



**Kids In Crisis, Inc.
Financial Statements and Supplementary Information
(Together with Independent Auditors' Reports)**

For the Years Ended June 30, 2021 and 2020

M A R K S P A N E T H

ACCOUNTANTS & ADVISORS

KIDS IN CRISIS, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Reports)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' 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, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and 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.

Auditors' 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, 2021 and 2020, 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.

Marks Paneth LLP

Purchase, NY
October 27, 2021

KIDS IN CRISIS, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 3,006,032	\$ 2,491,135
Investments	7,964,499	6,452,354
Current portion of promises to give, net of allowance for uncollectible contributions of \$-0- in 2021 and \$13,200 in 2020	495,608	380,964
Prepaid expenses	2,597	30,358
Total Current Assets	11,468,736	9,354,811
Promises to give, net of current portion and discount of \$11,144 in 2021 and \$2,884 in 2020	140,523	47,362
Property and Equipment, net	3,369,806	3,582,447
Total Assets	\$ 14,979,065	\$ 12,984,620
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 115,503	\$ 32,040
Accrued compensated absences	161,056	194,559
Deferred revenue	-	42,500
Paycheck Protection Program loan, current portion	57,740	357,015
Total Current Liabilities	334,299	626,114
Long-term Liabilities		
Paycheck Protection Program loan, net of current portion	579,617	280,285
Total Long-term Liabilities	579,617	280,285
Net Assets		
Net Assets Without Donor Restrictions	9,289,775	7,623,905
Net Assets With Donor Restrictions	4,775,374	4,454,316
Total Net Assets	14,065,149	12,078,221
Total Liabilities and Net Assets	\$ 14,979,065	\$ 12,984,620

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
SUPPORT AND REVENUE			
Government Support			
Federal	\$ 301,036	\$ -	\$ 301,036
Gain on extinguishment of debt - PPP loan	637,300	-	637,300
Municipal	<u>907,440</u>	<u>-</u>	<u>907,440</u>
Total Government Support	<u>1,845,776</u>	<u>-</u>	<u>1,845,776</u>
Direct Support			
Contributions	2,090,387	1,087,583	3,177,970
Special events revenue	24,972	-	24,972
Net assets released from restrictions:			
Release of other time and purpose restrictions	731,525	(731,525)	-
Release of appropriated endowment restrictions	<u>35,000</u>	<u>(35,000)</u>	<u>-</u>
Total Direct Support	<u>2,881,884</u>	<u>321,058</u>	<u>3,202,942</u>
Non-cash contributions	43,545	-	43,545
Investment return	894,924	566,497	1,461,421
Net assets released from restrictions:			
Release of appropriated endowment restrictions	566,497	(566,497)	-
Miscellaneous revenues	<u>20,680</u>	<u>-</u>	<u>20,680</u>
Total Other Revenue	<u>1,525,646</u>	<u>-</u>	<u>1,525,646</u>
Total Support and Revenue	<u>6,253,306</u>	<u>321,058</u>	<u>6,574,364</u>
EXPENSES			
Safe Haven	1,978,416	-	1,978,416
Community services	1,840,895	-	1,840,895
Management and general	220,145	-	220,145
Fund development	<u>547,980</u>	<u>-</u>	<u>547,980</u>
Total Expenses	<u>4,587,436</u>	<u>-</u>	<u>4,587,436</u>
<u>CHANGE IN NET ASSETS</u>	1,665,870	321,058	1,986,928
Net assets - beginning of year	<u>7,623,905</u>	<u>4,454,316</u>	<u>12,078,221</u>
Net assets - end of year	<u>\$ 9,289,775</u>	<u>\$ 4,775,374</u>	<u>\$ 14,065,149</u>

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Government Support			
Federal	\$ 271,525	\$ -	\$ 271,525
Municipal	<u>785,907</u>	<u>-</u>	<u>785,907</u>
Total Government Support	<u>1,057,432</u>	<u>-</u>	<u>1,057,432</u>
Direct Support			
Contributions	1,916,952	806,529	2,723,481
Special events revenue	360,351	-	360,351
Special events expenses	(43,760)	-	(43,760)
Net assets released from restrictions:			
Release of other time and purpose restrictions	1,213,305	(1,213,305)	-
Release of appropriated endowment restrictions	<u>61,000</u>	<u>(61,000)</u>	<u>-</u>
Total Direct Support	<u>3,507,848</u>	<u>(467,776)</u>	<u>3,040,072</u>
Non-cash contributions	32,751	-	32,751
Investment return	284,608	200,893	485,501
Net assets released from restrictions:			
Release of appropriated endowment restrictions	200,893	(200,893)	-
Miscellaneous revenues	<u>16,129</u>	<u>-</u>	<u>16,129</u>
Total Other Revenue	<u>534,381</u>	<u>-</u>	<u>534,381</u>
Total Support and Revenue	<u>5,099,661</u>	<u>(467,776)</u>	<u>4,631,885</u>
EXPENSES			
Safe Haven	2,133,509	-	2,133,509
Community services	1,930,619	-	1,930,619
Management and general	191,422	-	191,422
Fund development	<u>588,883</u>	<u>-</u>	<u>588,883</u>
Total Expenses	<u>4,844,433</u>	<u>-</u>	<u>4,844,433</u>
<u>CHANGE IN NET ASSETS</u>	255,228	(467,776)	(212,548)
Net assets - beginning of year	<u>7,368,677</u>	<u>4,922,092</u>	<u>12,290,769</u>
Net assets - end of year	<u>\$ 7,623,905</u>	<u>\$ 4,454,316</u>	<u>\$ 12,078,221</u>

