



Kids in Crisis

*free, round-the-clock help
for children, teens and parents*

FINANCIAL STATEMENTS

JUNE 30, 2017 AND 2016

**DYLEWSKY, GOLDBERG & BRENNER, LLC
CERTIFIED PUBLIC ACCOUNTANTS**

KIDS IN CRISIS, INC.

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Dylewsky, Goldberg & Brenner, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kids in Crisis, Inc.

We have audited the accompanying financial statements of Kids in Crisis, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, the related statements of activities, 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 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.

Auditor's 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. Those standards require that we plan and perform the audit 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 auditor's 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 Kids in Crisis, Inc. as of June 30, 2017 and 2016, 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.

A handwritten signature in black ink that reads "Dylewsky, Goldberg & Brenner, LLC".

Dylewsky, Goldberg & Brenner, LLC
Stamford, Connecticut

August 9, 2017

KIDS IN CRISIS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,095,466	\$ 477,595
Investments	5,189,471	5,435,268
Asset held for sale	30,000	-
Accounts receivable, government	74,117	113,170
Accounts receivable, sponsorships	1,000	47,500
Pledges receivable	376,153	307,841
Prepaid expenses	4,496	113,640
Total Current Assets	6,770,703	6,495,014
Other Assets		
Pledges receivable, net of current portion	35,000	-
Property and Equipment, net	4,088,880	4,327,877
	\$ 10,894,583	\$ 10,822,891
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 107,132	\$ 110,807
Accrued compensated absences	137,066	168,211
Deferred revenue	45,000	45,000
Total Current Liabilities	289,198	324,018
Net Assets		
Unrestricted - general operations	6,196,193	6,088,033
Temporarily restricted	1,588,608	1,629,124
Permanently restricted	2,820,584	2,781,716
Total Net Assets	10,605,385	10,498,873
	\$ 10,894,583	\$ 10,822,891

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Government Support				
Federal	\$ 156,056	\$ -	\$ -	\$ 156,056
State	12,005	-	-	12,005
Municipal	481,053	-	-	481,053
Total Government Support	<u>649,114</u>	<u>-</u>	<u>-</u>	<u>649,114</u>
Direct Support				
Contributions	1,609,125	669,328	38,868	2,317,321
Special events revenue	1,217,715	-	-	1,217,715
Special events expenses	(337,438)	-	-	(337,438)
Net assets released from restrictions	775,844	(775,844)	-	-
Total Direct Support	<u>3,265,246</u>	<u>(106,516)</u>	<u>38,868</u>	<u>3,197,598</u>
United Way	-	66,000	-	66,000
Non-cash contributions	34,749	-	-	34,749
Investment return	520,352	-	-	520,352
Miscellaneous revenues	6,688	-	-	6,688
Total Support and Revenue	<u>4,476,149</u>	<u>(40,516)</u>	<u>38,868</u>	<u>4,474,501</u>
FUNCTIONAL EXPENSES				
Safe Haven	2,537,556	-	-	2,537,556
Community services	1,105,438	-	-	1,105,438
Management and general	204,369	-	-	204,369
Fund development	520,626	-	-	520,626
Total Functional Expenses	<u>4,367,989</u>	<u>-</u>	<u>-</u>	<u>4,367,989</u>
<u>CHANGE IN NET ASSETS</u>				
	108,160	(40,516)	38,868	106,512
Net assets - beginning of year	<u>6,088,033</u>	<u>1,629,124</u>	<u>2,781,716</u>	<u>10,498,873</u>
Net assets - end of year	<u>\$ 6,196,193</u>	<u>\$ 1,588,608</u>	<u>\$ 2,820,584</u>	<u>\$ 10,605,385</u>

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Government Support				
Federal	\$ 122,513	\$ -	\$ -	\$ 122,513
State	413,616	-	-	413,616
Municipal	438,292	-	-	438,292
Total Government Support	<u>974,421</u>	<u>-</u>	<u>-</u>	<u>974,421</u>
Direct Support				
Contributions	1,622,036	632,574	10,850	2,265,460
Special events revenue	1,044,084	-	-	1,044,084
Special events expenses	(347,691)	-	-	(347,691)
Net assets released from restrictions	596,072	(596,072)	-	-
Total Direct Support	<u>2,914,501</u>	<u>36,502</u>	<u>10,850</u>	<u>2,961,853</u>
United Way	5,000	57,301	-	62,301
Non-cash contributions	28,224	-	-	28,224
Investment return	(1,061)	-	-	(1,061)
Miscellaneous revenues	15,976	-	-	15,976
Total Support and Revenue	<u>3,937,061</u>	<u>93,803</u>	<u>10,850</u>	<u>4,041,714</u>
FUNCTIONAL EXPENSES				
Safe Haven	2,840,533	-	-	2,840,533
Community services	1,097,562	-	-	1,097,562
Management and general	219,418	-	-	219,418
Fund development	500,006	-	-	500,006
Total Functional Expenses	<u>4,657,519</u>	<u>-</u>	<u>-</u>	<u>4,657,519</u>
<u>CHANGE IN NET ASSETS</u>	<u>(720,458)</u>	<u>93,803</u>	<u>10,850</u>	<u>(615,805)</u>
Net assets - beginning of year	<u>6,808,491</u>	<u>1,535,321</u>	<u>2,770,866</u>	<u>11,114,678</u>
Net assets - end of year	<u>\$ 6,088,033</u>	<u>\$ 1,629,124</u>	<u>\$ 2,781,716</u>	<u>\$ 10,498,873</u>

