

Audited Financial Statements

Kids In Crisis, Inc.

*Years ended June 30, 2023 and 2022
with Independent Auditors' Report and Reports
in Accordance with Government Auditing Standards
and Uniform Guidance for Federal Audits*



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Kids In Crisis, Inc.

Financial Statements
For the Years Ended June 30, 2023 and 2022

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Independent Auditors' Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kids In Crisis, Inc. (a not for profit organization), (the Organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements,

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kids In Crisis, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on 2022 Financial Statements

The financial statements of Kids In Crisis, Inc. as of and for the year ended June 30, 2022, were audited by another auditor whose report dated January 25, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Independent Auditors' Report (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Independent Auditors' Report (continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
November 30, 2023

Kids In Crisis, Inc.
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and equivalents	\$ 2,277,617	\$ 2,680,666
Investments	7,847,081	7,115,393
Grant receivable	496,930	58,631
Promises to give, current portion	477,881	491,892
Total current assets	11,099,509	10,346,582
Promises to give, net of current and discount	195,962	323,609
Property and equipment, net	3,371,732	3,207,366
Total assets	\$ 14,667,203	\$ 13,877,557
 Liabilities and net assets		
Current liabilities		
Accounts payable and accrued liabilities	\$ 242,567	\$ 133,003
Accrued compensated absences	234,244	178,996
Total current liabilities	476,811	311,999
 Total liabilities	 476,811	 311,999
 Net assets		
Without donor restrictions	9,747,693	9,037,919
With donor restrictions	4,442,699	4,527,639
Total net assets	14,190,392	13,565,558
 Total liabilities and net assets	 \$ 14,667,203	 \$ 13,877,557

See accompanying notes

Kids In Crisis, Inc.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restriction	With Donor Restrictions	Total	Without Donor Restriction	With Donor Restrictions	Total
Revenues and Support						
Government support						
Federal	\$ 1,923,787	\$ -	\$ 1,923,787	\$ 338,214	\$ -	\$ 338,214
Employee retention credit	367,121	-	367,121	174,538	-	174,538
Gain on extinguishment of debt - PPP Loan	-	-	-	637,357	-	637,357
Municipal	1,271,929	-	1,271,929	979,532	-	979,532
Total government support	3,562,837	-	3,562,837	2,129,641	-	2,129,641
Direct support						
Contributions	1,711,618	404,091	2,115,709	1,548,615	1,170,988	2,719,603
Special event revenue, net direct expense	559,810	-	559,810	530,548	-	530,548
Net assets released from restrictions	673,114	(673,114)	-	1,082,597	(1,082,597)	-
Total direct support	2,944,542	(269,023)	2,675,519	3,161,760	88,391	3,250,151
Contributed non-financial assets	36,047	-	36,047	58,510	-	58,510
Interest and investment gain (loss)	441,457	184,083	625,540	(739,105)	(336,126)	(1,075,231)
Miscellaneous revenues	21,745	-	21,745	15,321	-	15,321
Total other revenues	499,249	184,083	683,332	(665,274)	(336,126)	(1,001,400)
Total Revenues and Support	7,006,628	(84,940)	6,921,688	4,626,127	(247,735)	4,378,392
Expenses						
Program services	5,523,562	-	5,523,562	4,113,314	-	4,113,314
Management and general	188,426	-	188,426	253,581	-	253,581
Fundraising	584,866	-	584,866	511,088	-	511,088
Total expenditures	6,296,854	-	6,296,854	4,877,983	-	4,877,983
Change in net assets without donor restrictions	709,774	(84,940)	624,834	(251,856)	(247,735)	(499,591)
Net assets - beginning of year	9,037,919	4,527,639	13,565,558	9,289,775	4,775,374	14,065,149
Net assets - end of year	\$ 9,747,693	\$ 4,442,699	\$ 14,190,392	\$ 9,037,919	\$ 4,527,639	\$ 13,565,558