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL 2021 FUNCTIONAL EXPENSES	2020 FUNCTIONAL EXPENSES
	Safe Haven	Community Services	Total	Management and General	Fund Development	Total		
Salaries	\$ 1,123,971	\$ 1,329,167	\$ 2,453,138	\$ 92,154	\$ 356,942	\$ 449,096	\$ 2,902,234	\$ 3,076,122
Employee benefits and taxes	320,701	299,278	619,979	17,509	70,663	88,172	708,151	719,161
Total Payroll and Related Expenditures	1,444,672	1,628,445	3,073,117	109,663	427,605	537,268	3,610,385	3,795,283
Consultants/contract services	210,065	102,342	312,407	30,974	23,548	54,522	366,929	428,204
Vehicle expenses	9,744	1,888	11,632	-	-	-	11,632	24,733
Food and residents' expenses	29,727	-	29,727	-	-	-	29,727	51,104
Program and household supplies	35,330	17,985	53,315	-	-	-	53,315	26,340
Office supplies and other	2,015	1,053	3,068	24,266	20,927	45,193	48,261	75,391
Occupancy costs	20,320	2,759	23,079	1,003	1,003	2,006	25,085	53,433
Telephone	1,471	707	2,178	609	311	920	3,098	3,752
Equipment maintenance and repairs	47,676	13,568	61,244	6,343	5,855	12,198	73,442	62,181
Insurance	37,659	10,760	48,419	2,690	2,690	5,380	53,799	43,957
Postage and shipping	390	39	429	347	5,650	5,997	6,426	1,922
Publications and mailing	2,040	10,683	12,723	122	25,831	25,953	38,676	56,778
Bad debt expense	-	-	-	17,491	-	17,491	17,491	17,800
Miscellaneous	3,343	3,885	7,228	16,005	13,296	29,301	36,529	39,448
Depreciation expense	133,964	46,781	180,745	10,632	21,264	31,896	212,641	207,867
Total Expenses with Special Events Expenses	1,978,416	1,840,895	3,819,311	220,145	547,980	768,125	4,587,436	4,888,193
Less: special events expenses recorded on statement of activities	-	-	-	-	-	-	-	(43,760)
Total Expenses	\$ 1,978,416	\$ 1,840,895	\$ 3,819,311	\$ 220,145	\$ 547,980	\$ 768,125	\$ 4,587,436	\$ 4,844,433

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	Safe Haven	Community Services	Total	Management and General	Fund Development	Total	
Salaries	\$ 1,199,680	\$ 1,403,861	\$ 2,603,541	\$ 89,575	\$ 383,006	\$ 472,581	\$ 3,076,122
Employee benefits and taxes	325,508	316,081	641,589	4,048	73,524	77,572	719,161
Total Payroll and Related Expenditures	1,525,188	1,719,942	3,245,130	93,623	456,530	550,153	3,795,283
Consultants/contract services	262,967	95,977	358,944	24,779	44,481	69,260	428,204
Vehicle expenses	18,367	2,775	21,142	1,503	2,088	3,591	24,733
Food and residents' expenses	51,104	-	51,104	-	-	-	51,104
Program and household supplies	20,774	5,566	26,340	-	-	-	26,340
Office supplies and other	12,634	25,493	38,127	8,540	28,724	37,264	75,391
Occupancy costs	21,897	2,974	24,871	1,081	27,481	28,562	53,433
Telephone	1,699	816	2,515	788	449	1,237	3,752
Equipment maintenance and repairs	41,211	11,053	52,264	5,118	4,799	9,917	62,181
Insurance	30,769	8,792	39,561	2,198	2,198	4,396	43,957
Postage and shipping	530	186	716	245	961	1,206	1,922
Publications and mailing	10,363	9,919	20,282	320	36,176	36,496	56,778
Bad debt expense	-	-	-	17,800	-	17,800	17,800
Miscellaneous	5,050	1,395	6,445	25,034	7,969	33,003	39,448
Depreciation expense	130,956	45,731	176,687	10,393	20,787	31,180	207,867
Total Expenses with Special Events Expenses	2,133,509	1,930,619	4,064,128	191,422	632,643	824,065	4,888,193
Less: special events expenses recorded on statement of activities	-	-	-	-	(43,760)	(43,760)	(43,760)
Total Expenses	<u>\$ 2,133,509</u>	<u>\$ 1,930,619</u>	<u>\$ 4,064,128</u>	<u>\$ 191,422</u>	<u>\$ 588,883</u>	<u>\$ 780,305</u>	<u>\$ 4,844,433</u>