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	Safe Haven	Community Services	Total	Management and General	Fund Development	Total	
Salaries	\$ 1,502,301	\$ 796,852	\$ 2,299,153	\$ 123,267	\$ 367,846	\$ 491,113	\$ 2,790,266
Employee benefits and taxes	<u>420,269</u>	<u>140,970</u>	<u>561,239</u>	<u>26,228</u>	<u>44,179</u>	<u>70,407</u>	<u>631,646</u>
Total Payroll and Related Expenditures	1,922,570	937,822	2,860,392	149,495	412,025	561,520	3,421,912
Consultants/contract services	253,813	87,583	341,396	15,130	30,630	45,760	387,156
Vehicle expenses	16,654	4,192	20,846	271	1,268	1,539	22,385
Food and residents' expenses	61,933	-	61,933	-	-	-	61,933
Program and household supplies	16,679	2,190	18,869	-	-	-	18,869
Office supplies and other	5,896	3,137	9,033	2,295	8,241	10,536	19,569
Occupancy costs	28,241	3,835	32,076	1,395	1,395	2,790	34,866
Telephone	2,187	1,700	3,887	486	486	972	4,859
Equipment maintenance and repairs	50,522	7,983	58,505	2,630	2,828	5,458	63,963
Insurance	34,928	5,175	40,103	1,725	1,294	3,019	43,122
Postage and shipping	1,127	405	1,532	666	1,074	1,740	3,272
Publications and mailing	3,514	2,362	5,876	165	34,639	34,804	40,680
Provision for bad debts	-	-	-	15,300	-	15,300	15,300
Miscellaneous	<u>7,824</u>	<u>3,075</u>	<u>10,899</u>	<u>4,361</u>	<u>5,846</u>	<u>10,207</u>	<u>21,106</u>
Total Expenses before Depreciation	2,405,888	1,059,459	3,465,347	193,919	499,726	693,645	4,158,992
Depreciation expense	<u>131,668</u>	<u>45,979</u>	<u>177,647</u>	<u>10,450</u>	<u>20,900</u>	<u>31,350</u>	<u>208,997</u>
Total Functional Expenses	<u>\$ 2,537,556</u>	<u>\$ 1,105,438</u>	<u>\$ 3,642,994</u>	<u>\$ 204,369</u>	<u>\$ 520,626</u>	<u>\$ 724,995</u>	<u>\$ 4,367,989</u>

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	<u>PROGRAM SERVICES</u>			<u>SUPPORTING SERVICES</u>			TOTAL FUNCTIONAL EXPENSES
	Safe Haven	Community Services	Total	Management and General	Fund Development	Total	
Salaries	\$ 1,705,363	\$ 807,589	\$ 2,512,952	\$ 152,330	\$ 351,348	\$ 503,678	\$ 3,016,630
Employee benefits and taxes	<u>454,776</u>	<u>155,287</u>	<u>610,063</u>	<u>28,671</u>	<u>61,705</u>	<u>90,376</u>	<u>700,439</u>
Total Payroll and Related Expenditures	2,160,139	962,876	3,123,015	181,001	413,053	594,054	3,717,069
Consultants/contract services	269,993	52,490	322,483	14,039	16,688	30,727	353,210
Vehicle expenses	20,759	5,268	26,027	375	577	952	26,979
Food and residents' expenses	73,653	-	73,653	-	-	-	73,653
Program and household supplies	30,085	56	30,141	-	-	-	30,141
Office supplies and other	5,679	2,246	7,925	1,553	7,095	8,648	16,573
Occupancy costs	8,285	1,125	9,410	409	409	818	10,228
Telephone	2,578	1,714	4,292	490	490	980	5,272
Equipment maintenance and repairs	83,964	10,786	94,750	4,498	4,198	8,696	103,446
Insurance	35,721	5,292	41,013	1,764	1,323	3,087	44,100
Postage and shipping	1,476	555	2,031	755	1,342	2,097	4,128
Publications and mailing	7,072	6,216	13,288	122	29,037	29,159	42,447
Interest expense	642	88	730	32	32	64	794
Miscellaneous	<u>5,233</u>	<u>1,619</u>	<u>6,852</u>	<u>3,646</u>	<u>4,293</u>	<u>7,939</u>	<u>14,791</u>
Total Expenses before Depreciation	2,705,279	1,050,331	3,755,610	208,684	478,537	687,221	4,442,831
Depreciation expense	<u>135,254</u>	<u>47,231</u>	<u>182,485</u>	<u>10,734</u>	<u>21,469</u>	<u>32,203</u>	<u>214,688</u>
Total Functional Expenses	<u>\$ 2,840,533</u>	<u>\$ 1,097,562</u>	<u>\$ 3,938,095</u>	<u>\$ 219,418</u>	<u>\$ 500,006</u>	<u>\$ 719,424</u>	<u>\$ 4,657,519</u>

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 106,512	\$ (615,805)
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used by Operating Activities:		
Depreciation	208,997	214,688
Loss from disposal of fixed asset	-	9,020
Provision for bad debts	15,300	-
Realized and unrealized losses on investments	(392,103)	232,497
Permanently restricted contributions for investment	(38,868)	(10,850)
Changes in Operating Assets and Liabilities:		
Accounts receivable, government	39,053	29,392
Accounts receivable, sponsorships	46,500	(6,500)
Pledges receivable	(118,612)	(81,455)
Prepaid expenses	109,144	(79,870)
Accounts payable and accrued liabilities	(3,675)	(40,451)
Accrued compensated absences	(31,145)	4,177
Total Adjustments	<u>(165,409)</u>	<u>270,648</u>
Net Cash Used by Operating Activities	<u>(58,897)</u>	<u>(345,157)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(123,000)
Proceeds from sale of investments	6,336,496	751,068
Purchases of investments	<u>(5,698,596)</u>	<u>(231,435)</u>
Net Cash Provided by Investing Activities	<u>637,900</u>	<u>396,633</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Permanently restricted contributions for investment	38,868	10,850
Principal payments of debt	<u>-</u>	<u>(67,043)</u>
Net Cash Provided (Used) by Financing Activities	<u>38,868</u>	<u>(56,193)</u>
<u>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</u>	617,871	(4,717)
Cash and cash equivalents - beginning of year	<u>477,595</u>	<u>482,312</u>
Cash and cash equivalents - end of year	<u>\$ 1,095,466</u>	<u>\$ 477,595</u>

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 OPERATIONS

Kids in Crisis, Inc. (“Kids in Crisis” or the “Organization”) is the only program in Connecticut providing free, 24-hour crisis intervention and emergency shelter for children and teens, newborn to 17 years of age. The mission is to protect infants, children, and teens from abuse and family crisis. To this end, Kids in Crisis provides free, round-the-clock crisis intervention, counseling and emergency shelter services, prevention programs in local communities, and advocacy throughout Connecticut.

Since 1978, Kids in Crisis has helped nearly 144,000 children and families through noteworthy crisis services and community prevention programs. Trained counselors are available 24 hours a day, 7 days a week to provide immediate crisis counseling and to meet with children and their families in area communities. For children who are no longer safe at home, Kids in Crisis provides emergency shelter in a safe, nurturing, and therapeutic environment. In July 2016 Kids in Crisis reduced the number of beds available from ten to six at both the Crisis Nursery and the Teen House, for a total of twelve beds, now called Safe Haven, as a cost saving measure. In January 2017 the twelve beds were further consolidated into one building to reduce expenses further. These reductions do not affect the services the children receive, however the reduction does reduce the number of children that can be served at any given time. Every child in residence receives complete medical care, including a physical and mental health evaluation, and referrals to local doctors for specialized care. This medical support is provided through the on-site TLC Health Center, licensed by the Connecticut Department of Health and operated in partnership with Family Centers, Inc. In addition to complete medical and psychological care, Kids in Crisis also provides residents with educational advocacy and support to ensure long-term academic success. Kids in Crisis has seen two positive changes this year over previous years: an increase in the number of children and youth who are able to return home due to the services received and a reduction in the length of stay in emergency care.

