Scott R. Meyer, CPA, P.C.
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September 20, 2019

To the Finance and Executive Committees of the Board of Directors
Southern Arizona Children's Advocacy Center, Inc.
Tucson, Arizona

I have audited the financial statements of Southern Arizona Children's Advocacy Center, Inc. (the Center) for the year ended June 30, 2019 and have issued my report thereon dated September 20, 2019. Professional standards require I provide you with information about my responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of my audit. I have previously communicated such information in my engagement letter to you dated June 12, 2019. Professional standards also require that I communicate to you the following information related to my audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Center are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ended June 30, 2019. We noted no transactions entered into by the Center for the year for which there was a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Significant accounting estimates identified as affecting the financial statements were:

- Valuation allowance for potentially uncollectable accounts receivable;
- Useful lives of fixed assets; and
- Functional allocation of expenses between programmatic, general and administrative, and fundraising.

I evaluated management's determinations of these estimates and found them to be reasonably in relation to the financial statements as a whole. I also evaluated the adequacy of footnote disclosures and found them to be comprehensiveness and meeting at least the minimum disclosure requirements of professional standards.

Difficulties Encountered During the Audit
I encountered no difficulties in dealing with Center management, including the accounting management, in performing and completing my audit.

Corrected and Uncorrected Misstatements
Professional standards require me to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. There were some adjustments proposed to management, which they agreed to and recorded to correct the misstatements.

Disagreements With Management
For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report. I encountered no such disagreements.

Management Representations
I have requested in writing certain standard representations from management and a Board representative that are included in the management representation letter dated September 20, 2019.

Management Consultations With Other Independent Accountants
In some cases, management of an organization may decide to consult with other accountants regarding auditing and accounting matters, and in some situations seek a second opinion. If the consultation involves the application of an accounting principle to the financial statements or the type of auditor's opinion that may be expressed on those statements, our professional standards require the other accountants to contact me and discuss such matters to insure they have all of the relevant facts. To my knowledge, no such consultations have occurred.

Other Audit Findings or Issues
During the course of my audit planning and fieldwork I noted that since last year the Center had reformatted its Quickbooks chart of accounts to be able to present more simplified reporting, grouping many individual accounts into single accounts. The major example is that now all governmental grants and fees for services have been combined into a single line item "government grants" income, which is not true as all of that income is not government grants, but rather fees for services. These need to be separated for both financial and 990 tax reporting purposes, which I calculated and did. Another example is that all types of professional services were no longer broken out by major

category as required, for instance legal, accounting, medical services, etc., but instead grouped together into a single account.

I recommend that the Center reexamine its chart of accounts to provide the necessary and correct information.

This communication is intended solely for the information and use of the Board of Directors, the executive and audit committees, management and others within the Center and is not intended to be and should not be used by anyone other than these specified parties.

I would like to thank you and your staff for the cooperation and effort put forth during the conduct of my audit, and the hospitality shown me.

Sincerely,

Scott Meyer CPA

Scott R. Meyer, CPA for Scott R, Meyer, CPA, P.C.

SOUTHERN ARIZONA CHILDREN'S
ADVOCACY CENTER, INC.

FINANCIAL STATEMENTS AS OF AND FOR
THE YEARS ENDED JUNE 30, 2019 AND 2018

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Scott R. Meyer, CPA, P.C.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southern Arizona Children's Advocacy Center, Inc.

Report on the Financial Statements

I have audited the accompanying financial statements of Southern Arizona Children's Advocacy Center, Inc., an Arizona nonprofit corporation, which comprise the statements of financial position as of June 30, 2019 and 2018 and the related statements of activities and changes in net assets, functional expenses and 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 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 the 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 of material misstatement.

An audit includes 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 error or fraud. 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 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 principles used and the reasonableness of significant 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 Southern Arizona Children's Advocacy Center, Inc. (SACAC) as of June 30, 2019 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. I have previously audited SACAC's 2018 financial statements and I expressed an unmodified opinion on those audited financial statements in my report dated January 7, 2019. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Scott Morrey, CPA, P.C.