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 1,986,928	\$ (212,548)
Adjustments to Reconcile Changes in Net Assets to Net Cash (Used in) Provided by Operating Activities:		
Depreciation	212,641	207,867
Bad debt expense	17,491	17,800
Gain on extinguishment of debt - PPP loan	(637,300)	-
Realized and unrealized gains on investments	(1,426,954)	(429,386)
Perpetually restricted contributions for investment	(53,877)	(39,230)
Changes in Operating Assets and Liabilities:		
Promises to give	(225,296)	544,579
Prepaid expenses	27,761	(27,132)
Accounts payable and accrued liabilities	83,463	(81,819)
Accrued compensated absences	(33,503)	48,704
Deferred revenue	(42,500)	42,500
Total Adjustments	(2,078,074)	283,883
Net Cash (Used in) Provided by Operating Activities	(91,146)	71,335
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(44,084)
Proceeds from sale of investments	2,980,375	4,910,741
Purchases of investments	(3,065,566)	(4,894,564)
Net Cash Used in Investing Activities	(85,191)	(27,907)
CASH FLOWS FROM FINANCING ACTIVITIES		
Perpetually restricted contributions for investment	53,877	39,230
Proceeds from Paycheck Protection Program loan	637,357	637,300
Net Cash Provided by Financing Activities	691,234	676,530
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>		
	514,897	719,958
Cash and cash equivalents - beginning of year	2,491,135	1,771,177
Cash and cash equivalents - end of year	\$ 3,006,032	\$ 2,491,135

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 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 161,000 children and families, through a variety of in-house and community programming.

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.

SafeHaven

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

Introduced in 1999, 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 and stranger danger and provide tools to promote safety and wellbeing. The goal of the program is to have children feel “safe, strong and free”.

Emotion Locomotion is available to area elementary schools to help students identify and address their social and emotional feelings.

TeenTalk is a program that places trained crisis counselors in schools to offer support for middle and high school students. These counselors provide confidential, short-term individual and small group counseling on issues of the health and well-being of teens. Kids In Crisis has 13 TeenTalk Programs throughout the area with new programs opening in two additional middle schools in the Fall of 2021.

KidTalk is a program 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.

Lighthouse is a welcoming, inclusive safe space where lesbian, gay, bi-sexual, transgender and questioning (LGBTQ) youth, and their allies meet weekly.

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, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – OPERATIONS (Continued)

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.

Impact of COVID 19 on Programs and Services

We would be remiss if we did not speak to the impact of COVID-19 on children and families and Kids In Crisis. In addition to the personal toll it has taken on the community, COVID-19 has impacted all aspects of the day-to-day operations at Kids In Crisis including programming, logistics, staffing and finances.

In regard to programming, we have a hybrid with the SafeHaven emergency shelter program operating with reduced occupancy while all other programs and agency departments such as finance, development, operations and programs management are operating both on-site and remotely. This has resulted in juggling logistics in regard to both facility usage and remote offices.

It has been a challenge to balance frontline staff who must work in the facility and staff that can work remotely. Kids In Crisis has made the commitment to ensure the safest working environment possible for both the staff and the children who need our services. The Organization is doing everything possible to minimize risk. We have contracted for regular sanitizing by a hospital grade company, reduced the bed occupancy, limited the number of staff, program and administrative, in the building at any time, and developed a new shift schedule with cohort teams so the same staff work together throughout the week. This is a fine balance as it does not allow for anyone other than staff to be in the facility. Kids In Crisis has reached the milestone of having all staff, 100%, fully vaccinated.

In the Crisis Intervention and Outreach program, services are initially conducted over the phone and when necessary and appropriate a face-to-face intervention is conducted either in person, with masking and social distancing or via a Zoom call.

All of the TeenTalk Programs operated in person at the schools. All programs operate based on the mandate of the school authorities in the individual communities.

SafeTalk and Emotion Locomotion had been on hold however SafeTalk was able to create a virtual format that enabled the program to be presented in many schools throughout the community. Emotion Locomotion is working on revising the curriculum with the goal of operating in the Fall of 2021, either virtually or in person.

The health crisis also resulted in Kids In Crisis cancelling all major fundraising events in FY 20-21. The first event to be held, Kids Challenge Tournament, is planned for September 2021.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

The Organization's financial statements have been prepared on the accrual basis of accounting and are presented in accordance with Financial Accounting Standards Board ("FASB") guidance for not-for-profit organizations. Under that guidance, the Organization is required to report information regarding its net assets and revenues, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Without donor restrictions – Net assets that are not subject to explicit donor-imposed stipulations.
- With donor restrictions – Net assets subject to donor-imposed stipulations, including stipulations that will be met either by actions of the Organization or the passage of time, stipulations that they be maintained permanently by the Organization, and net assets from endowments not yet appropriated for spending. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Revenue Recognition

Government Grants: 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.

Government grants are nonexchange transactions accounted for under Accounting Standard Update ("ASU") 2018-08. Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. Governmental grants are recognized as revenue when barriers within the contract are overcome and there is no longer a right of return and amounted to \$938,336 and \$271,525 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, the Organization had conditional grants and contracts of \$105,236 and \$126,069, respectively, from government agencies that have not been recorded in the accompanying financial statements.