In addition to the emergency services provided, Kids in Crisis offers community education and prevention programs. Introduced in 1999, the SafeTalk program provides elementary school children and parents with child-friendly workshops designed to educate in the signs of physical and verbal abuse, including bullying and cyber bullying, good touch/bad touch and stranger danger. The Kids in Crisis TeenTalk program offers on-site school support for middle and high school students through crisis counselors who provide confidential, short-term individual and small group counseling on issues of importance to the health and well-being of teens. The TeenTalk Program was in eight different Fairfield County communities this past year: three middle schools and five high schools. Additionally, Kids in Crisis is the Fairfield County sponsor of Safe Place, a national program that partners municipalities, businesses, and other local facilities to provide immediate help for any youths who may find themselves in the community when a crisis develops.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 OPERATIONS (continued)

Kids in Crisis is also working in partnership with the Greenwich Police Department, the Greenwich Board of Education, and Greenwich Youth Services to implement two juvenile justice diversion/restorative justice programs: the Juvenile Review Board and the Interagency Team. Kids in Crisis provides case management and counseling for the youth involved in these programs which are focused on prevention and early intervention.

Kids in Crisis has been requested by local providers to consider implementing early childhood prevention programs. A program for early elementary school students is presently being piloted in a few area elementary schools and parent education programs are being considered.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

Kids in Crisis, Inc.'s financial statements are presented on the accrual basis of accounting and in accordance with Financial Accounting Standards Board ("FASB") guidance on reporting information regarding its financial position and activities for not-for-profit organizations. Under that guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Further, contributions are recognized as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Revenue Recognition

Government Grants: Certain grants and contracts are on a fee-for-service basis where revenue is recognized when earned. Other grants used to pay operating expenses based on budgeted cost levels are recognized ratably over the lives of the grants. Expenditure-driven grant revenue (i.e., the Organization must first incur the expenditure as a basis for reimbursement) is recognized when the related expenditure is incurred.

Promises to Give: Unconditional promises to give are recognized as revenue in the period received and as assets or as decreases of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization receives fixed, annual unrestricted support from three United Way agencies.

Contributions: Contributions are recognized as unrestricted support unless their use is specifically restricted by the donor. When a donor restriction expires, that is when the stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Change in Net Assets as net assets released from restrictions. Contributions that are permanently restricted (endowed) by the donor, from which the Organization may utilize only the income, are recognized as permanently restricted net assets.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Non-cash Contributions

A significant number of volunteers donate their time in the furtherance of the Organization's programs and activities. Volunteers perform various administrative, programming, and fundraising functions. However, the value of these services is not recognized in the financial statements unless the donated service received creates or enhances non-financial assets or requires specialized skills that would typically need to be purchased if not provided by contribution. In addition, in-kind contributions are measured at the fair value of the assets transferred to the Organization to the extent the Organization would have purchased the merchandise.

Property and Equipment

Property and equipment are capitalized at cost, if purchased, or at estimated fair value on the date of gift, if donated. Acquisitions of property and equipment whose cost is \$1,000 or more are capitalized as incurred. Property and equipment are depreciated using the straight-line method based on their respective estimated useful lives ranging from three to thirty-five years. Repairs and maintenance to existing facilities are expensed as incurred.

Investments

Kids in Crisis, Inc. follows FASB guidance on fair value, which among other things, defines fair value, establishes a hierarchal framework for measuring fair value, and expands disclosure about fair value measurements. Fair value is defined as 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 fair value hierarchy is organized into three levels based upon the assumptions (referred to as "inputs") used in pricing the asset or liability, as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, with fair value being determined through the use of models or other valuation methodologies.

Level 3: Inputs are unobservable inputs for the asset or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment and estimation. Factors considered include the purchase cost, prices of recent private placements of the same issuer, liquidity of the investment, changes in financial condition of the issuer, and valuations of similar companies.

Kids in Crisis, Inc. values its investments in readily marketable securities using Level 1 inputs. The Organization reports investment income and gains and losses as increases or decreases in unrestricted net assets in the Statements of Activities and Change in Net Assets unless a donor or law temporarily or permanently restricts their use. Investments are managed in accordance with board-approved investment and spending policies.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Kids in Crisis regularly assesses these estimates and, while actual results may differ from these estimates, management believes that material changes will not occur in the near term.

Functional Expenses

The costs of providing various programs and other activities have been summarized in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising Costs

Advertising costs are expensed as incurred.

Accrued Compensation

Kids in Crisis, Inc.'s policy allow employees to carry forward, from year to year, eighty hours of sick and eighty hours of vacation time.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all dollar-denominated, highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Income Taxes

Kids in Crisis, Inc. evaluates all significant tax positions in accordance with accounting principles generally accepted in the United States of America. As of June 30, 2017, Kids in Crisis, Inc. does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

Reclassifications

Certain reclassifications of the prior year's amounts were made to conform to the current year presentation.

Recently Issued Accounting Standards

In February 2016, the FASB issued a new ASU 2016-02, *Leases (ASC 842)*, which requires an entity to recognize all leases on the balance sheet. The guidance significantly changes lessee accounting for leases, and impacts financial statement presentation and financial metrics, including many that relate directly to debt covenants, key performance indicators, and perhaps compensation

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Recently Issued Accounting Standards (continued)

arrangements. The ASU will replace most existing lease accounting guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Organization for the year ended December 31, 2019.

In August 2016, the FASB issued a new ASU 2016-14, *Not-for-Profit Entities* (ASC 958). The accounting standards update addresses the areas which affect both key qualitative and quantitative measurements such as: net asset class presentation, investment return, liquidity and availability of resources, presentation of operating cash flow, and presentation of “underwater” endowments. The new accounting standard becomes effective for fiscal years beginning after December 15, 2017.

Not-for-profit entities are required to adopt the standard using a modified retrospective transition approach which requires application of the new guidance at the beginning of the earliest comparative period presented in the year of adoption. Early application is permitted. The Organization is evaluating the effect that ASU 2016-14 will have on the financial statements and related disclosures. The Organization has not yet determined the impact of the new standard on its ongoing financial reporting.