See accompanying notes

Kids In Crisis, Inc.
Statements of Functional Expenses
Year Ended June 30, 2023

	Community			Management and General	Fund	
	Safe Haven	Services	Total		Development	Total
Salaries	\$ 1,958,194	\$ 1,881,258	\$ 3,839,452	\$ 81,146	\$ 399,369	\$ 4,319,967
Employee benefits and taxes	372,877	358,227	731,105	15,452	76,047	822,604
Total payroll and related expenditures	<u>2,331,071</u>	<u>2,239,485</u>	<u>4,570,557</u>	<u>96,598</u>	<u>475,416</u>	<u>5,142,571</u>
Consultants/contract services	328,336	98,276	426,612	20,627	28,101	475,340
Equipment maintenance and repairs	44,500	47,515	92,015	9,997	9,517	111,529
Depreciation	122,091	42,635	164,727	9,690	19,380	193,796
Program and household supplies	40,206	7,905	48,111	-	-	48,111
Office supplies and other	6,049	985	7,034	30,071	17,787	54,892
Food and residents' expenses	74,041	3,634	77,675	-	-	77,675
Insurance	34,285	13,185	47,470	2,637	2,637	52,744
Publications and mailing	673	23,019	23,692	-	19,841	43,533
Miscellaneous	5,257	5,715	10,972	16,595	9,343	36,910
Occupancy costs	21,969	4,624	26,593	1,156	-	27,749
Vehicle expenses	20,213	3,337	23,550	-	1,566	25,116
Telephone	3,198	649	3,847	779	285	4,911
Postage and shipping	473	235	708	276	993	1,977
Total expenses	<u>\$ 3,032,363</u>	<u>\$ 2,491,199</u>	<u>\$ 5,523,562</u>	<u>\$ 188,426</u>	<u>\$ 584,866</u>	<u>\$ 6,296,854</u>

See accompanying notes

Kids In Crisis, Inc.
 Statements of Functional Expenses
 Year Ended June 30, 2022

	Safe Haven	Community Services	Total	Management and General	Fund Development	Total
Salaries	\$ 1,172,441	\$ 1,595,203	\$ 2,767,644	\$ 112,345	\$ 333,601	\$ 3,213,590
Employee benefits and taxes	301,233	275,089	576,322	21,928	70,184	668,434
Total payroll and related expenditures	<u>1,473,674</u>	<u>1,870,292</u>	<u>3,343,966</u>	<u>134,273</u>	<u>403,785</u>	<u>3,882,024</u>
Consultants/contract services	229,035	76,035	305,070	51,806	22,426	379,302
Equipment maintenance and repairs	44,203	28,780	72,983	7,846	7,218	88,047
Depreciation	127,537	44,537	172,074	10,122	20,244	202,440
Program and household supplies	38,519	21,671	60,190	-	-	60,190
Office supplies and other	2,612	1,666	4,278	27,222	17,965	49,465
Food and residents' expenses	42,041	1,639	43,680	-	-	43,680
Insurance	29,725	11,435	41,160	2,287	2,287	45,734
Publications and mailing	142	13,186	13,328	-	26,274	39,602
Miscellaneous	6,756	3,788	10,544	11,922	8,981	31,447
Occupancy costs	21,240	4,471	25,711	1,118	-	26,829
Vehicle expenses	14,154	3,404	17,558	-	1,118	18,676
Telephone	1,409	677	2,086	2,140	298	4,524
Postage and shipping	463	223	686	265	492	1,443
Bad debt expense	-	-	-	4,580	-	4,580
Total expenses	<u>\$ 2,031,510</u>	<u>\$ 2,081,804</u>	<u>\$ 4,113,314</u>	<u>\$ 253,581</u>	<u>\$ 511,088</u>	<u>\$ 4,877,983</u>

See accompanying notes

Kids In Crisis, Inc.
 Statements of Cash Flows
 Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets without donor restrictions	\$ 624,834	\$ (499,591)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:		
Depreciation	193,796	202,440
Bad debt expense	-	4,580
Gain on extinguishment of debt - PPP Loan	-	(637,357)
Realized and unrealized (gains) losses on investments	(116,380)	1,172,020
Perpetually restricted contributions for investments	-	(2,703)
Changes in assets and liabilities:		
Grant and accounts receivable	(438,299)	(58,631)
Promises to give	141,658	(183,950)
Prepaid expense	-	2,597
Accounts payable and accrued liabilities	109,564	17,500
Accrued compensated absences	55,248	17,940
Net cash provided by operating activities	570,421	34,845
Cash flows from investing activities:		
Purchase of property and equipment	(358,162)	(40,000)
Purchases of investment and/or dividends reinvested, net	(615,308)	(322,914)
Net cash used in investing activities	(973,470)	(362,914)
Cash flows from financing activities:		
Perpetually restricted contributions for investments	-	2,703
Net cash provided by financing activities	-	2,703
Net change in cash	(403,049)	(325,366)
Cash - beginning of year	2,680,666	3,006,032
Cash - end of year	\$ 2,277,617	\$ 2,680,666