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. The Organization provides an allowance for estimated uncollectible contributions. The Organization receives fixed, annual support from the Greenwich United Way.

Contributions: Contributions are recognized as support without donor restrictions unless their use is specifically restricted by the donor. When a donor restriction expires, the stipulated time restriction ends, or the purpose of the restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statements of activities and changes in net assets as released from restrictions. Contributions for which restrictions are fulfilled in the same time period in which the contributions are received are recognized as support without restrictions. Contributions that are restricted (endowed) by the donor, from which the Organization may utilize only the income, are recognized as net assets with donor restrictions.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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. Non-cash contributions of \$43,545 and \$32,751 were made in 2021 and 2020, respectively.

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, and 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.

Investments

Kids In Crisis 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 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 against investment return are recorded on the face of statements of activities and changes in net assets.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

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 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 salaries, benefits, payroll taxes, consultants/contract services, food and residents' expenses, program and household supplies, occupancy costs, equipment maintenance and repairs, office expenses, insurance, depreciation, and miscellaneous, which are allocated on the basis of estimates of time and effort.

Accrued Compensated Absences

The Organization's policy allows employees to carry forward, from year to year, eighty hours of vacation time. However, due to COVID-19, employees were permitted to carry over an additional forty hours for fiscal year 2020 only, to be used by December 31, 2020.

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 acquired to be cash equivalents.

Income Taxes

Kids In Crisis evaluates all significant tax positions in accordance with accounting principles generally accepted in the United States of America. As of June 30, 2021, Kids In Crisis 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.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 3 – PROMISES TO GIVE

Kids In Crisis carries its receivables at cost and uses the allowance method for doubtful accounts. On a periodic basis, the Organization evaluates its promises to give and whether the balances are collectible.

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

	<u>2021</u>	<u>2020</u>
Amount due in one year or less	\$ 495,608	\$ 394,164
Amount due in two to five years	<u>151,667</u>	<u>50,246</u>
	647,275	444,410
Allowance for uncollectible contributions	-	(13,200)
Discount to present value at 3%	<u>(11,144)</u>	<u>(2,884)</u>
Total Promises to give, net	<u>\$ 636,131</u>	<u>\$ 428,326</u>

NOTE 4 – 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.

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,006,032	\$ 2,491,135
Investments	7,964,499	6,452,354
Promises to give	<u>636,131</u>	<u>428,326</u>
Subtotal of financial assets at year end	11,606,662	9,371,815
Less: amounts with limits on usage:		
Net assets with donor restrictions	(4,775,374)	(4,454,316)
Long-term portion of Promises to give	<u>(140,523)</u>	<u>(47,362)</u>
Total financial assets available for general use within one year	<u>\$ 6,690,765</u>	<u>\$ 4,870,137</u>

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

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 – 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, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds	\$ 4,442,986	\$ -	\$ -	\$ 4,442,986
Fixed income funds	<u>3,163,173</u>	-	-	<u>3,163,173</u>
Investments measured at fair value	<u>\$ 7,606,159</u>	<u>\$ -</u>	<u>\$ -</u>	7,606,159
Investments measured at NAV as a practical expedient				<u>358,340</u>
Total Investments at fair value				<u>\$ 7,964,499</u>

June 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity funds	\$ 2,781,932	\$ -	\$ -	\$ 2,781,932
Fixed income funds	<u>2,912,250</u>	-	-	<u>2,912,250</u>
Investments measured at fair value	<u>\$ 5,694,182</u>	<u>\$ -</u>	<u>\$ -</u>	5,694,182
Investments measured at NAV as a practical expedient				<u>758,172</u>
Total Investments at fair value				<u>\$ 6,452,354</u>

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

June 30, 2021

	<u>Fair Market Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
SEG Partners LP	\$ 358,340	N/A	Quarterly	45 Calendar days
	<u>\$ 358,340</u>			

June 30, 2020

	<u>Fair Market Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
SEG Partners LP	\$ 261,861	N/A	Quarterly	45 Calendar days
Tamarack Global Healthcare Offshore Fund, Ltd.	255,295	N/A	Quarterly	45 Calendar days
Nishkama Capital Fund LP	<u>241,016</u>	N/A	Quarterly	45 Calendar days
	<u>\$ 758,172</u>			

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 – INVESTMENTS (Continued)

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.

Tamarack Global Healthcare Offshore Fund, Ltd. - The Partnership's investment objective: absolute returns, commensurate with or greater than, and at lower volatility than relevant equity market indices (Russell 2000 Healthcare), by investing in the Healthcare Sector.

Nishkama Capital Fund 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 primarily in consumer, industrial and technology sectors.