In May 2014, the FASB issued accounting standards update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. According to the new revenue recognition standards promulgated by the FASB, revenue recognition will follow a five-step process, which may or may not apply to the Organization. The five steps for revenue recognition are as follows: 1) Identify a contract, 2) Identify the performance obligation(s) in the contract, 3) Determine the sales price, 4) Allocate the transaction price to the performance obligations in the contract, and 5) Recognize revenue when, or as, the organization satisfies a performance obligation. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Organization the year ended December 31, 2019. The standard permits the use of either the retrospective or cumulative effect transition method. The Organization has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

Entities are required to adopt the standards using a modified retrospective transition approach which requires application of the new guidance at the beginning of the earliest comparative period presented in the year of adoption. Early application is permitted. The Organization is evaluating the effect that ASU 2016-02 and ASU 2016-14 will have on its financial statements and related disclosures. The Organization has not yet determined the effect of the standards on its ongoing financial reporting.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 3 ACCOUNTS AND PLEDGES RECEIVABLE

Kids in Crisis, Inc. carries its receivables at cost and uses the allowance method for doubtful accounts. On a periodic basis, the Organization evaluates its accounts receivable and whether the balances are collectible. All accounts and pledges receivable at June 30, 2017 are expected to be fully collected within one year.

The long-term portion of the pledges receivable outstanding at June 30, 2017 is due in the fiscal year ending June 2019. The discount on the pledge was not recorded due to immateriality.

NOTE 4 INVESTMENTS

Investments are comprised of the following funds for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Equity funds	\$ 3,012,531	\$ 3,086,562
Bond funds	<u>2,176,940</u>	<u>2,348,706</u>
 Total Investments	 \$ <u>5,189,471</u>	 \$ <u>5,435,268</u>

Investment gains were comprised of the following for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividend income	\$ 128,249	\$ 231,436
Net realized and unrealized gains (losses)	<u>392,103</u>	<u>(232,497)</u>
 Total Investment Return	 \$ <u>520,352</u>	 \$ <u>(1,061)</u>

Investments are managed in accordance with the Organization's board-approved investment and spending policies. The primary investment objective is to preserve and enhance the endowment fund by earning a competitive return from a combination of investment income and capital appreciation without exposing the assets to undue long-term risk.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 5 **NET ASSETS**

Temporarily restricted net assets were available for the following purposes as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Safe Haven	\$ 127,733	\$ 256,863
Spring Event	8,800	8,800
Have a Heart	1,000	1,000
TeenTalk	20,000	25,000
Recreation	3,114	-
Aftercare	37,689	37,689
Education	70,000	-
Time restricted to fiscal year 2018	20,500	-
Capital projects	<u>1,299,772</u>	<u>1,299,772</u>
 Total Temporarily Restricted Net Assets	 <u>\$ 1,588,608</u>	 <u>\$ 1,629,124</u>

Restricted funds that were released during each year were spent for program related expenses.

Permanently Restricted: Net assets, from which the income is expendable for general and restricted purposes, were as follows at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Available for general operations	\$ 1,874,747	\$ 1,835,879
Temporarily restricted to support education	106,397	106,397
Temporarily restricted to support the medical program	139,440	139,440
Temporarily restricted to support Aftercare for children	<u>700,000</u>	<u>700,000</u>
 Total Permanently Restricted Net Assets	 <u>\$ 2,820,584</u>	 <u>\$ 2,781,716</u>

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Land	\$ 1,236,000	\$ 1,266,000
Building	2,162,932	2,310,802
Building improvements	3,515,197	3,866,162
Furniture and fixtures	445,966	470,192
Vehicles	<u>147,159</u>	<u>147,159</u>
	7,507,254	8,060,315
Less: accumulated depreciation	<u>(3,418,374)</u>	<u>(3,732,438)</u>
 Total Property and Equipment, net	 <u>\$ 4,088,880</u>	 <u>\$ 4,327,877</u>

In 2016, the Organization purchased approximately \$128,159 of automobiles and traded in various other automobiles, one of which had a loan. The automobiles were primarily paid for by a State of Connecticut grant.

During the year ended June 30, 2017, the Organization held for sale its property located at Prospect Street in Greenwich, Connecticut. Subsequent to year end, the Organization entered into a contract to sell the property for \$825,000. The carrying amount of the property, net of depreciation, is \$30,000.

NOTE 7 TAX-DEFERRED ANNUITY PLAN

The Organization maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees with over one year of service and part-time employees with at least one thousand hours of service annually. The Organization automatically contributes 2% of the base salary and 50% of an employee's contribution up to 2%. Contributions vest at a rate of 20% after two years of service and at 100% after three years of service. Pension expense was \$82,946 and \$84,393 for the years ended June 30, 2017 and 2016, respectively.

NOTE 8 INCOME TAXES

The Organization is exempt from federal income taxes under Internal Revenue Code section 501(c)(3). Contributions made to the Organization are qualified for the maximum tax deductions allowable under the United States Internal Revenue Code.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 9 CONTRIBUTIONS

Details of contributions for the year ended June 30, 2017 were as follows:

	<u>GENERAL OPERATIONS</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Individuals	\$ 1,165,179	\$ 38,868	\$ 1,204,047
Corporations	464,034	-	464,034
Foundations	479,172	-	479,172
Religious and other organizations	<u>170,068</u>	<u>-</u>	<u>170,068</u>
Total Contributions	<u>\$ 2,278,453</u>	<u>\$ 38,868</u>	<u>\$ 2,317,321</u>

Details of contributions for the year ended June 30, 2016 were as follows:

	<u>GENERAL OPERATIONS</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Individuals	\$ 1,078,070	\$ 10,850	\$ 1,088,920
Corporations	460,766	-	460,766
Foundations	572,868	-	572,868
Religious and other organizations	<u>142,906</u>	<u>-</u>	<u>142,906</u>
Total Contributions	<u>\$ 2,254,610</u>	<u>\$ 10,850</u>	<u>\$ 2,265,460</u>

The general operations columns include both general operations and temporarily restricted contributions.

NOTE 10 SPECIAL EVENTS

The Organization holds three major special events each year: Gala, Navigators Stamford KIC IT Triathlon (deferred from June 2017 to July 2017 for the fiscal year event), and Kids' Challenge Golf Tournament. Additionally, the Organization runs a number of smaller fundraising events hosted by donors and volunteers each year. Other important fundraising events include Have-A-Heart in Ridgefield which is held every other year and the Cards for Kids Tournament which is held annually in New York City.

Contributions raised through the events are directed to the general operations of Kids in Crisis. All contributions are included in special event revenue in the Statements of Activities and Change in Net Assets.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 11 CONCENTRATIONS

The Organization maintains its cash and cash equivalents in bank deposit accounts in federal government obligation money market funds at a high-credit, quality financial institution. The balances in cash accounts may at times exceed federally insured limits.

NOTE 12 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 9, 2017, the date that the financial statements were available to be issued.