See accompanying notes

Kids In Crisis, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

1. Operations

Kids In Crisis, Inc. (Kids In Crisis or the Organization) provides free, 24-hour crisis intervention, counseling and emergency shelter services, as well as prevention programs in local communities, and advocacy throughout Connecticut. Kids In Crisis is the only emergency shelter in the state serving all children, newborn to 17 years of age. Since 1978, Kids In Crisis has helped more than 164,000 children and families, through a variety of in-house and community programming.

Safe Haven (The Farmhouse & The Cottage)

Kids In Crisis' 24-hour helpline, 203-661-1911 is staffed by trained Outreach crisis counselors available 24 hours a day to provide immediate crisis counseling, and to meet with children and their families in need, throughout Southwestern Connecticut.

For children who are no longer safe at home, Kids In Crisis provides SafeHaven for Kids, an emergency shelter with a safe, nurturing, and therapeutic environment. Every child in residence receives routine 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 medical and psychological care, Kids In Crisis also provides residents with individual, group and family counseling, educational advocacy and support to ensure long-term academic success. Aftercare is provided for three months following discharge.

Community Services

SafeTalk is an educational empowerment program, providing elementary school children and parents with child-friendly workshops designed to increase awareness about the signs of physical and verbal abuse, including bullying and cyber bullying, good touch/bad touch, as well as stranger danger, and providing tools to promote safety and wellbeing. The goal of the program is to have children feel "safe, strong and free."

TeenTalk is a program that places trained master's level crisis counselors in schools for middle and high school students. These counselors provide confidential support to adolescents who are struggling with personal problems, social and academic pressures, depression, anxiety, family conflict and drug and alcohol issues. In these times, when the mental health needs of students in the schools are reaching far beyond the capacity of the existing school resources and the number of traumatic crises impacting students and schools continues to rise, having a TeenTalk Counselor specifically trained and skilled in crisis intervention is not just helpful but more often critical. Kids In Crisis has 17 TeenTalk Programs throughout the area.

ClubTalk is a program primarily serving elementary and middle school students. It is currently afterschool program operating at the Boys and Girls Club of Greenwich where children receive onsite mental health counseling from a Kids In Crisis KidTalk Counselor, who also educates and guides staff, and collaborates closely with the children's schools and families.

Kids In Crisis, Inc.
Notes to Financial Statements (continued)

1. Operations (continued)

Community Services (continued)

KidTalk is our program, similar to *TeenTalk*, that places trained master's level crisis counselors in schools for elementary school students. These counselors provide support to elementary age children who are struggling with personal problems, social and academic pressures, as well providing family support. This program is currently in one school in Greenwich.

Lighthouse is a welcoming, inclusive safe space where lesbian, gay, bi-sexual, transgender and questioning (LGBTQ) youth, and their allies meet weekly. Meetings currently take place in Stamford, Westport and Westport. In addition, Lighthouse provides ongoing educational forums and advocacy throughout the communities.

Kids In Crisis continues to be 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 received a federal grant from Drug Free Communities to support the collaborative multi- strategy approach of Greenwich Together, which is coordinated/staffed by Kids In Crisis, to reduce youth substance abuse.

Kids In Crisis also continues to work with the Greenwich Police Department, the Greenwich Board of Education, and Greenwich Department of Human 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.

Finally, Kids In Crisis partners with dozens of national, state, regional and local committees and task forces that advocate for children and families.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States (GAAP). The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. They are described as follows:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. These funds are available for general operating purposes and/or to use at the discretion of the Board of Directors. From time to time the Board may designate a portion of these net assets for specific purposes which makes them unavailable for general use by Management. There are no Board designated funds at June 30, 2023 and 2022.

With Donor Restrictions - Net assets whose use is limited by donor-imposed, time and/or purpose restrictions. At June 30, 2023 and 2022, there were donor restricted net assets of \$4,442,699 and \$4,527,639, respectively.

Kids In Crisis, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments, which consist principally of marketable equity securities, exchange transaction products and mutual funds are measured at fair value on the statements of financial position. Kids In Crisis reports investment income and gains and losses as increases or decreases in net assets without donor restrictions in the statements of activities and changes in net assets unless a donor or law restricts their use. Investments are managed in accordance with board-approved investment and spending policies. Investment expenses are offset against investment return which is presented on the face of statements of activities and changes in net assets.

