL LIABILITIES AND NET ASSETS	$ 45,205,788	$ 46,141,533

See accompanying notes to financial statements.

The Children's Assessment Center Foundation

Statement of Activities for the year ended February 28, 2018

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
OPERATING REVENUE:				
Government grants *(Notes 3 and 10)*		$ 1,516,036		$ 1,516,036
Contributions *(Note 3)*	$ 612,877	732,944		1,345,821
Special events	315,891			315,891
Direct donor benefit costs	(121,677)			(121,677)
Usage fees	1,637,563			1,637,563
Total	2,444,654	2,248,980		4,693,634
Net assets released from restrictions:				
Program expenditures	3,378,442	(3,378,442)		
Total operating revenue	5,823,096	(1,129,462)		4,693,634
OPERATING EXPENSES:				
Support of The Children's Assessment Center	3,736,260			3,736,260
Management and general	367,815			367,815
Fundraising	338,197			338,197
Total operating expenses	4,442,272			4,442,272
CHANGES IN NET ASSETS FROM OPERATIONS	1,380,824	(1,129,462)		251,362
Non-operating activities:				
Contributions for capital campaign	345,336	354,064		699,400
Government grants for capital campaign	7,574	52,107		59,681
Investment income	1,313	305		1,618
Depreciation	(1,086,039)			(1,086,039)
Net assets released from restrictions:				
Capital expenditures	7,899,345	(7,899,345)		
CHANGES IN NET ASSETS	8,548,353	(8,622,331)		(73,978)
Net assets, beginning of year	32,371,801	11,116,441	$ 50,000	43,538,242
Net assets, end of year	$ 40,920,154	$ 2,494,110	$ 50,000	$ 43,464,264

See accompanying notes to financial statements.

The Children's Assessment Center Foundation

Statement of Activities for the year ended February 28, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
OPERATING REVENUE:				
Government grants *(Notes 3 and 10)*		$ 4,134,826		$ 4,134,826
Contributions *(Note 3)*	$ 632,704	602,056		1,234,760
Special events	500,434			500,434
Direct donor benefit costs	(123,305)			(123,305)
Usage fees	1,070,000			1,070,000
Other	3,690			3,690
Total	2,083,523	4,736,882		6,820,405
Net assets released from restrictions:				
Program expenditures	2,561,443	(2,561,443)		
Total operating revenue	4,644,966	2,175,439		6,820,405
OPERATING EXPENSES:				
Support of The Children's Assessment Center	2,776,564			2,776,564
Management and general	372,350			372,350
Fundraising	390,434			390,434
Total operating expenses	3,539,348			3,539,348
CHANGES IN NET ASSETS FROM OPERATIONS	1,105,618	2,175,439		3,281,057
Non-operating activities:				
Contributions for capital campaign		783,171		783,171
Government grants for capital campaign		283,258		283,258
Investment income	14,022	6		14,028
Depreciation	(639,003)			(639,003)
Net assets released from restrictions:				
Capital expenditures	239,520	(239,520)		
CHANGES IN NET ASSETS	720,157	3,002,354		3,722,511
Net assets, beginning of year	31,651,644	8,114,087	$ 50,000	39,815,731
Net assets, end of year	$ 32,371,801	$ 11,116,441	$ 50,000	$ 43,538,242

See accompanying notes to financial statements.

The Children's Assessment Center Foundation

Statement of Functional Expenses for the year ended February 28, 2018

	SUPPORT OF THE CHILDREN'S ASSESSMENT CENTER	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and benefits	$ 2,804,513	$ 221,337	$ 204,965	$ 3,230,815
Professional fees and services	641,877	27,908	35,354	705,139
Office expense	71,694	47,203	63,584	182,481
Insurance	146,173	19,531	4,642	170,346
Accounting fees		37,820		37,820
Information technology	16,544	5,757	13,538	35,839
Donor and volunteer appreciation	20,971	3,997	8,605	33,573
Travel	14,970	32	993	15,995
Conferences	14,218	1,130		15,348
Dues and other organization payments	5,300	3,100	6,516	14,916
Total operating expenses	3,736,260	367,815	338,197	4,442,272
Depreciation	1,009,995	43,420	32,624	1,086,039
Total expenses	$ 4,746,255	$ 411,235	$ 370,821	$ 5,528,311

See accompanying notes to financial statements.