OTHER FINANCIAL INFORMATION



Dylewsky, Goldberg & Brenner, LLC
CERTIFIED PUBLIC ACCOUNTANTS

AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

To the Board of Directors
Kids in Crisis, Inc.

We have audited the financial statements of Kids in Crisis, Inc. as of and for the years ended June 30, 2017 and 2016, and have issued our report thereon dated August 9, 2017, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The other financial information is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dylewsky, Goldberg & Brenner, LLC

Dylewsky, Goldberg & Brenner, LLC
Stamford, Connecticut

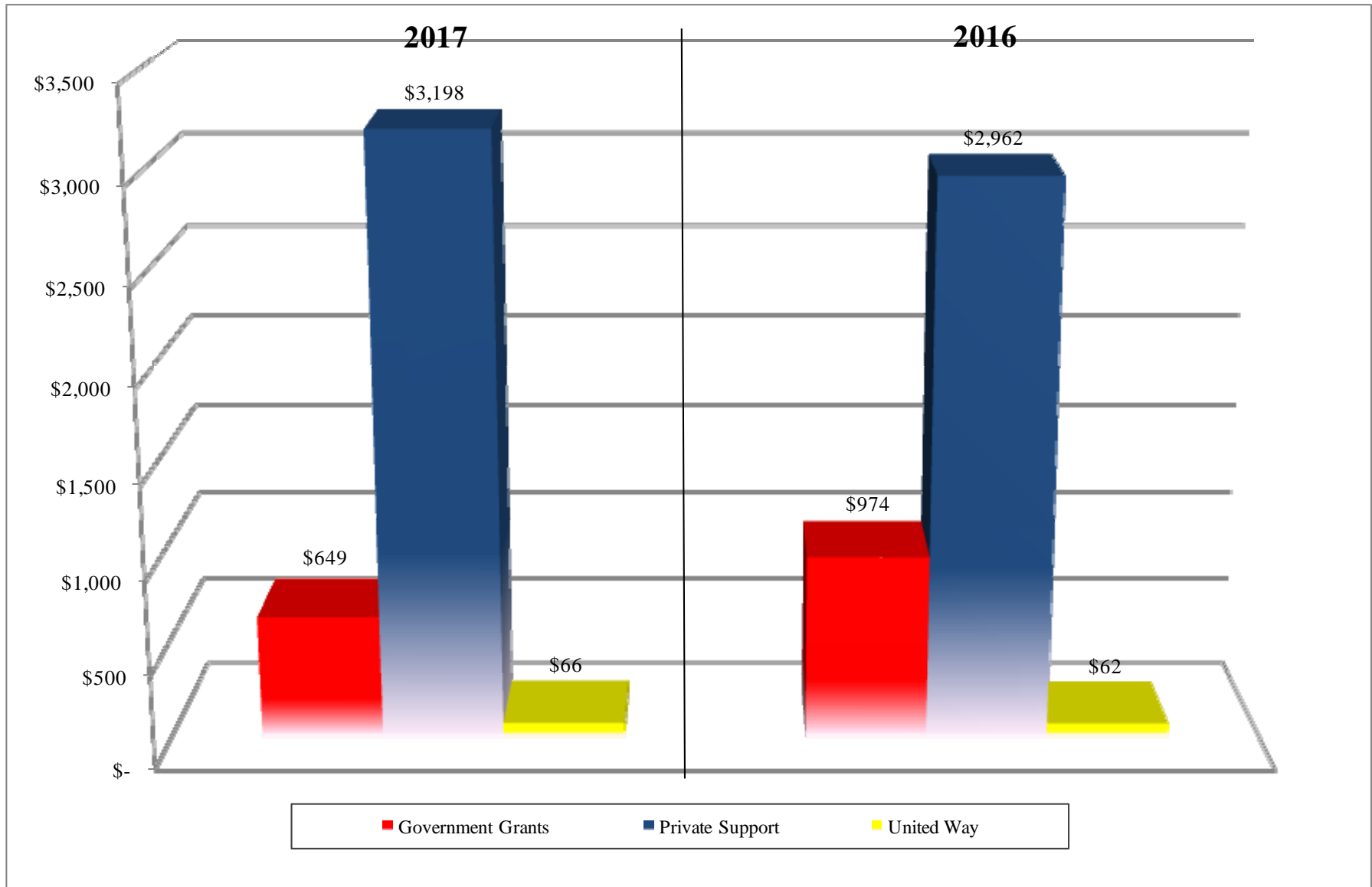
August 9, 2017

Kids in Crisis, Inc.