Fair Value Measurements

The Organization classifies its investments in accordance with FASB ASC 820, *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value under GAAP and requires certain disclosures about fair value measurements. The definition of fair value under FASB ASC 820 focuses on the price that would be received to sell the asset, which is referred to as the exit price. 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.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Endowment

The Organization's Board of Directors has interpreted the State of Connecticut's Uniform Prudent Management of Institutional Funds Act (CUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as with donor restrictions net assets (a) the original value of gifts donated to the with donor restrictions endowment, (b) the original value of subsequent gifts to the with donor restrictions endowment, and (c) accumulations, if any, to the with donor restrictions endowment made in accordance with the direction of the applicable gift instrument at the time the accumulation is added to the fund.

Investments are managed in accordance with the Organization's board-approved investment and spending policies. The primary investment objective is to preserve capital and minimize investment risk. The Organization has a policy of appropriating all income earned annually on the endowment for current year operations.

Promises to Give

Unconditional promises to give expected to be collected in one year or less are recognized as revenue in the period received at net realizable value and as assets or as decreases of liabilities or expenses, depending on the form of the benefits received. Unconditional promises to give that are expected to be collected in greater than one year are recorded at the present value of their estimated future cash flows. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management considers past history, current economic conditions and overall viability of the third party when considering the need for an allowance. Contributions receivable are written off when management determines amounts will not be collected. There were no allowances for accounts and grants receivable.

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 useful life is greater than one year 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.

Impairment of Long-Lived Assets

In accordance with FASB ASC 360-10, *Accounting for the Impairment or Disposal of Long-Lived Assets*, the Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No impairment losses were recognized for the years ended June 30, 2023 and 2022.

Kids In Crisis, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Government Support

Certain grants and contracts are on a fee-for-service basis where revenue is recognized when earned. 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. Multi-year governmental included under government grants are cancellable by the funder upon its sole discretion. Governmental grants are recognized as revenue when the barriers within the contract are overcome and there is no longer a right to return.

Contributions

Contributions are defined as voluntary, nonreciprocal transfers. Unconditional contributions are recognized when received or when pledged. A conditional contribution is a transaction where the Organization has to overcome a barrier or hurdle to be entitled to the resource, and the right of return of any advance funding is required. Conditional contributions are recognized as revenue when the condition is met or satisfied.

Contributions are recorded as donations with or without restriction depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction for the expires (satisfied) in the reporting period in which the support is recognized.

Contributed Non-Financial Assets

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.

Kids In Crisis, Inc.
Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets, and functional expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocations on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are based on a square footage basis, as well as salaries, benefits, payroll taxes, consultants/contract services, food and residents' expenses, program and household supplies, which are allocated on the basis of estimates of time and effort. Office supplies, telephone, postage and shipping, publication and mailing are based on staff usage.

Reclassifications

Certain items in the 2022 information have been reclassified to conform to the 2023 presentation. There was no change to the June 30, 2022, change in net assets as a result of these reclassifications.

3. Promises to Give

Promises to give at June 30 represent unconditional promises to give as follows:

	<u>2023</u>	<u>2022</u>
Amount due in one year or less	\$ 326,124	\$ 550,523
Amount due in two to five years	203,300	339,333
	<u>681,181</u>	<u>889,856</u>
Discount to present value at 3%	(7,338)	(15,724)
Total promises to give, net	<u>\$ 673,843</u>	<u>\$ 874,132</u>

Kids In Crisis, Inc.
Notes to Financial Statements (continued)

4. Investments

The tables below set forth by level, within the fair value hierarchy, the market value of the Organization's investments at year end:

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Equity funds	\$ 4,163,651	\$ -	\$ -	\$ 4,163,651
Fixed income funds	3,343,014	-	-	3,343,014
Investments measured at fair value	\$ 7,506,665	\$ -	\$ -	7,506,665
Investments measured at NAV as a practical expedient				340,416
Total investments at fair value				\$ 7,847,081

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Equity funds	\$ 4,790,440	\$ -	\$ -	\$ 4,790,440
Fixed income funds	1,995,478	-	-	1,995,478
Investments measured at fair value	\$ 6,785,918	\$ -	-	6,785,918
Investments measured at NAV as a practical expedient				329,475
Total investments at fair value				\$ 7,115,393

The following table summarizes investments measured at fair value based on net asset values (NAVs) per share:

	June 30, 2023			
	Fair Market Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Investments held by SEG Partners LP	\$ 340,416	N/A	Quarterly	45 calendar days
	June 30, 2022			
	Fair Market Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Investments held by SEG Partners LP	\$ 329,475	N/A	Quarterly	45 calendar days

SEG Partners LP - The Partnership's investment objective: absolute returns, commensurate with or greater than, and at lower volatility than relevant equity market indices (S&P 500), by investing across a diversified set of sectors.