Tucson, Arizona
September 20, 2019

SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

	2019	2018
Assets		
Current Assets		
Cash and equivalents	$ 337,034	$ 347,365
Cash and equivalents- restricted	50,214	50,214
Certificates of deposit	195,545	195,445
Grants and contracts receivable, less valuation allowance for doubtful accounts of $1,275 both years	127,997	83,116
Investments	8,645	8,117
Prepaid insurance	3,352	1,281
Property and equipment:		
Equipment	177,091	158,875
Furniture	101,427	101,427
Leasehold improvements	8,874	8,874
Accumulated depreciation	(229,164)	(214,716)
Property and equipment, net	58,228	54,460
Total assets	$ 781,015	$ 739,998
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 419	$ 2,362
Accrued vacation pay	20,984	15,919
Accrued payroll and related taxes	25,077	27,950
Deferred revenue	3,750	
Total liabilities	50,230	46,231
Net Assets		
Without donor restrictions	680,571	643,553
With donor restrictions	50,214	50,214
Total net assets	730,785	693,767
Total liabilities and net assets	$ 781,015	$ 739,998

See independent auditor's report.

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

SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
Years Ended June 30, 2019 and 2018

	2019 Without Donor Restrictions	2019 With Donor Restrictions	2019 Total	2018 Totals
Revenues				
Grant and program revenue				
Government contracts and grants	$ 787,222		$ 787,222	$ 615,611
Program revenue	133,010		133,010	135,252
Public support and other revenue				
Clothing bin net proceeds	15,121		15,121	35,183
Contributions	118,565		118,565	96,348
Special events, net of expenses of $9,209 and $34,356, respectively	13,708		13,708	45,725
Investment and other income	785		785	2,994
Releases from restrictions-purpose satisfied				
Total revenues	1,068,411	-	1,068,411	931,113
Expenses				
Program	845,562		845,562	786,746
General and Administrative	90,441		90,441	108,428
Fundraising	95,390		95,390	71,232
Total expenses	1,031,393		1,031,393	966,406
Changes in net assets	37,018	-	37,018	(35,293)
Net assets, beginning of year	643,553	50,214	693,767	729,060
Net assets, end of year	$ 680,571	$ 50,214	$ 730,785	$ 693,767

See independent auditor's report.

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

SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Changes in net assets	$ 37,018	$ (35,293)
Adjustments to reconcile change in net assets to net cash (used by) provided by operating activities:		
Depreciation	14,448	12,333
Valuation allowance for receivables		(5,975)
Change in fair market value of investments	(528)	
Changes in operating assets and liabilities:		
Grants and contracts receivable	(44,881)	49,470
Prepaid insurance	(2,071)	82
Accounts payable	(1,943)	(24,848)
Accrued vacation	5,065	(12,463)
Accrued payroll and related taxes	(2,873)	(9,712)
Deferred revenue	3,750	
Net cash (used by) provided by operating activities	7,985	(26,406)
Cash flows from investing activities		
Purchases of property and equipment	(18,216)	
Purchases of certificates of deposit	(195,545)	(164,749)
Proceeds from sale of certificate of deposit	195,445	
Net cash (used in) investing activities	(18,316)	(164,749)
Net change in cash and equivalents	(10,331)	(191,155)
Cash and equivalents at beginning of year	397,579	588,734
Cash and equivalents at end of year	$ 387,248	$ 397,579
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	-	$ 8
Cash paid during the year for income taxes	-	-

See independent auditor's report.

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

SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Programs	General and Administrati	Fundraising	Totals
Payroll	$ 507,706	$ 60,026	$ 60,151	$ 627,883
Payroll taxes and employee benefits	93,152	11,013	11,036	115,201
Small equipment	2,993	354	354	3,701
Medical contract expenses	48,400			48,400
Clinical and prevention expenses	36,065			36,065
Insurance	10,794	1,276	1,279	13,349
Occupancy	91,730	10,845	10,868	113,443
Office expenses	5,092	602	603	6,297
Postage and printing	5,570	658	660	6,888
Professional fees-nonmedical	17,750	2,099	2,103	21,952
Promotion	670	670	5,364	6,704
Staff training	2,742	324	325	3,391
Travel	7,559	894	897	9,348
Miscellaneous	3,496	413	414	4,323
Total expenses before depreciation	833,717	89,174	94,054	1,016,945
Depreciation	11,845	1,267	1,336	14,448
TOTAL FUNCTIONAL EXPENSES	$ 845,562	$ 90,441	$ 95,390	$ 1,031,393

See independent auditor's report.