Revenues

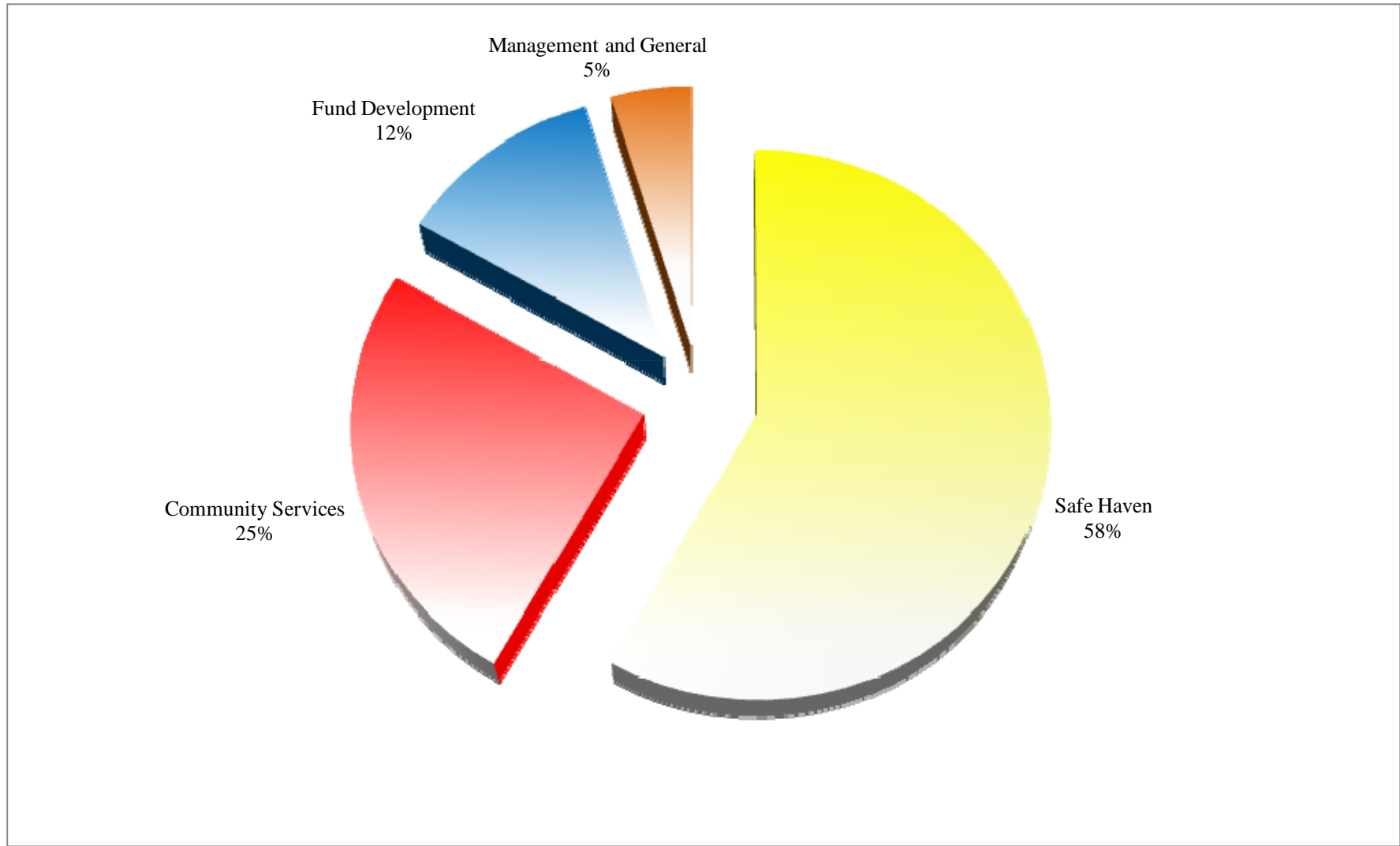
\$ In Thousands

Years Ended June 30, 2017 and 2016



Kids in Crisis, Inc.

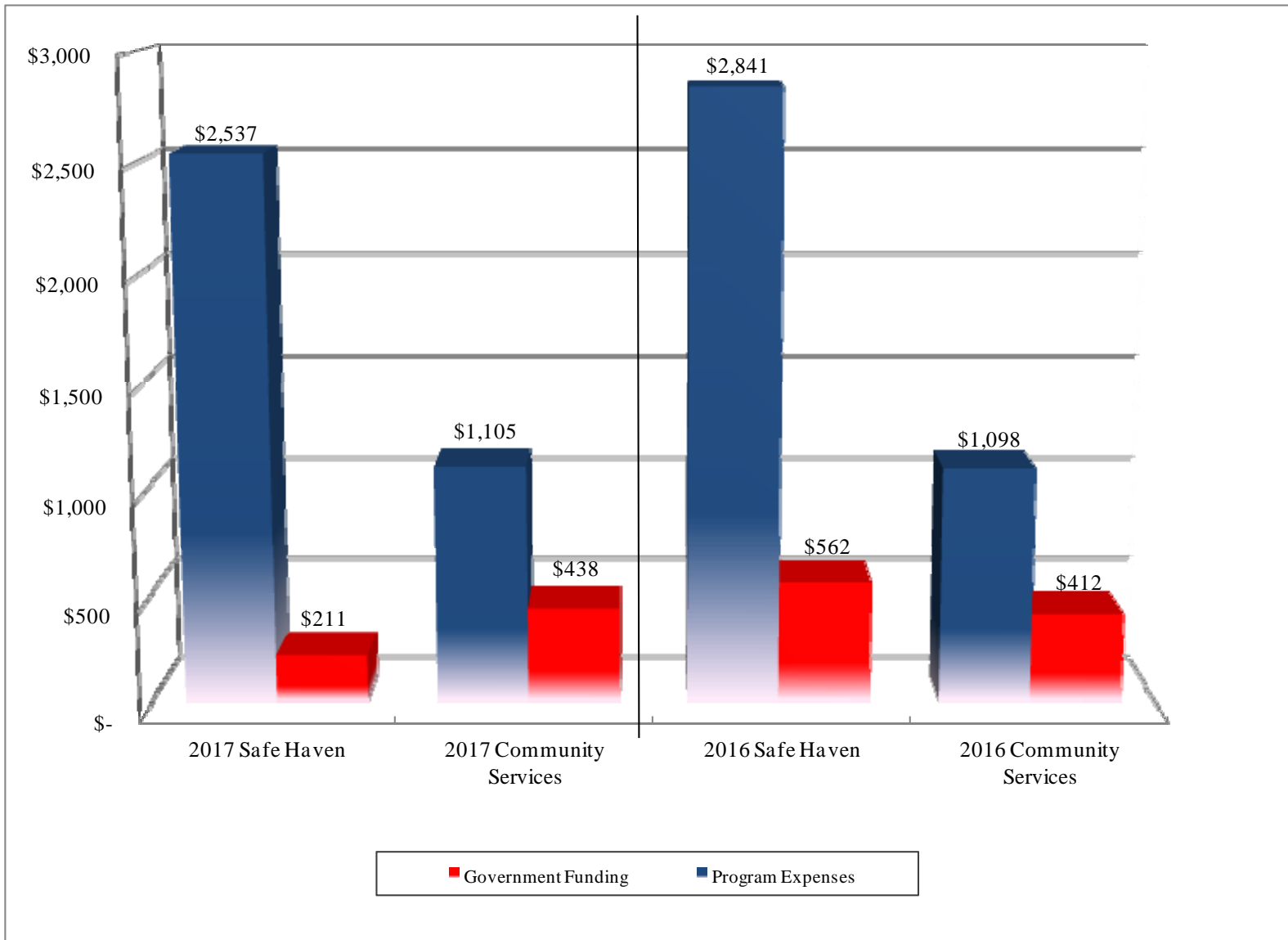
Functional Expense Distribution
Year Ended June 30, 2017



Kids in Crisis, Inc.

