

CHILD ADVOCATES OF CONNECTICUT, INC.

FINANCIAL STATEMENTS

Years ended June 30, 2021 and 2020

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Accountant's Review Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3-4
Statements of Cash Flows	5
Statements of Functional Expenses	6-7
Notes to Financial Statements	8



Capossela, Cohen, LLC

CERTIFIED PUBLIC ACCOUNTANTS • MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

368 CENTER STREET • SOUTHPORT, CONNECTICUT 06890-1432
203-254-7000 • FAX 203-259-4032 • www.capossela.com

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, 2021 and 2020, 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 25, 2021

CHILD ADVOCATES OF CONNECTICUT, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	Assets	
	<u>2021</u>	<u>2020</u>
Assets		
Cash and cash equivalents	\$ 579,147	\$ 648,838
Grants receivable	-	10,382
Deposits	<u>511</u>	<u>511</u>
Total assets	<u><u>\$ 579,658</u></u>	<u><u>\$ 659,731</u></u>
Liabilities and Net Assets		
Liabilities		
Loan payable	\$ 58,995	\$ 57,624
Net assets		
Without donor restrictions	520,663	602,107
With donor restrictions	<u>-</u>	<u>-</u>
Total liabilities and net assets	<u><u>\$ 579,658</u></u>	<u><u>\$ 659,731</u></u>

See accompanying notes and independent accountant's review report

CHILD ADVOCATES OF CONNECTICUT, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Operating activities			
Contributions	\$ 106,381	\$ -	\$ 106,381
Program services	41,528	-	41,528
Grants	90,000	-	90,000
Government grants	<u>62,624</u>	<u>-</u>	<u>62,624</u>
Total revenue and support	300,533	-	300,533
Expenses			
Program services	293,415	-	293,415
Supporting services:			
Management and general	49,206	-	49,206
Fundraising	<u>39,381</u>	<u>-</u>	<u>39,381</u>
Total expenses	<u>382,002</u>	<u>-</u>	<u>382,002</u>
Change in net assets from operating activities	(81,469)	-	(81,469)
Non-operating activities			
Investment income	<u>25</u>	<u>-</u>	<u>25</u>
Change in net assets	(81,444)	-	(81,444)
Net assets at beginning of year	<u>602,107</u>	<u>-</u>	<u>602,107</u>
Net assets at end of year	<u>\$ 520,663</u>	<u>\$ -</u>	<u>\$ 520,663</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.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2021 and 2020

Indirect Method

Increases (decreases) in cash

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (81,444)	\$ (100,871)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Income from PPP loan forgiveness	(57,624)	-
Net changes in:		
Grants receivable	<u>10,382</u>	<u>(10,382)</u>
Net cash used by operating activities	(128,686)	(111,253)
Cash flows from financing activities:		
Proceeds received from PPP loan	<u>58,995</u>	<u>57,624</u>
Net change in cash	(69,691)	(53,629)
Cash and cash equivalents, beginning of year	<u>648,838</u>	<u>702,467</u>
Cash and cash equivalents, end of year	\$ <u><u>579,147</u></u>	\$ <u><u>648,838</u></u>

See accompanying notes and independent accountant's review report

CHILD ADVOCATES OF CONNECTICUT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related taxes	\$ 272,339	\$ 36,570	\$ 36,570	\$ 345,479
Insurance	3,564	713	475	4,752
Occupancy	6,021	1,204	803	8,028
Professional fees	-	4,350	-	4,350
Postage and shipping	326	65	43	434
Printing and publications	1,816	363	242	2,421
Computer software expenses	1,491	298	199	1,988
Merchant services fees	-	2,342	-	2,342
Graphic design	644	128	86	858
Office and computer equipment	744	149	99	992
Website design and maintenance	1,525	305	203	2,033
Payroll processing fees	-	1,729	-	1,729
Worker's compensation insurance	1,012	202	135	1,349
Telephone	1,181	236	158	1,575
Other expenses	<u>2,752</u>	<u>552</u>	<u>368</u>	<u>3,672</u>
	<u>\$ 293,415</u>	<u>\$ 49,206</u>	<u>\$ 39,381</u>	<u>\$ 382,002</u>
% of Total Expenses	77%	13%	10%	

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.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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

Nature of activities

Child Advocates of Connecticut, Inc. (the “Organization”) is a volunteer powered non-profit that recruits, trains and supervises volunteers who work one-on-one with vulnerable children and youth to advocate for their best interests in the community, classroom and courtroom. The Organization is doing business as “Child Advocates of SW Connecticut”.