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

SOUTHERN ARIZONA CHILDREN'S ADVOCACY CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2018

	Programs	General and Administrati	Fundraising	Totals
Payroll	$ 490,010	$ 74,447	$ 45,767	$ 610,224
Payroll taxes and employee benefits	86,472	13,138	8,076	107,686
Small equipment	2,603	396	243	3,242
Medical contract expenses	71,957			71,957
Clinical and prevention expenses	3,603			3,603
Insurance	7,462	1,134	697	9,293
Occupancy	77,500	11,775	7,238	96,513
Office expenses	4,969	755	464	6,188
Postage and printing	631	96	59	786
Professional fees	12,346	1,876	1,153	15,375
Promotion	612	612	4,892	6,116
Staff training	2,323	353	217	2,893
Travel	8,827	1,341	825	10,993
Miscellaneous	7,391	1,123	690	9,204
Total expenses before depreciation	776,706	107,044	70,323	954,073
Depreciation	10,040	1,384	909	12,333
TOTAL FUNCTIONAL EXPENSES	$ 786,746	$ 108,428	$ 71,232	$ 966,406

See independent auditor's report.

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

Southern Arizona Children's Advocacy Center, Inc.
Notes To Financial Statements
June 30, 2019 and 2018

1. Nature of Operations

Southern Arizona Children's Advocacy Center, Inc. (the "Center") has been an Arizona non-profit corporation since May 13, 1996 that serves to support and respond to children who are victims of sexual assault, physical abuse, or witness to violence. The Center's mission is to protect and support children through a coordinated response to child maltreatment that includes intervention, assessment and prevention.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Center follows accounting standards set by the Financial Accounting Standards Board ("FASB"). The FASB sets accounting principles generally accepted in the United States of America ("GAAP") that the Center follows to ensure the consistent reporting of its financial condition, changes in net assets and cash flows. References to GAAP issued by the FASB are to the FASB Accounting Standards Codification ("ASC").

The Center's financial statements have been prepared in accordance with standards of accounting and financial reporting under ASC 958, *Not-for-Profit Entities*. Under this authoritative guidance, the Center is required to provide financial statements which are prepared to focus on the Center as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, "Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities", which require potentially significant changes in the presentation of the financial statements and related footnote disclosures in seven areas: net asset classes, liquidity and availability of resources, classification and disclosure of underwater endowment funds, expense reporting, statement of cash flows, investment return, and release of restrictions on capital assets. The guidance is effective for fiscal years beginning after December 15, 2017 and the Center has adopted this standard.

Resources are reported for accounting purposes in separate classes of net assets based on the existence or absence of donor-imposed restrictions. In the accompanying financial statements, net assets having similar characteristics have

Summary of Significant Accounting Policies (continued)

Basis of Presentation (Continued)

been combined into similar categories as follows:

- **Without Donor Restrictions** – Net assets that represent the portion of expendable funds, which are for support of the Center's operations and are not subject to donor-imposed restrictions.

- **With Donor Restrictions** – Net assets whose use by the Center is subject to donor-imposed stipulations that can be fulfilled by actions of the Center pursuant to those stipulations or that expire through the passage of time or net assets whose use by the Center is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted support. However, if a restriction is fulfilled in the same reporting period in which the contribution is received, the Center reports the support as unrestricted. Contributions of long-lived assets not having donor-imposed purpose or time restrictions are reported as unrestricted contributions in amounts equal to the fair value of the contributed assets.

Recent New Major Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers" (Topic 606), that will supersede most current revenue recognition guidance, including industry-specific guidance. The core principle of the new guidance is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include the capitalization and amortization of certain contract costs, ensuring the time value of money is considered in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain

Summary of Significant Accounting Policies (continued)

Recent New Major Accounting Pronouncements (continued)

circumstances. Additionally, the guidance requires disclosures related to the nature, amount, timing, and uncertainty of revenue that is recognized. The amendments are required to be adopted for the Center's fiscal years beginning after December 15, 2018. Early adoption is permitted. Transition to the new guidance may be done using either a full or modified retrospective method. The Center is currently evaluating the full effect that the adoption of this standard will have on the financial statements but does not anticipate the adoption will have a material impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, "Leases" (topic 842), requiring lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets and to disclose key information about lease agreements. The guidance is effective for companies' fiscal years beginning after December 15, 2019 and early adoption is permitted. The Center is currently evaluating the impact of the pronouncement and anticipates the adoption may have a material impact on the financial statements.