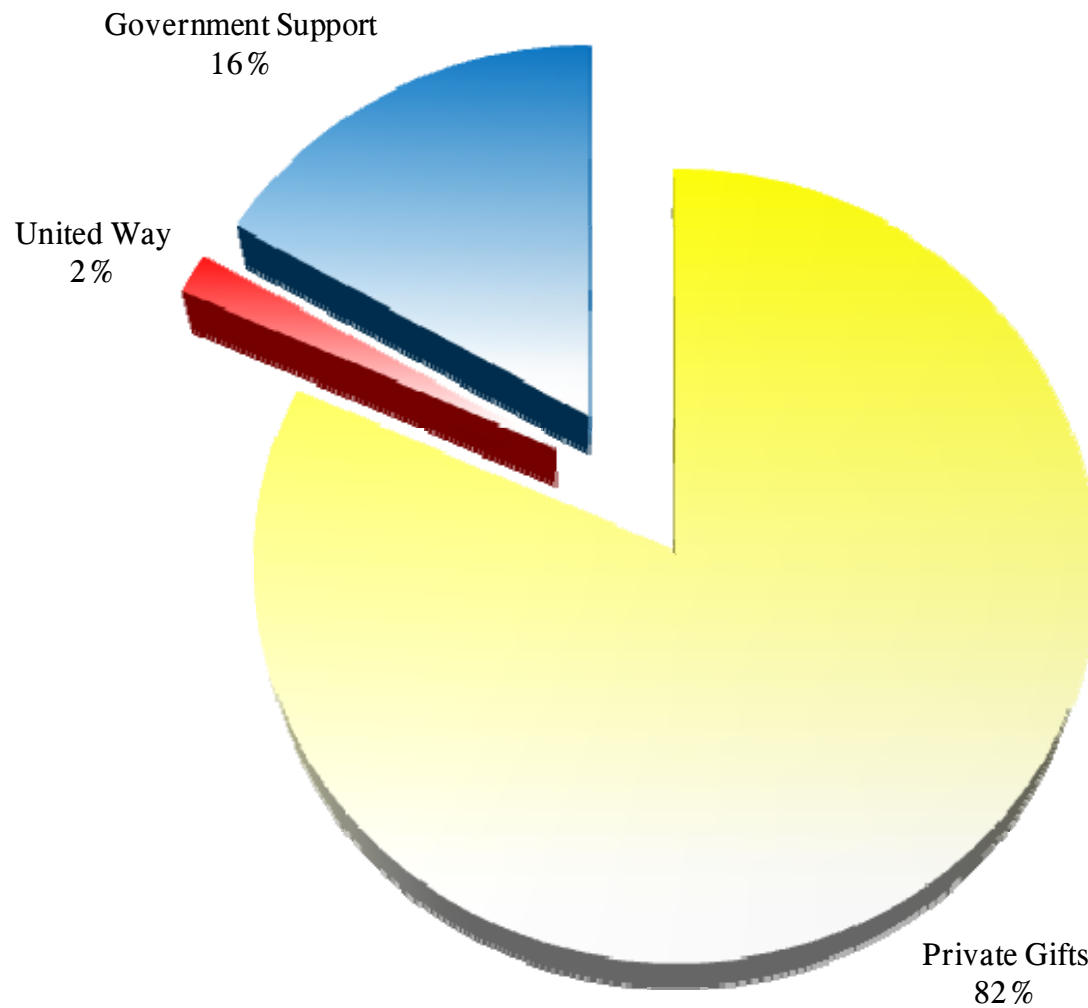
Government Funding and Program Expenses Years Ended June 30, 2017 and 2016

\$ In Thousands



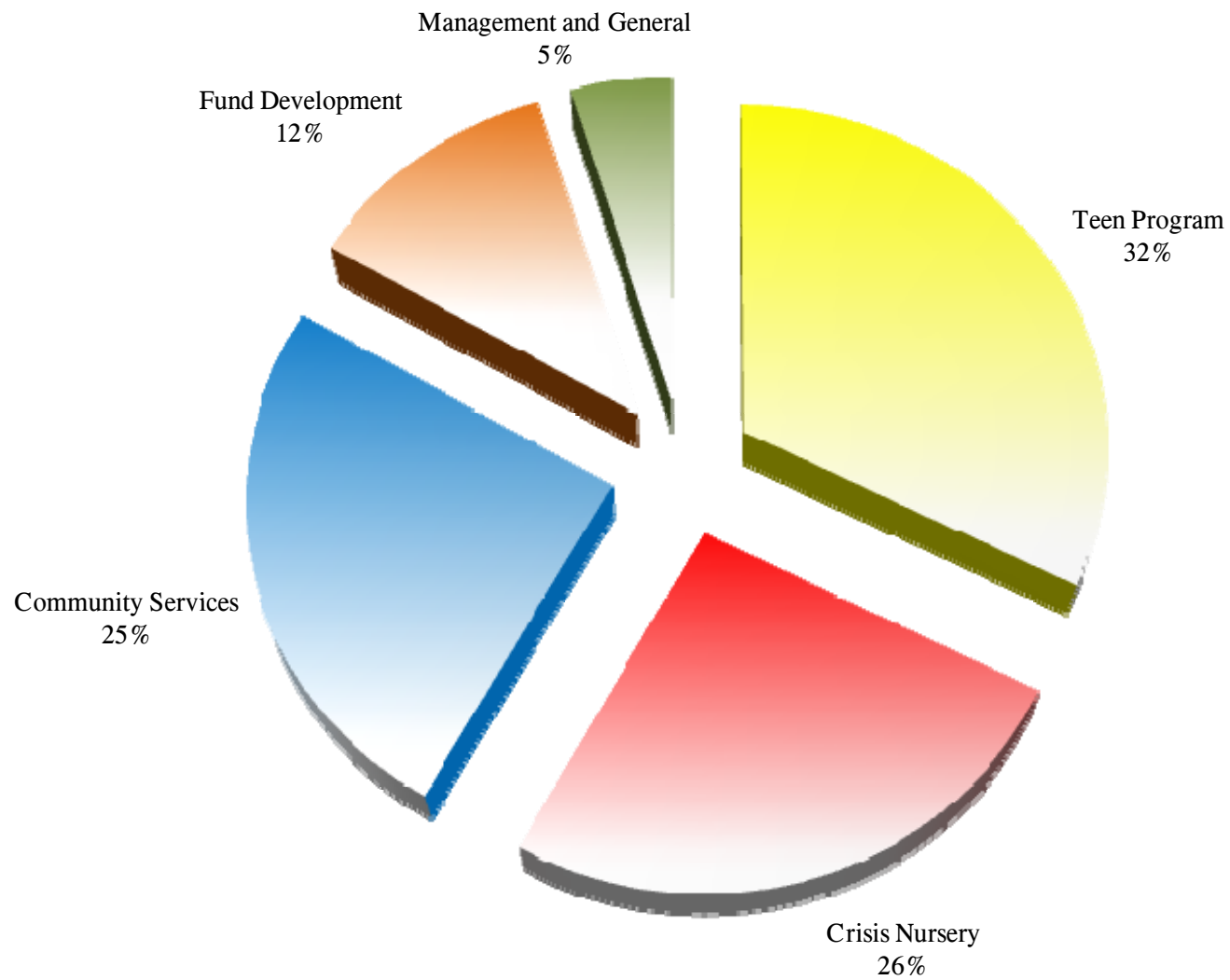
Kids in Crisis, Inc.

