



Kids In Crisis, Inc.

**Financial Statements and Supplementary Information
(Together with Independent Auditors' Reports)**

For the Years Ended June 30, 2022 and 2021



KIDS IN CRISIS, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
(Together with Independent Auditors' Reports)
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1 - 2
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets.....	4 - 5
Statements of Functional Expenses.....	6 - 7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9 - 20
SUPPLEMENTARY INFORMATION	
Independent Auditors' Report on Supplementary Information.....	21
Graphical Information.....	22 - 25



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Kids In Crisis, Inc.

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, 2022, 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, 2022, 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 (GAAS). 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 Kids in Crisis, Inc. and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Report on 2021 Financial Statements

The financial statements of Kids in Crisis, Inc. as of and for the year ended June 30, 2021, were audited by another auditor whose report dated October 27, 2021, 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.



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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 GAAS, 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.

Mayer Hoffman McCann P.C.

Purchase, NY
January 25, 2023

KIDS IN CRISIS, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,680,666	\$ 3,006,032
Investments	7,115,393	7,964,499
Current portion of promises to give	550,523	495,608
Prepaid expenses	-	2,597
Total Current Assets	10,346,582	11,468,736
Promises to give, net of current portion and discount of \$15,724 in 2022 and \$11,144 in 2021	323,609	140,523
Property and Equipment, net	3,207,366	3,369,806
 Total Assets	\$ 13,877,557	\$ 14,979,065
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 133,003	\$ 115,503
Accrued compensated absences	178,996	161,056
Paycheck Protection Program loan, current portion	-	57,740
Total Current Liabilities	311,999	334,299
Long-term Liabilities		
Paycheck Protection Program loan, net of current portion	-	579,617
Total Long-term Liabilities	-	579,617
Net Assets		
Net Assets Without Donor Restrictions	9,037,919	9,289,775
Net Assets With Donor Restrictions	4,527,639	4,775,374
Total Net Assets	13,565,558	14,065,149
 Total Liabilities and Net Assets	\$ 13,877,557	\$ 14,979,065

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Government Support			
Federal	\$ 338,214	\$ -	\$ 338,214
Employee retention credit	174,538	-	174,538
Gain on extinguishment of debt - PPP loan	637,357	-	637,357
Municipal	979,532	-	979,532
Total Government Support	2,129,641	-	2,129,641
Direct Support			
Contributions	1,577,399	1,170,988	2,748,387
Special events revenue	763,778	-	763,778
Special events expenses - direct benefits to donors	(133,740)	-	(133,740)
Net assets released from restrictions:			
Release of other time and purpose restrictions	998,597	(998,597)	-
Release of appropriated endowment restrictions	84,000	(84,000)	-
Total Direct Support	3,290,034	88,391	3,378,425
Contributed non-financial assets	58,510	-	58,510
Investment loss	(739,105)	(336,126)	(1,075,231)
Miscellaneous revenues	15,321	-	15,321
Total Other Revenue	(665,274)	(336,126)	(1,001,400)
Total Support and Revenue	4,754,401	(247,735)	4,506,666
EXPENSES			
Safe Haven	2,041,878	-	2,041,878
Community services	2,057,834	-	2,057,834
Management and general	257,778	-	257,778
Fund development	648,767	-	648,767
Total Expenses	5,006,257	-	5,006,257
CHANGE IN NET ASSETS	(251,856)	(247,735)	(499,591)
Net assets - beginning of year	9,289,775	4,775,374	14,065,149
Net assets - end of year	\$ 9,037,919	\$ 4,527,639	\$ 13,565,558

See accompanying notes to financial statements.

