

CHILD ADVOCATES OF CONNECTICUT, INC.

FINANCIAL STATEMENTS

Years ended June 30, 2020 and 2019

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Capossela, Cohen, LLC

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Independent Accountant's Review Report

To the Board of Directors of
Child Advocates of Connecticut, Inc.
Westport, Connecticut

Report on the Financial Statements

We have reviewed the accompanying financial statements of Child Advocates of Connecticut, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Capossela, Cohen, LLC

Southport, CT
October 22, 2020

CHILD ADVOCATES OF CONNECTICUT, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

Assets		<u>2020</u>	<u>2019</u>
Assets			
Cash and cash equivalents	\$	648,838	\$ 702,467
Grants receivable		10,382	-
Deposits		<u>511</u>	<u>511</u>
Total assets	\$	<u>659,731</u>	\$ <u>702,978</u>
 Liabilities and Net Assets			
Liabilities			
Loan payable	\$	57,624	\$ -
Net assets			
Without donor restrictions		602,107	702,978
With donor restrictions		<u>-</u>	<u>-</u>
Total liabilities and net assets	\$	<u>659,731</u>	\$ <u>702,978</u>

See accompanying notes and independent accountant's review report

CHILD ADVOCATES OF CONNECTICUT, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Operating activities			
Contributions	\$ 89,745	\$ -	\$ 89,745
Program services	41,528	-	41,528
Special events (integral and ongoing)			
Contributions	16,800	-	16,800
Event sales	-	-	-
Less: direct cost of benefit	-	-	-
Net special events (integral and ongoing)	<u>16,800</u>	<u>-</u>	<u>16,800</u>
Grants	<u>125,101</u>	<u>-</u>	<u>125,101</u>
 Total revenue and support	 273,174	 -	 273,174
 Expenses			
Program services	283,907	-	283,907
Supporting services:			
Management and general	47,346	-	47,346
Fundraising	<u>42,885</u>	<u>-</u>	<u>42,885</u>
 Total expenses	 <u>374,138</u>	 <u>-</u>	 <u>374,138</u>
 Change in net assets from operating activities	 (100,964)	 -	 (100,964)
 Non-operating activities			
Investment income	<u>93</u>	<u>-</u>	<u>93</u>
 Change in net assets	 (100,871)	 -	 (100,871)
 Net assets at beginning of year	 <u>702,978</u>	 <u>-</u>	 <u>702,978</u>
 Net assets at end of year	 \$ <u>602,107</u>	 \$ <u>-</u>	 \$ <u>602,107</u>

See accompanying notes and independent accountant's review report

CHILD ADVOCATES OF CONNECTICUT, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Operating activities			
Contributions	\$ 47,029	\$ -	\$ 47,029
Program services	41,528	-	41,528
Special events (integral and ongoing)			
Contributions	142,230		142,230
Event sales	122,600	-	122,600
Less: direct cost of benefit	(15,241)	-	(15,241)
Net special events (integral and ongoing)	249,589	-	249,589
Grants	107,000	-	107,000
Total revenue and support before releases	445,146	-	445,146
Net assets released from restrictions	50,000	(50,000)	-
Total revenue and support	495,146	(50,000)	445,146
Expenses			
Program services	299,494	-	299,494
Supporting services:			
Management and general	52,124	-	52,124
Fundraising	40,699	-	40,699
Total expenses	392,317	-	392,317
Change in net assets from operating activities	102,829	(50,000)	52,829
Non-operating activities			
Investment income	118	-	118
Change in net assets	102,947	(50,000)	52,947
Net assets at beginning of year	600,031	50,000	650,031
Net assets at end of year	\$ 702,978	\$ -	\$ 702,978

See accompanying notes and independent accountant's review report

CHILD ADVOCATES OF CONNECTICUT, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2020 and 2019