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

	<u>2021</u>	<u>2020</u>
Interest and dividend income	\$ 113,410	\$ 130,847
Net realized and unrealized gains	1,426,954	429,386
Less: investment fees	<u>(78,943)</u>	<u>(74,732)</u>
Total Investment Return	<u>\$ 1,461,421</u>	<u>\$ 485,501</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.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,236,000	\$ 1,236,000
Building	2,162,932	2,162,932
Building improvements	3,515,197	3,515,197
Furniture and fixtures	288,283	288,283
Vehicles	<u>122,714</u>	<u>122,714</u>
	7,325,126	7,325,126
Less: accumulated depreciation	<u>(3,955,320)</u>	<u>(3,742,679)</u>
Total Property and Equipment, net	<u>\$ 3,369,806</u>	<u>\$ 3,582,447</u>

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 7 – 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 has been forgiven in full and the Organization recognized a gain on extinguishment of debt.

On March 16, 2021, the Organization qualified for and received the PPP second draw loan for an aggregate principal amount of \$637,357. The PPP loan bears interest at a fixed rate of 1.0% per annum, with the first ten months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the PPP, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization has applied for forgiveness of the PPP Loan with respect to these covered expenses and expects to qualify for full forgiveness. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in February 2022 principal and interest payments will be required through the maturity date in March 2026. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default. As of the report date the Organization has not applied for loan forgiveness. Principal payments on this debt, if not forgiven, will be as follows:

2022	\$ 57,740
2023	152,446
2024	153,978
2025	155,525
2026	<u>117,668</u>
Total PPP Loan Payable	<u>\$ 637,357</u>

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 – NET ASSETS

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

	<u>2021</u>	<u>2020</u>
Purpose and Time Restricted Net Assets		
TeenTalk	\$ 33,956	\$ 27,500
Recreation	10,000	600
Aftercare	37,689	37,689
Education	120,000	-
Living Wage	-	35,000
Time restricted	296,967	99,249
Capital projects	<u>1,392,249</u>	<u>1,388,642</u>
Subtotal of Purpose and Time Restricted Net Assets	<u>1,890,861</u>	<u>1,588,680</u>
Perpetual Net Assets (Endowment)		
Available for general operations	2,636,121	2,618,244
Restricted to support education	107,452	107,452
Restricted to support the medical program	<u>140,940</u>	<u>139,940</u>
Subtotal of Perpetual Net Assets (Endowment)	<u>2,884,513</u>	<u>2,865,636</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,775,374</u>	<u>\$ 4,454,316</u>

Net assets released from restrictions were as follows during the years ended June 30:

	<u>2021</u>	<u>2020</u>
Program related expenses	\$ 671,436	\$ 1,046,278
Release of time restriction	<u>60,089</u>	<u>167,027</u>
Direct Support Net Assets Released from Restrictions	731,525	1,213,305
Appropriation of endowment assets for expenditure	<u>601,497</u>	<u>261,893</u>
Total Net Assets Released from Restrictions	<u>\$ 1,333,022</u>	<u>\$ 1,475,198</u>

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

	<u>2021</u>	<u>2020</u>
Endowment, beginning of year	\$ 2,865,636	\$ 2,922,406
Contributions	53,877	39,230
Investment income	566,497	200,893
Transfer of purpose and time restricted net assets	-	(35,000)
Appropriation of endowment assets for expenditure	<u>(601,497)</u>	<u>(261,893)</u>
Endowment, end of year	<u>\$ 2,884,513</u>	<u>\$ 2,865,636</u>

**KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE 8 – NET ASSETS (Continued)

Interpretation of Relevant Law

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.

NOTE 9 – 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 \$86,303 and \$90,410 for the years ended June 30, 2021 and 2020, respectively.

NOTE 10 – 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.

NOTE 11 – CONTRIBUTIONS

Details of contributions for the year ended June 30, 2021 were as follows:

	<u>GENERAL OPERATIONS</u>	<u>PERPETUAL RESTRICTIONS</u>	<u>TOTAL</u>
Individuals	\$ 1,912,300	\$ 53,877	\$ 1,966,177
Corporations	364,734	-	364,734
Foundations	687,319	-	687,319
Religious and other organizations	<u>159,740</u>	<u>-</u>	<u>159,740</u>
Total Contributions	<u>\$ 3,124,093</u>	<u>\$ 53,877</u>	<u>\$ 3,177,970</u>

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 11 – CONTRIBUTIONS (Continued)

Details of contributions for the year ended June 30, 2020 were as follows:

	<u>GENERAL OPERATIONS</u>	<u>PERPETUAL RESTRICTIONS</u>	<u>TOTAL</u>
Individuals	\$ 1,335,953	\$ 39,230	\$ 1,375,183
Corporations	584,990	-	584,990
Foundations	661,316	-	661,316
Religious and other organizations	<u>101,992</u>	<u>-</u>	<u>101,992</u>
Total Contributions	<u>\$ 2,684,251</u>	<u>\$ 39,230</u>	<u>\$ 2,723,481</u>

The general operations columns include both general operations and purpose and time restricted contributions.

NOTE 12 – SPECIAL EVENTS

The Organization holds four major special events each year: Spring Fling, Have-A-Heart, Cards for Kids Tournament, and Kids' Challenge Golf Tournament. Additionally, the Organization runs a number of smaller fundraising events hosted by donors and volunteers each year. Due to the pandemic, all four major events were canceled in fiscal year 2021.