Revenue Recognition

Grants and Contracts - The Center accounts for its government funded grants and contract revenues as exchange transactions. Revenue under cost reimbursement grants and contracts are recognized when costs are incurred or agreed-upon work is performed in accordance with the applicable agreements. Amounts received under unit rate contracts and client fees are earned when services are provided. A receivable is recorded to the extent contract revenue exceeds payment received: conversely, advances in excess of costs incurred under grants are deferred and recognized as revenue when the related expense is incurred or service rendered. A receivable is recorded to the extent revenue recognized exceeds payment received; conversely, advances in excess of costs incurred or work performed under government funded grants and contracts are deferred and recognized as revenue when the related cost is incurred.

Contributions - Contributions restricted by the donor for particular operating purposes or for a particular operating period are reported as revenues in the with donor restrictions net asset group. Once the Center has complied with all of the

Summary of Significant Accounting Policies (continued)

Contributions (continued)--specific restrictions, the contribution is reclassified to the net asset without donor restrictions group as a net asset released from restrictions. This reclassification increases net assets without donor restrictions and decreases net assets with donor restrictions.

Donated Goods, Services and Facilities - Donated goods and services are recognized as in-kind donations at their fair market value. Donated services are only recognized when the services are received and (a) create or enhance non-financial assets, or (b) require specialized skills, are provided by individuals possessing those skills and (c) would typically need to be purchased if not provided by donation, Although the Center utilizes the services of outside volunteers to perform a variety of tasks that assist the Center, the fair value of all these services is not reflected in the accompanying financial statements because the above criteria are not met.

Cash and Cash Equivalents
For financial statement reporting purposes, the Center considers all highly liquid instruments purchased with original maturities of three months or less to be cash equivalents. The Center places its cash and cash equivalents with high credit quality institutions. At times, such deposits may be in excess of the FDIC insurance limit; however, management does not believe it is exposed to any significant credit risk on cash and cash equivalents. All such accounts are monitored by management to mitigate risk.

Certificates of Deposit
Certificates of deposit have original maturities of three to twenty-four months and are carried at market value, which approximates the original cost.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Summary of Significant Accounting Policies (continued)

Accounts Receivable

The Center's funding sources are primarily foundation and governmental agencies. The Center grants credit to these agencies on an uncollateralized basis. The carrying amount of accounts, grants, and contracts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The valuation allowance for doubtful accounts is based on management's assessment of the collectability of specific accounts and the aging of accounts receivable. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Property and Equipment

Property and equipment are stated at cost if purchased or at fair value at date of acquisition if donated. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method, ranging from five to fifteen years.

The Center's policy is to capitalize expenditures for property and equipment and donated property and equipment received that exceed $1,500 and have a useful life greater than one year. When items are retired or disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities and changes in net assets. Repairs and maintenance for normal upkeep are charged to expense as incurred.

The Center periodically reviews the carrying value of long-lived assets held and used, and assets to be disposed of, for possible impairment when events and circumstances warrant such a review. Through June 30, 2019 and 2018 the Center had not experienced impairment losses on its long-lived assets.

Investments

Investments are carried at the lower of cost or fair market value, as determined by market quotations.

Functional Allocation of Expenses

The cost of providing the programs and other activities are summarized on a functional basis. Accordingly, costs are allocated among programs and supporting services benefited. Management's estimate of the functional allocation of expenditures is based on actual expenditures and management's estimate of levels of service.

Summary of Significant Accounting Policies (continued)

Income Taxes
The Center is a Section 501(c)(3) organization, exempt from taxation under Internal Revenue Code Section 501(a). Accordingly, no provision is made in the accompanying financial statements for deferral and state income taxes. Income from certain activities not directly related to the Center's tax-exempt purpose, however, may be subject to taxation as unrelated business income. Management is not aware of any matters which would cause the Center to lose it tax-exempt status.

Management evaluated the Center's tax positions in accordance with the accounting standard on accounting for uncertainty in income taxes and concluded that the Center had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the accounting standard. With few exceptions, the Center is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2015.

Prior Year Information
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 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 Center's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Advertising and Promotional
The Center expenses advertising and promotional costs as they are incurred. Total advertising and promotional expenses for the years ended June 30, 2019 and 2018 were $6,704 and $6,116, respectively.