The Children's Assessment Center Foundation

Statement of Functional Expenses for the year ended February 28, 2017

	SUPPORT OF THE CHILDREN'S ASSESSMENT CENTER	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and benefits	$ 1,905,921	$ 204,773	$ 241,182	$ 2,351,876
Professional fees and services	612,851	87,948	35,394	736,193
Office expense	49,395	32,640	74,708	156,743
Insurance	85,559	26,303	995	112,857
Accounting fees		38,290		38,290
Information technology	29,443	7,350	4,518	41,311
Donor and volunteer appreciation	16,814	2,973	11,818	31,605
Travel	12,586	695	3,068	16,349
Conferences	20,461	2,208	270	22,939
Dues and other organization payments	10,518	3,000	16,808	30,326
Advertising	326		533	859
Other expenses/cost allocation	32,690	(33,830)	1,140	
Total operating expenses	2,776,564	372,350	390,434	3,539,348
Depreciation	597,468	23,643	17,892	639,003
Total expenses	$ 3,374,032	$ 395,993	$ 408,326	$ 4,178,351

See accompanying notes to financial statements.

The Children's Assessment Center Foundation

Statements of Cash Flows for the years ended February 28, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (73,978)	$ 3,722,511
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	1,086,039	639,003
Contributions restricted for capital improvements	(406,171)	(1,066,435)
Interest income designated for capital improvements	(305)	(12,815)
Changes in operating assets and liabilities:		
Pledges and grants receivable	776,244	(1,388,529)
Prepaid expenses and other assets	(13,904)	(48,696)
Accounts payable and accrued liabilities	(121,352)	282,886
Deferred revenue	77,116	(95,867)
Net cash provided by operating activities	1,323,689	2,032,058
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in cash and money market mutual funds restricted for investment in property and equipment	460,955	1,813,896
Net change in cash and money market mutual funds designated for capital improvements	1,255,824	9,516,775
Purchases of property and equipment	(4,186,616)	(14,082,366)
Net cash used by investing activities	(2,469,837)	(2,751,695)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable	2,320,000	
Repayment of note payable	(850,000)	
Proceeds from contributions restricted for capital improvements	705,790	925,585
Net cash provided by financing activities	2,175,790	925,585
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,029,642	205,948
Cash and cash equivalents, beginning of year	1,708,840	1,502,892
Cash and cash equivalents, end of year	$ 2,738,482	$ 1,708,840

See accompanying notes to financial statements.

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – The Children's Assessment Center Foundation (the Assessment Center), a Texas nonprofit corporation, was established in January 1995 to support Harris County, Texas (the County) in its operation of The Children's Assessment Center (the Center). The Center's mission is to provide a professional, compassionate and coordinated approach to the treatment of sexually abused children and their families and to serve as an advocate for all children in our community.

The Assessment Center's initial capital campaign raised $10.8 million to construct and operate a facility designed specifically to meet the unique needs of the Center's program. Construction of the facility began in July 1996, and the facility was completed in March 1998. The Assessment Center subsequently began the Restoring Hope, Rebuilding Lives Capital Campaign. Funds raised during this campaign were used to expand the Center's campus in order to better prevent and treat child sexual abuse. The expanded facility was opened in 2017.

Since October 1995, the Center has functioned as a separate department of the County. In January 2002, the County and the Assessment Center signed a partnership agreement pursuant to which the County and the Assessment Center jointly agreed to an annual operating budget and the expenses to be shared by each. This agreement was amended in November 2003 to provide that the County shall owe an annual fee (the usage fee) to the Assessment Center for that portion of the property used by the County based on the lease value of that portion of the property.

Federal income tax status – The Assessment Center is exempt from income tax under §501(c)(3) of the Internal Revenue Code and is further classified as a supporting organization under §509(a)(3).

Cash and cash equivalents include highly liquid investments with original maturities of 90 days or less and money market mutual funds that are available for current use. At times, bank deposits exceed the federally insured limit per depositor per institution.

Pledges and grants receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted to estimate the present value of future cash flows.

Money market mutual funds are reported at fair value.

Restricted cash consists primarily of amounts held in accounts for capital improvements, as required by certain pledge agreements.