Contributions raised through the events are directed to the general operations of Kids In Crisis. All contributions are included in special events revenue in the statements of activities and changes in net assets.

NOTE 13 – 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. At June 30, 2021 and 2020, cash and cash equivalent balances exceeded FDIC insurance limits by \$879,908 and \$671,881, respectively.

NOTE 14 – RISKS AND UNCERTAINTIES

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Organization is currently unable to fully determine the extent of COVID-19's impact on its business in future periods. The Organization's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Organization continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 27, 2021, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY 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 year ended June 30, 2021, and our report thereon dated October 27, 2021, which expressed an unmodified opinion on those financial statements appears on page one. The supplementary 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.

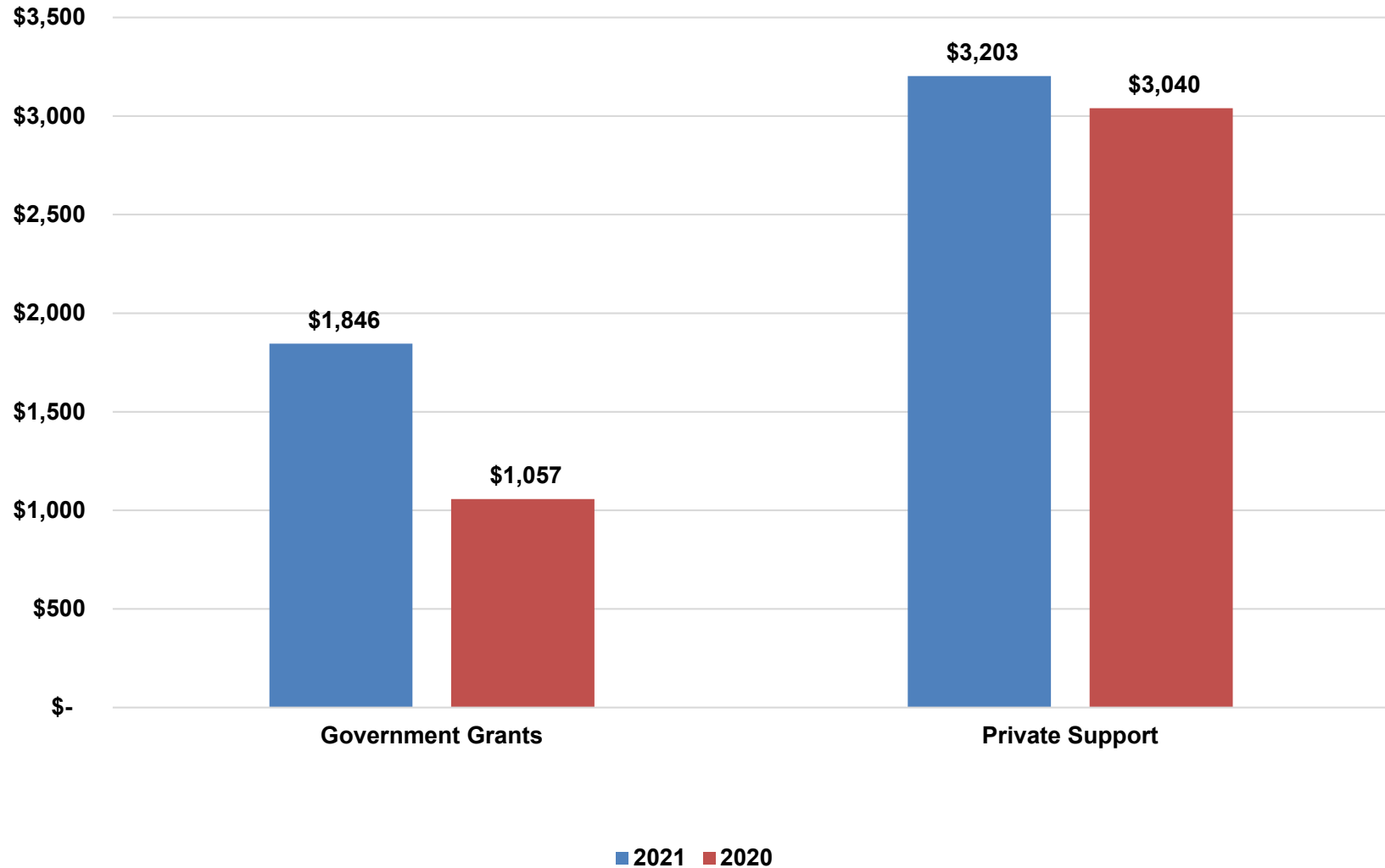
Marks Paneth CP

Purchase, NY
October 27, 2021

Kids In Crisis, Inc.