In fiscal year 2021, CAC helped 80 children and CAC’s 60 active volunteers made over 2,500 community contacts. CAC volunteers donated over 3,500 hours of volunteer advocacy in the community, school and courtroom. Since CAC’s founding in 2010, CAC has helped over 325 children and trained 170 volunteer advocates.

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”). 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, 2021 and 2020

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

The Organization recognizes revenue in accordance with Accounting Standard Codification (ASC) Topic 606, "Revenue from Contracts with Customers" (Topic 606). The 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.

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 60 and 65 court appointed volunteers during the years ended June 30, 2021 and 2020, respectively.

CHILD ADVOCATES OF CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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 2018 are open for audit by federal and state authorities.

Note B - Paycheck Protection Program Loan

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. 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 used the entire Loan amount for qualifying expenses and the full amount of the Loan was forgiven on April 1, 2021. The Organization recognized income of \$57,624 as a result of the forgiveness.

CHILD ADVOCATES OF CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

Note B - Paycheck Protection Program Loan (continued)

On February 8, 2021 the Organization received an additional PPP loan of \$58,995. The second round of PPP lending, part of an overall COVID-19 economic stimulus package passed at the end of December 2020, provides additional funds to not profit organizations that were financially impacted by the pandemic. Eligible organizations include entities that previously received a PPP loan during the first round of lending, as well as those applying for the first time. To qualify for the second round of PPP loans, not profit organization must demonstrate a 25% reduction in revenue in at least one quarter of 2020 compared to 2019. The terms will be similar to the first round of lending, as described above, allowing borrowers to qualify for full forgiveness if the funds are spent on payroll and other allowed expenses. As of June 30, 2021 The Organization recorded the loan as debt and when forgiveness is granted by the Lender, will recognize income in the same manner as the first PPP loan.

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>2021</u>	<u>2020</u>
Without donor restrictions:		
<i>Designated by the Board for:</i>		
Operations	\$ 80,000	\$ 80,000
Undesignated	440,663	522,107
	\$ 520,663	\$ 602,107

CHILD ADVOCATES OF CONNECTICUT, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021 and 2020

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 579,147	\$ 648,838
Grants receivable	-	10,382
	<u>\$ 579,147</u>	<u>\$ 659,220</u>

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>2021</u>	<u>2020</u>
Changes in net assets without donor restrictions:		
<i>Revenues:</i>		
Contributions	\$ -	\$ 16,800
Special event revenue	-	-
Less: costs of direct benefits to donors	-	-
Net revenues from special events	<u>-</u>	<u>16,800</u>
<i>Expenses:</i>		
Program services	-	-
Fundraising	-	4,292
Total expenses	<u>-</u>	<u>4,292</u>
Increase in net assets without donor restrictions	<u>\$ -</u>	<u>\$ 12,508</u>

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 2021 and 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, 2021 and 2020 totaled \$8,028 and \$8,046, respectively.

CHILD ADVOCATES OF CONNECTICUT, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 and 2020

Note H - Other Matters

As discussed in Note B, the Organization obtained PPP loans which helped to mitigate the affect COVID-19 had on its 2021 fiscal year financial position. The full impact of the COVID-19 outbreak continues to evolve. As such, it is uncertain as to the full magnitude the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation and the impact on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2022 fiscal year.

Note I - Subsequent Events

Date of management evaluation

Management has evaluated subsequent events through October 25, 2021 the date on which the financial statements were available to be issued.