Revenues
Year Ended June 30, 2017



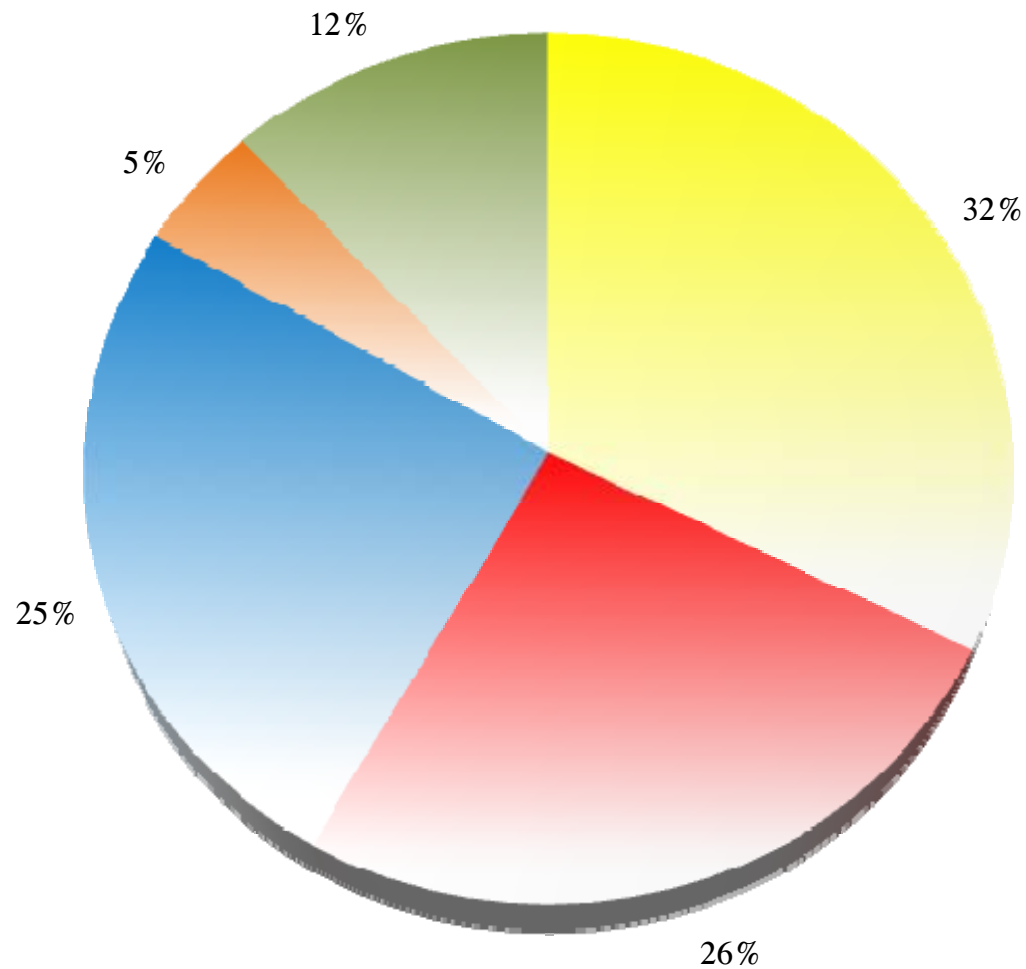
Kids in Crisis, Inc.

Expenses
Year Ended June 30, 2017



Kids in Crisis, Inc.

Functional Expense Distribution
Year Ended June 30, 2017

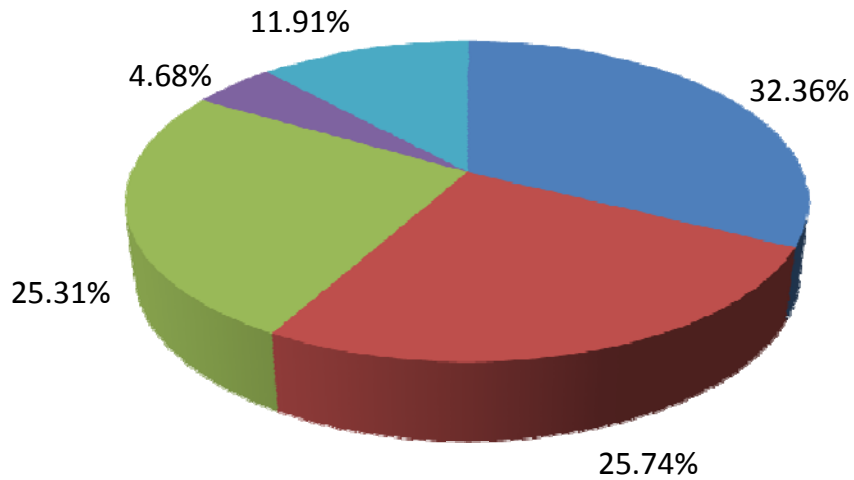


Teen Program Crisis Nursery Community Services Management and General Fund Development

Kids in Crisis, Inc.

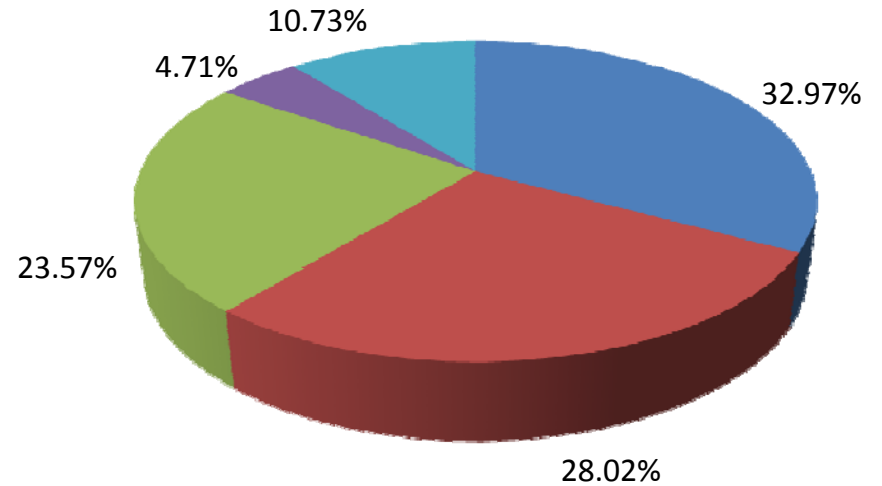
Functional Expense Distribution
Year Ended June 30, 2017 and 2016

2017



- Teen Program
- Crisis Nursery
- Community Services
- Mgmt. and General
- Fund Development

2016



- Teen Program
- Crisis Nursery
- Community Services
- Mgmt. and General
- Fund Development