Revenue Years Ended June 30, 2021 and 2020

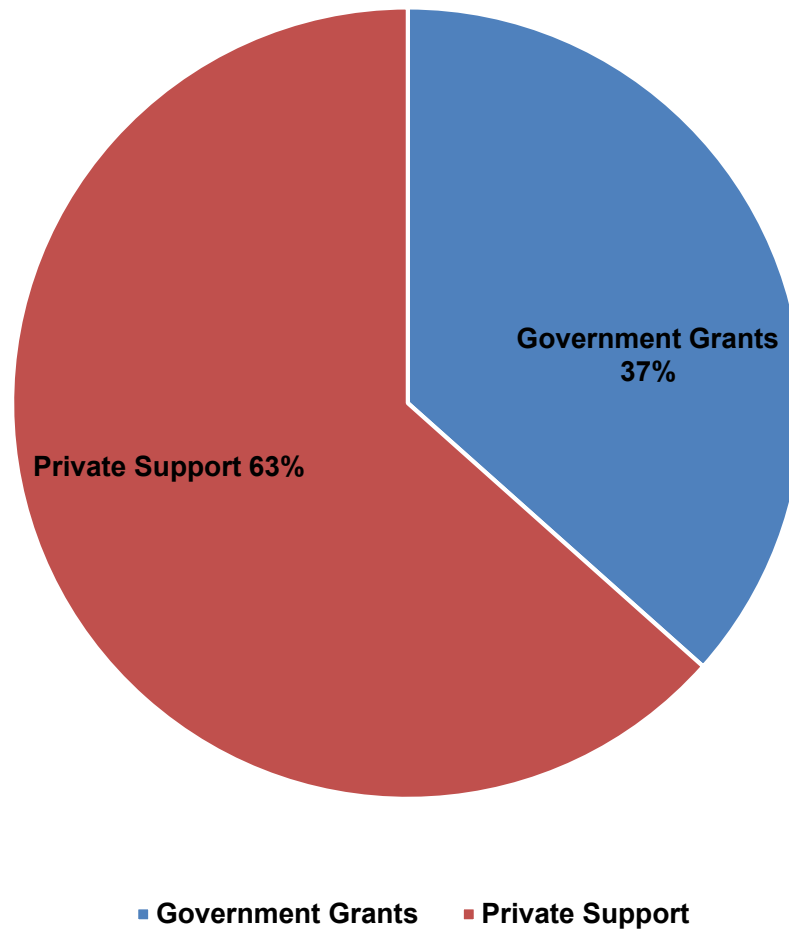
\$ In Thousands



See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

Revenue
Year Ended June 30, 2021

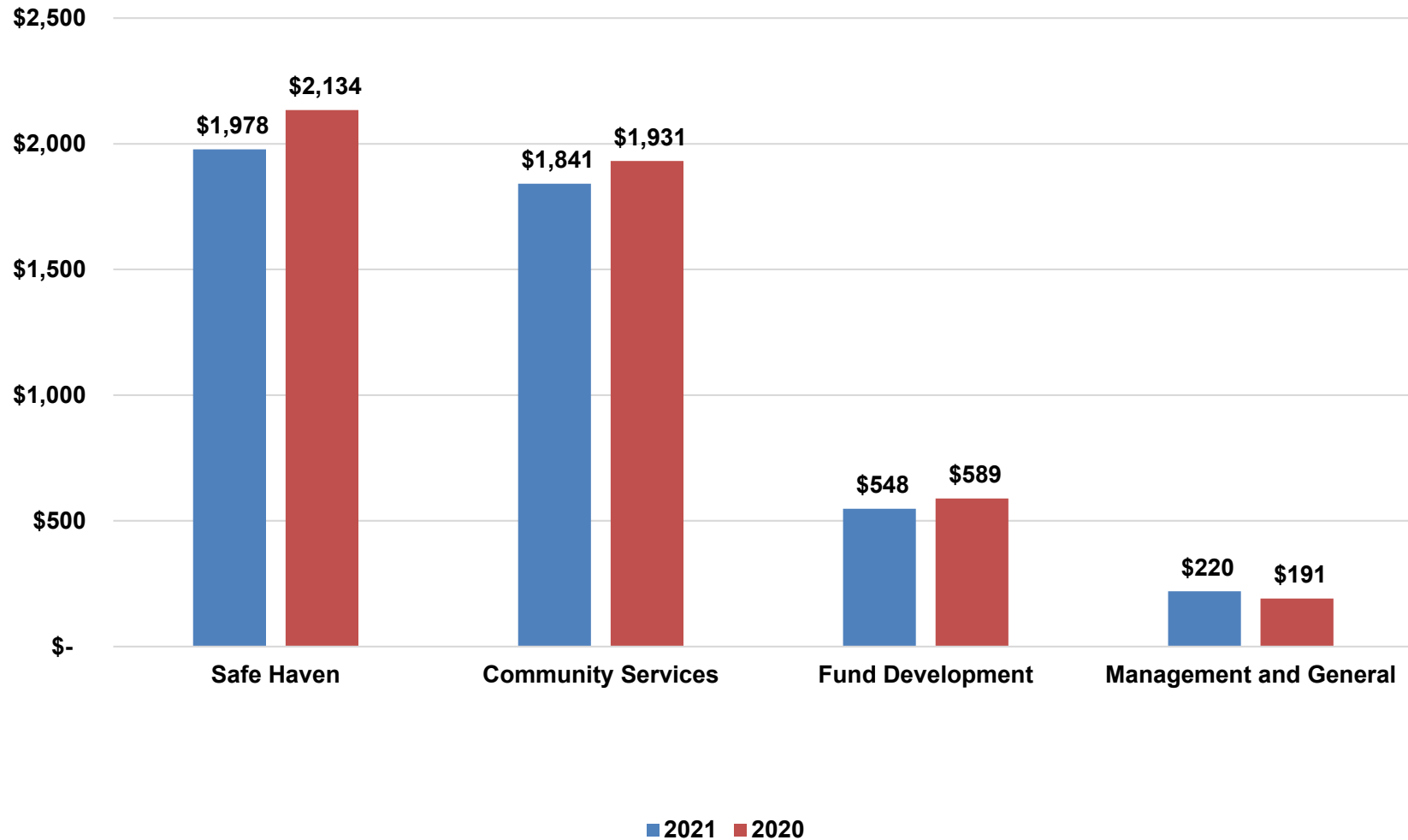


See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