Investment return was comprised of the following for the years ended June 30:

	2023	2022
Interest and dividend income	\$ 577,974	\$ 192,475
Net realized and unrealized (losses) gains	116,380	(1,172,020)
Less: investment fees	(68,814)	(95,686)
Total investment return (loss)	\$ 625,540	\$ (1,075,231)

Kids In Crisis, Inc.
Notes to Financial Statements (continued)

6. Property and Equipment

Property and equipment consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,236,000	\$ 1,236,000
Building	2,162,932	2,162,932
Building improvements	3,781,284	3,515,197
Furniture and fixtures	380,358	288,283
Vehicles	122,714	122,714
Construction in progress	40,000	40,000
	<u>7,723,288</u>	<u>7,365,126</u>
Less: accumulated depreciation	(4,351,556)	(4,157,760)
Total Property and Equipment	<u>\$ 3,371,732</u>	<u>\$ 3,207,366</u>

7. Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the statements of activities and changes in net assets included the following at June 30:

	<u>2023</u>	<u>2022</u>
Professional services	\$ 36,047	\$ 58,510

Professional services recognized comprise of landscaping services. These services were valued and reported at the estimated fair value in the financial statements based on current rates for similar landscaping services.

8. Net Assets

Net assets with donor restrictions were available for the following purposes as of June 30:

	<u>2023</u>	<u>2022</u>
Purpose and Time Restricted Net Assets		
Capital projects	\$ 1,328,249	\$ 1,392,249
Time restricted	491,421	429,246
Safe Haven	100,000	-
Education	40,000	80,000
Aftercare	37,689	37,689
TeenTalk	9,000	121,365
Subtotal of Purpose and Time Restricted Net Assets	<u>\$ 2,006,359</u>	<u>\$ 2,060,549</u>

Kids In Crisis, Inc.
Notes to Financial Statements (continued)

8. Net Assets (continued)

Perpetual Net Assets (Endowment)		
Available for general operations	\$ 2,186,248	\$ 2,216,998
Restricted to support education	107,452	107,452
Restricted to support the medical program	142,640	142,640
Subtotal of Perpetual Net Assets (Endowment)	<u>2,436,340</u>	<u>2,467,090</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,442,699</u>	<u>\$ 4,527,639</u>

Changes in endowment, which consist of perpetual net assets with donor restrictions only, for the years ended June 30 were as follows:

	<u>2023</u>	<u>2022</u>
Endowment, beginning of year	\$ 2,467,090	\$ 2,884,513
Contributions	-	2,703
Investment (losses) income	184,083	(336,126)
Donor release of endowment	(30,750)	(84,000)
Appropriation of endowment assets for expenditure	(184,083)	-
Endowment, end of year	<u>\$ 2,436,340</u>	<u>\$ 2,467,090</u>

At June 30, 2023 and 2022, funds with original gift values of \$2,803,216, fair values of \$2,436,340 and \$2,467,090, and deficiencies of \$366,876 and \$336,126, respectively were reported in net assets with donor restrictions.

9. Employee Retention Credit

During the years ended June 30, 2023 and 2022, the Organization benefited from credits related to the passage of Coronavirus Aid, Relief, and Economic Security Act (CARES Act) on March 27, 2020, in response to the COVID-19 crisis. Under the CARES Act, the Organization qualified for an Employee Retention Credit for wages paid to employees who were not working because of the COVID-19 crisis. As a result of the CARES Act, the Organization recorded a total benefit of approximately \$367,121 and \$174,538, during the years ended June 30, 2023 and 2022, respectively revenue and support in the accompanying financial statements.

10. Paycheck Protection Program Loan

On April 27, 2020, the Organization received loan proceeds in the amount of \$637,300 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) if the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for ten months after the end of the covered period.