Cash and money market mutual funds designated for capital improvements have been designated as such by the Assessment Center's Board of Directors. Pursuant to the Assessment Center's investment policy, designated amounts are to be held in short-term investments with a low-risk profile, pending the long-term strategy for capital improvements. At February 28, 2018 and 2017, the designated amounts were invested in money market mutual funds.

Property and equipment is reported at cost, if purchased, or at fair value at the date of gift, if donated. Depreciation is calculated using the straight-line method over estimated useful lives of 3 to 40 years. The Center capitalizes additions and improvements that have a tangible future economic life and cost more than $5,000.

In September 2012, land was deeded at no cost to the Assessment Center by the County to be used as the site for the Assessment Center's facility until December 2052. At that time, title to the land, building and all improvements will be required to be transferred to the County. The value attributed to the land in 2012 was $5,965,681. The land, building and improvements are being depreciated on a straight-line basis through December 2052.

Net asset classification – Contributions, investment return, and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions, grants, and investment return restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.
- *Permanently restricted net assets* include contributions that donors have restricted in perpetuity.

Grants and contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support. Conditional contributions are recognized in the same manner when the conditions are substantially met. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are recognized as restricted revenue. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Assessment Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated services are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

For the years ended February 28, 2018 and 2017, individuals volunteered approximately 3,722 hours and 4,976 hours, valued at $89,852 and $124,951, respectively, in the Children's Services Program. No amounts were recognized in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

Contributed goods received by the Assessment Center which will not be used for the Assessment Center's interests are considered agency transactions, and as such are not recorded in the Assessment Center's financial statements.

Usage fees are recognized as revenue when the related services are provided.

Functional allocation of expenses – The statement of functional expenses presents expenses by functional classification. In 2018 and 2017, certain technology and facilities expenses have been allocated based on computer counts and estimated square footage, respectively.

Operating measure – The operating activities of the Assessment Center include all current income and expenses related to carrying out its mission. Non-operating activities reflect contributions of a permanent nature to be used by the Assessment Center to generate returns that will support operations, contributions restricted for capital improvements, investment returns in excess of amounts budgeted for current operations, and depreciation of buildings and equipment used to support operations.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The amendments in this ASU are aimed at providing more useful information to users of not-for-profit financial statements. Under this ASU, net assets will be presented in two classes: *net assets with donor restrictions* and *net assets without donor restrictions* and underwater endowments will be grouped with *net assets with donor restrictions.* New or enhanced disclosures will be required about the nature and composition of net assets, and the liquidity and availability of resources for general operating expenditures within one year of the balance sheet date. Expenses will be required to be presented by both nature and function and investment return will be presented net of external and direct internal investment expenses. Absent explicit donor stipulations, restrictions on long-lived assets will expire when assets are placed in service. The Assessment Center is required to adopt this ASU for fiscal year 2019. Adoption of this ASU will impact the presentation and disclosures of the financial statements.

NOTE 2 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity's assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at February 28, 2018 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Money market mutual funds:				
Restricted for investment in property and equipment	$ 50,000			$ 50,000
Total assets measured at fair value	$ 50,000	$ 0	$ 0	$ 50,000

Assets measured at fair value at February 28, 2017 are as follows:

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Money market mutual funds:				
Restricted for investment in property and equipment	$ 126,462			$ 126,462
Total assets measured at fair value	$ 126,462	$ 0	$ 0	$ 126,462

Money market mutual funds are valued at the closing price reported on the active market on which the individual securities are traded. This valuation method may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Assessment Center believes its valuation method is appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

NOTE 3 – PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable at February 28, 2018 are expected to be collected as follows:

Within one year	$ 2,021,547
In one to five years	187,520
Total pledges and grants receivable	$ 2,209,067

Concentrations – In 2018, receivables from two grantors totaled approximately $1,796,000 or 81% of pledges and grants receivable. In 2017, receivables from two grantors totaled approximately $2,801,000 or 85% of pledges and grants receivable. Grants from two grantors totaled approximately $1,363,000 and $3,607,000 or 90% and 87% of government grant revenue for the years ended February 28, 2018 and 2017, respectively. Contributions from two donors represented approximately $200,000 or 14% of contributions for the year ended February 28, 2017.