Functional Expenses Years Ended June 30, 2021 and 2020

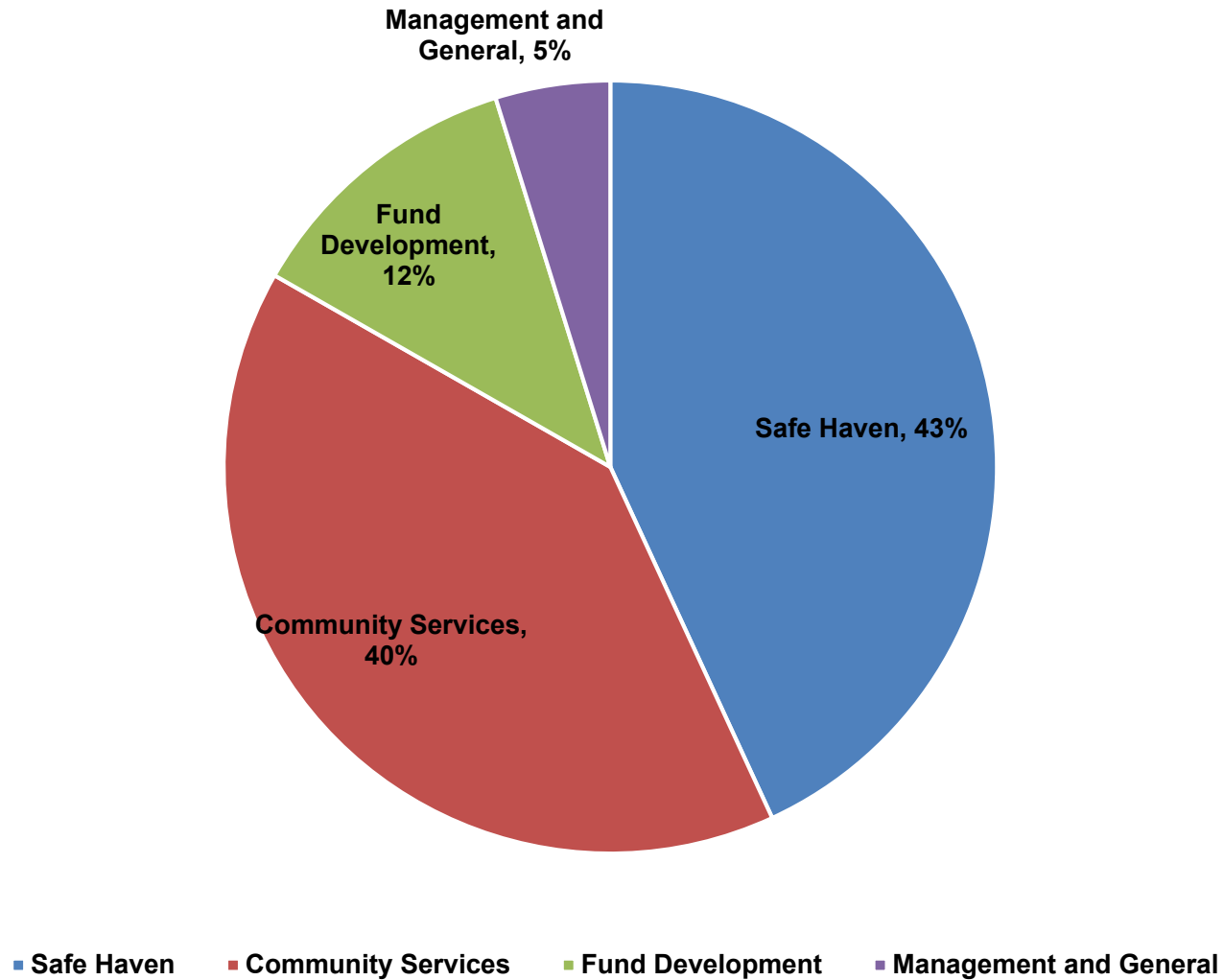
\$ In Thousands



See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

Functional Expenses
Year Ended June 30, 2021



See independent auditors' report on supplementary information.