3. Clothing Bin Proceeds

Effective May 2017 the Center commenced using Goodwill Industries to pick up the donated goods from its donation boxes and pay 10 cents per pound for saleable goods. Effective May 2019 the Center commenced using Big Brothers Big Sisters to perform this service for them.

4. Grants and Contracts Receivable

Grants and contracts receivable were comprised of the following at June 30:

	2019	2018
Pima County Institutional Health	$ 58,167	$ 20,522
Various forensic interviews, net of allowance of $1,275	14,204	40,141
Arizona Department of Public Safety-VOCA	34,991	12,715
Community Development Block Grant	17,022	5,451
AZ Children's Justice Act	1,718	4,287
Big Brothers Big Sisters	1,708	
Goodwill Industries	187	
	$ 127,997	$ 83,116

5. Credit Risk

The Center had grants and contracts receivable of $127,997 and $83,116 at June 30, 2019 and 2018, respectively. These amounts contain no collateral provisions for collections. Total credit risk and accounting loss that could occur if all parties to the receivables fail to perform their obligations is $127,997 as of June 30, 2019.

As of June 30, 2019 and 2018 the Center had deposits at a single bank that exceeded the FDIC insured limits by $347,148 and $343,676, respectively. Management does not believe this is issue.

6. Investments and Fair Value Measurements

GAAP requires that entities use a three-level hierarchy to prioritize the inputs used to measure fair value, and maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Level 1 of the hierarchy utilizes quoted prices for identical assets in active markets to which the Organization had access at the measurement date. Level 2 would utilize quoted prices for similar assets in active markets or identical assets in inactive markets, which is the case for all of the Center's certificates of deposit. Level 3 utilizes unobservable inputs for an asset's fair value measurement. Since the Organization has ready access to quoted prices from an active market for its investments, it

6. Investments and Fair Value Measurements (continued)

utilizes level 1 inputs to measure their fair value.

Investments, all recorded at fair market value at level 1 fair value hierarchy, were as follows as of June 30th:

	2019	2018
7,884 and 7,713 shs Fidelity Government Money Market Fund	$7,884	$7,713
10 shares Qualcomm Inc	761	404
	$ 8,645	$ 8,117

7. Net Assets With Donor Restrictions

Net assets were donor restricted for the following purposes at June 30:

	2019	2018
Office furniture and equipment	$ 49,009	$ 49,009
Clinical program	1,205	1,205
	$ 50,214	$ 50,214

8. Retirement Plan

The Center has a defined contribution plan covering all employees that work at least 20 hours a week. The Center contributes up to 2% of eligible employees' annual compensation to the plan on an employee matching basis. Total retirement expense for the years ended June 30, 2019 and 2018 was $20,991 and $14,453, respectively.

9. Operating Lease

The Center leases office space from Pima County and entered into an agreement which expires in September 2033. In lieu of base rent, the Center pays 61.7% of the lessor's operating expenses for the building and a nominal fee for each telephone line and internet connection, based on the County's budgeted rates. The Center also pays an additional 10% of their prorated share of building expenses toward a capital repair and replacement fund for the building. The required monthly lease amounts were determined to be $9,434 and $7,855 for the years ended June 30, 2019 and 2018, respectively. The required monthly lease amounts for the year ended June 30, 2020 has been determined to be $9,674.

9. Operating Lease (continued)

The future minimum annual lease payments due under the lease based on current level of operating expenses are as follows:

Year Ending June 30,	Amount
2020	$ 116,088
2021	116,088
2022	116,088
2023	116,088
2024	116,088
Thereafter	1,539,756
	$ 2,120,196

Office lease expense for the years ended June 30, 2019 and 2018 was $113,343 and $96,282, respectively.

10. Contingencies

The Center may be subject to compliance audits by the grantor agencies. The nature and extent of such audits is uncertain and assessments, if any, which could result would be recorded when they become determinable.

11. Liquidity

Financial assets as of June 30, 2019	$ 722,787
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Property lease commitment	(116,088)
Subject to appropriation and satisfaction of donor restrictions	(50,214)
Financial assets available to meet cash needs for general expenditures within one year	$556,485

The Center is partially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Center must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Center's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Center invests cash in excess of

11. Liquidity (continued)

immediate and very short-term projected requirements in short-term investments. These short-term, liquid investments may be used to fulfil needs resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

12. Subsequent Events

The Center evaluated subsequent events through September 20, 2019, which represents the date report was available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.