Related parties – At February 28, 2018, approximately $266,000 of outstanding pledges and grants receivable were with parties related to various board members. At February 28, 2017, approximately $310,000 of outstanding pledges and grants receivable were with parties related to various board members.

Conditional pledge – During the year ended February 28, 2017, the Assessment Center received a $1,500,000 grant for a dual-status youth initiative program to support youth involved in the juvenile justice and foster care systems. Receipt of the remaining $500,000 is conditioned upon sufficient progress being made in the program and will be recognized when the condition is substantially met. A $500,000 temporarily restricted contribution was recognized in connection with this grant in both fiscal year 2018 and 2017.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2018	2017
Land	$ 5,965,681	$ 5,965,681
Building and building improvements	40,499,247	17,552,078
Furniture and equipment	1,915,418	1,074,490
Construction in progress		22,692,950
Total property and equipment, at cost	48,380,346	47,285,199
Accumulated depreciation	(8,304,576)	(8,022,476)
Property and equipment, net	$ 40,075,770	$ 39,262,723

NOTE 5 – UNRESTRICTED NET ASSETS

Unrestricted net assets consist of the following:

	2018	2017
Undesignated	$ 40,920,154	$ 31,115,978
Board-designated for capital improvements		1,255,823
Total unrestricted net assets	$ 40,920,154	$ 32,371,801

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	2018	2017
Program expenses of the Assessment Center	$ 2,494,110	$ 3,623,558
Capital expenditures		7,492,883
Total temporarily restricted net assets	$ 2,494,110	$ 11,116,441

NOTE 7 – ENDOWMENT FUNDS

The Assessment Center's endowment consists of a donor-restricted fund to support programs. The Assessment Center's Board of Directors has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Assessment Center classifies the original value of gifts donated to the permanent endowment as permanently restricted net assets. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Assessment Center in a manner consistent with the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, the Assessment Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Assessment Center and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Assessment Center
- The investment policies of the Assessment Center

Return Objective and Risk Parameters

The current investment policy and investment objective of the Assessment Center is preservation of capital while maintaining an investment yield reasonable for the current interest rate environment. All of the investable assets of the Assessment Center shall be invested in short-term, investment-grade, taxable, and fixed-income investments. These investments may include taxable money market mutual funds and other taxable short-term investments. These assets are intended to maximize the investment yield at the lowest level of risk.

Spending Policy

Permanently restricted net assets represent donor-restricted gifts that have been received in association with the prior capital and endowment campaign. The goal of the endowment portion of the campaign is to leave the original corpus of the fund intact and, after an initial period, use the earned income to supplement the needs of the Assessment Center.

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL
Endowment net assets, February 29, 2016	$ 0	$ 0	$ 50,000	$ 50,000
Endowment net assets, February 28, 2017	0	0	50,000	50,000
Endowment net assets, February 28, 2018	$ 0	$ 0	$ 50,000	$ 50,000

NOTE 8 – COMMITMENTS AND CONTINGENCIES

All funds expended in conjunction with government grants are subject to audit by governmental agencies. In the opinion of management, any liability resulting from an audit would not have a material impact on the Assessment Center's financial position, changes in net assets or cash flows.

NOTE 9 – LINE OF CREDIT

In February 2015, the Assessment Center secured a bank line of credit to provide for unrestricted borrowings up to $8,400,000 for purposes of expanding the existing facility. Borrowings bear interest at 1.75% over the 30-day LIBOR rate. Interest only is due and payable monthly. Beginning March 2018, principal payments are also due monthly.

Principal payments on the line of credit are due as follows:

2019	$ 98,000
2020	98,000
2021	98,000
2022	1,176,000
Total	$ 1,470,000

NOTE 10 – GOVERNMENT CONTRACTS

The Assessment Center is a party to contracts with federal, state, and local governmental agencies. Should these contracts not be renewed, a replacement for this source of support may not be forthcoming and related expenses would not be incurred. Sources of significant federal and state grants received as direct and pass-through funding include the following:

	2018	2017
Federal grants:		
U. S. Department of Justice	$ 501,270	$ 3,096,078
U. S. Department of Housing and Urban Development	111,487	132,139
Total federal grants	612,757	3,228,217
State grants:		
Texas Office of the Attorney General	903,279	906,609
Total government grants	$ 1,516,036	$ 4,134,826

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 13, 2018, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.