Indirect Method

Increases (decreases) in cash

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (100,871)	\$ 52,947
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net changes in:		
Grants receivable	(<u>10,382</u>)	<u>-</u>
Net cash provided by operating activities	(111,253)	52,947
Cash flows from financing activities:		
Proceeds received from loan	<u>57,624</u>	<u>-</u>
Net change in cash	(53,629)	52,947
Cash and cash equivalents, beginning of year	<u>702,467</u>	<u>649,520</u>
Cash and cash equivalents, end of year	\$ <u><u>648,838</u></u>	\$ <u><u>702,467</u></u>

See accompanying notes and independent accountant's review report

CHILD ADVOCATES OF CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2020

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related taxes	\$ 263,204	\$ 35,835	\$ 35,835	\$ 334,874
Insurance	3,956	791	527	5,274
Occupancy	6,034	1,207	805	8,046
Professional fees	-	4,050	-	4,050
Postage and shipping	1,238	248	165	1,651
Printing and publications	193	39	25	257
Computer software expenses	495	99	66	660
Merchant services fees	-	1,682	-	1,682
Graphic design	2,186	437	292	2,915
Office and computer equipment	389	78	51	518
Website design and maintenance	2,371	474	316	3,161
Payroll processing fees	-	1,637	-	1,637
Worker's compensation insurance	548	110	72	730
Telephone	1,389	278	185	1,852
Other expenses	1,904	381	4,546	6,831
	<u>\$ 283,907</u>	<u>\$ 47,346</u>	<u>\$ 42,885</u>	<u>\$ 374,138</u>
% of Total Expenses	76%	13%	11%	

See accompanying notes and independent accountant's review report

CHILD ADVOCATES OF CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related taxes	\$ 270,332	\$ 29,671	\$ 29,671	\$ 329,674
Insurance	4,007	546	546	5,099
Occupancy	5,982	816	816	7,614
Professional fees	-	4,350	-	4,350
Postage and shipping	1,354	208	1,674	3,236
Printing and publications	4,147	546	736	5,429
Computer software expenses	3,354	516	430	4,300
Merchant services fees	-	5,504	-	5,504
Graphic design	3,325	411	1,203	4,939
Office and computer equipment	1,661	255	213	2,129
Website design and maintenance	2,716	418	348	3,482
Payroll processing fees	-	1,540	-	1,540
Worker's compensation insurance	1,228	168	168	1,564
Telephone	1,388	213	178	1,779
Other expenses	-	6,962	4,716	11,678
	<u>\$ 299,494</u>	<u>\$ 52,124</u>	<u>\$ 40,699</u>	<u>\$ 392,317</u>
% of Total Expenses	76%	13%	11%	100%

See accompanying notes and independent accountant's review report

CHILD ADVOCATES OF CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note A - Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

Child Advocates of Connecticut, Inc. (the “Organization”) recruits, trains and supervises court appointed volunteers who work to ensure that each abused or neglected child has a safe, loving and permanent home. The Organization is also doing business as Child Advocates of SW Connecticut.

Basis of presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

CHILD ADVOCATES OF CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Note A - Nature of Activities and Summary of Significant Accounting Policies (continued)

Measure of operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Child Advocates of Connecticut, Inc.'s ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

New accounting pronouncement

Effective January 1, 2019, the Organization adopted Accounting Standard Codification (ASC) Topic 606, "Revenue from Contracts with Customers" (Topic 606). The new standard provides for a comprehensive five-step model for recognizing revenue. The core principle of Topic 606 is that revenue shall be recognized when goods and services promised under a contract are transferred to the customer, as contemplated under the contract and for which the Organization is reasonably entitled to compensation. There was no effect on the 2020 and 2019 financial statements as a result of the adoption of this accounting standard.

Cash equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Concentration of credit risk

The Organization maintains cash balances in several financial institutions located in Connecticut. The balances may from time to time exceed the amount insured by the Federal Deposit Insurance Corporation.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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.

Contributed services

A portion of the Organization's functions and activities related to fundraising events are conducted by unpaid volunteers and officers of the Organization. The value of these services is not recorded in the statement of activities because they do not meet the criteria for recognition. Also, the Organization recruits, trains and supervises court appointed volunteers. There were 65 and 69 court appointed volunteers during the years ended June 30, 2020 and 2019, respectively.