On May 14, 2021, the loan was forgiven in full and the Organization recognized a gain on extinguishment of debt in the amount of \$637,357 for the year ended June 30, 2022.

Kids In Crisis, Inc.
Notes to Financial Statements (continued)

12. 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 by the organization vest 100% after three years of service. Pension expense was \$98,977 and \$82,131 for the years ended June 30, 2023 and 2022, respectively.

13. Income Taxes

The Organization, a Connecticut nonprofit corporation, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been recognized by the Internal Revenue Service (IRS) as an organization generally exempt from income taxes on related income pursuant to Section 501(a) of the Code. The Organization has no unrecognized tax benefits at June 30, 2023.

If the Organization was to incur unrelated business income taxes, it would recognize interest and penalties associated with any tax matters as part of the income tax provision and include accrued interest and penalties with the related tax liability in the statements of financial position.

14. Concentrations

The Organization maintains its cash and cash equivalents at several financial institutions. Accounts at each institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Additionally, the Organization maintains investment accounts with an investment firm that is covered by Securities Investor Protection Corporation (SIPC) insurance.

15. Liquidity and Availability of Financial Assets

The Organization regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, marketable equity securities and receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing services for children and community as well as services undertaken to support those activities to be general expenditures. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Kids In Crisis, Inc.
Notes to Financial Statements (continued)

15. Liquidity and Availability of Financial Assets (continued)

As of June 30, the Organization's financial assets were as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,277,617	\$ 2,680,666
Investments	7,847,081	7,115,393
Grant receivable	496,930	58,631
Promises to give	665,457	874,132
Subtotal of financial assets at year end	<u>11,287,085</u>	<u>10,728,822</u>
Less: amounts with limits on usage:		
Net assets with donor restrictions	(4,442,699)	(4,527,639)
Total financial assets available for general use within one year	<u>\$ 6,844,386</u>	<u>\$ 6,201,183</u>

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in money market funds.

16. Subsequent Events

Management has evaluated subsequent events through November 30, 2023, the date the financial statements were available to be issued. Through that date, there were no material events that would require recognition or additional disclosure in the financial statements.

**Reports in Accordance with *Government Auditing Standards*
And the Uniform Guidance for Federal Audits**



Independent Auditors' Report
On Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors of
Kids In Crisis, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kids In Crisis, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses, and cash flows for the year then November 30, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditors' Report
On Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit
of Financial Statements Performed in Accordance with
Government Auditing Standards (continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
November 30, 2023



Independent Auditors' Report on Compliance for each Major Program; Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Kids In Crisis, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kids In Crisis, Inc. (the Organization) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above

Independent Auditors' Report on Compliance for each Major Program; Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (continued)

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Independent Auditors' Report on Compliance for each Major Program; Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (continued)

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Independent Auditors' Report on Compliance for each Major Program; Report on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance (continued)

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended June 30, 2023, and have issued our report thereon dated November 30, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Fiondella, Milone & LaSaracina LLP

Glastonbury, Connecticut
November 30, 2023

Kids In Crisis, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through Subrecipient	Federal Expenditures
Department of Health and Human Services				
Unaccompanied Alien Children Program	93.676	-	\$ -	\$ 1,605,908
Basic Center Grant	93.623	-	-	181,234
Drug-Free Communities Support Program Grants	93.276	-	-	121,528
Department of Agriculture				
<i>Passed through Connecticut State Department of Education Bureau Heal/Nutrition, Family Services and Adult Education</i>	10.558	-	-	15,117
Child and Adult Care Food Program				
Total			<u>\$ -</u>	<u>\$ 1,923,787</u>

See notes to schedule

Kids In Crisis, Inc.
Notes to the Schedule of Expenditure of Federal Awards
For the Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Organization has elected to use the 10% de minimis cost rate. Pass-through entity identifying numbers are presented where available.

Kids In Crisis, Inc.
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended June 30, 2023

I. Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Type of auditor’s report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, Section 510(a)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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Identification of major programs:
 Federal Assistance

Listing Numbers	Name of Federal Program or Cluster	Grant Expenditures
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93.676	Unaccompanied Alien Children Program	\$ 1,605,908
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Dollar threshold used to distinguish between Type A and Type B program:	\$ 750,000
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Auditee qualified as low-risk auditee?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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II. Findings and Questioned Costs- Major Federal Awards Program Audit

None

III. Prior Year Findings and Questioned Costs- Major Federal Awards Program Audit

None