Prior year reclassifications

Certain amounts in the prior year have been reclassified for comparative presentation purposes.

CHILD ADVOCATES OF CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note A - Nature of Activities and Summary of Significant Accounting Policies (continued)

Functional expenses

Costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and related taxes	Time and effort
Insurance	Time and effort
Occupancy	Time and effort
Postage and shipping	Specific allocation
Printing and publications	Specific allocation
Computer software expenses	Specific allocation
Graphic design	Specific allocation
Office and computer equipment	Specific allocation
Website design and maintenance	Specific allocation
Telephone	Specific allocation
Other expenses	Specific allocation

Income taxes

The Organization is a Connecticut non-stock corporation that is exempt from taxes under Section 501 (a) of the Internal Revenue Code as an organization described under Section 501(c) (3) of the code. A ruling from the Internal Revenue Service has determined that the Organization will be treated as a publicly supported organization, and not a private foundation. This qualifies the Organization for the 60% charitable contribution deduction for individual donors. Consequently, the accompanying financial statements do not include any provision for income taxes.

The Organization recognizes the effect of tax positions only when they are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition. Tax years dating back to 2016 are open for audit by federal and state authorities.

Note B - Loan payable

On May 5, 2020, the Organization was granted a loan (the "Loan") from Wells Fargo Bank in the aggregate amount of \$57,624, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Loan, which was in the form of a Note dated May 3, 2020 issued by the Organization, matures on May 3, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on November 1, 2020. The Note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, rent and utilities. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization intends to use the entire Loan amount for qualifying expenses and expects the full amount of the Loan to be forgiven.

CHILD ADVOCATES OF CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

Note C - Contracts with Customers

Nature of goods and services

The Organization has two revenue streams that are accounted for as exchange transactions: service income from the State of CT and special event income.

Service Income from the State of CT

The Organization receives an annual grant from the State of CT and is required to perform services related to its mission using these funds. The Organization recognizes the revenue as the services are performed, which are typically started and completed within the fiscal year. All payments are received in advance.

Special Events

Special events income results from the Organization's efforts to produce an annual fundraiser. The revenue is recognized in the period that event is held, and is presented net of related expenses.

Note D - Board Designated Net Assets

Board designated net assets are comprised of the following:

	<u>2020</u>	<u>2019</u>
Without donor restrictions:		
<i>Designated by the Board for:</i>		
Operations	\$ 80,000	\$ 80,000
Undesignated	522,107	622,978
	<u>\$ 602,107</u>	<u>\$ 702,978</u>

Note E - Liquidity

The Organization's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 648,838	\$ 702,467
Grants receivable	10,382	-
	<u>\$ 659,220</u>	<u>\$ 702,467</u>

CHILD ADVOCATES OF CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note F - Special Event

The Organization's annual special event generates revenue and raises awareness about its mission. Revenue and expenses from the Organization's annual event are as follows:

	<u>2020</u>	<u>2019</u>
Changes in net assets without donor restrictions:		
<i>Revenues:</i>		
Contributions	\$ 16,800	\$ 142,230
Special event revenue	-	122,600
Less: costs of direct benefits to donors	-	(15,241)
Net revenues from special events	16,800	249,589
<i>Expenses:</i>		
Program services	-	1,245
Fundraising	4,292	7,356
Total expenses	4,292	8,601
Increase in net assets without donor restrictions	\$ 12,508	\$ 240,988

On March 11, 2020 the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic. Due to the risk of spread of COVID-19, the 2020 annual event was cancelled.

Note G - Operating Leases

The Organization leases its facility on a month-to-month basis. Rent expense for the years ended June 30, 2020 and 2019 totaled \$8,046 and \$7,614, respectively.

Note H - Subsequent Events

Date of management evaluation

Management has evaluated subsequent events through October 22, 2020 the date on which the financial statements were available to be issued.