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

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Government Support			
Federal	\$ 301,036	\$ -	\$ 301,036
Gain on extinguishment of debt - PPP loan	637,300	-	637,300
Municipal	907,440	-	907,440
Total Government Support	1,845,776	-	1,845,776
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	35,000	(35,000)	-
Total Direct Support	2,881,884	321,058	3,202,942
Contributed non-financial assets	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	20,680	-	20,680
Total Other Revenue	1,525,646	-	1,525,646
Total Support and Revenue	6,253,306	321,058	6,574,364
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	547,980	-	547,980
Total Expenses	4,587,436	-	4,587,436
<u>CHANGE IN NET ASSETS</u>	1,665,870	321,058	1,986,928
Net assets - beginning of year	7,623,905	4,454,316	12,078,221
Net assets - end of year	\$ 9,289,775	\$ 4,775,374	\$ 14,065,149

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL 2022 FUNCTIONAL EXPENSES	2021 FUNCTIONAL EXPENSES
	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	\$ 445,946	\$ 3,213,590	\$ 2,902,234
Employee benefits and taxes	301,233	275,089	576,322	21,928	68,666	90,594	666,916	708,151
Total Payroll and Related Expenditures	1,473,674	1,870,292	3,343,966	134,273	402,267	536,540	3,880,506	3,610,385
Consultants/contract services	226,142	77,422	303,564	56,006	103,415	159,421	462,985	366,929
Vehicle expenses	14,179	3,231	17,410	-	1,247	1,247	18,657	11,632
Food and residents' expenses	42,116	-	42,116	-	128,740	128,740	170,856	29,727
Program and household supplies	38,165	21,629	59,794	-	-	-	59,794	53,315
Office supplies and other	2,612	1,943	4,555	27,222	33,500	60,722	65,277	48,261
Occupancy costs	22,637	3,074	25,711	1,118	6,118	7,236	32,947	25,085
Telephone	1,409	677	2,086	2,140	298	2,438	4,524	3,098
Equipment maintenance and repairs	56,237	16,746	72,983	7,846	20,686	28,532	101,515	73,442
Insurance	32,012	9,148	41,160	2,287	2,287	4,574	45,734	53,799
Postage and shipping	463	72	535	265	1,367	1,632	2,167	6,426
Publications and mailing	-	-	-	-	37,608	37,608	37,608	38,676
Bad debt expense	-	-	-	4,580	-	4,580	4,580	17,491
Miscellaneous	4,695	9,063	13,758	11,919	24,730	36,649	50,407	36,529
Depreciation expense	127,537	44,537	172,074	10,122	20,244	30,366	202,440	212,641
Total Expenses with Special Events Expenses	2,041,878	2,057,834	4,099,712	257,778	782,507	1,040,285	5,139,997	4,587,436
Less: special events expenses recorded on statement of activities	-	-	-	-	(133,740)	(133,740)	(133,740)	-
Total Expenses	\$ 2,041,878	\$ 2,057,834	\$ 4,099,712	\$ 257,778	\$ 648,767	\$ 906,545	\$ 5,006,257	\$ 4,587,436

See accompanying notes to financial statements.

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

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL 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
Employee benefits and taxes	320,701	299,278	619,979	17,509	70,663	88,172	708,151
Total Payroll and Related Expenditures	1,444,672	1,628,445	3,073,117	109,663	427,605	537,268	3,610,385
Consultants/contract services	210,065	102,342	312,407	30,974	23,548	54,522	366,929
Vehicle expenses	9,744	1,888	11,632	-	-	-	11,632
Food and residents' expenses	29,727	-	29,727	-	-	-	29,727
Program and household supplies	35,330	17,985	53,315	-	-	-	53,315
Office supplies and other	2,015	1,053	3,068	24,266	20,927	45,193	48,261
Occupancy costs	20,320	2,759	23,079	1,003	1,003	2,006	25,085
Telephone	1,471	707	2,178	609	311	920	3,098
Equipment maintenance and repairs	47,676	13,568	61,244	6,343	5,855	12,198	73,442
Insurance	37,659	10,760	48,419	2,690	2,690	5,380	53,799
Postage and shipping	390	39	429	347	5,650	5,997	6,426
Publications and mailing	2,040	10,683	12,723	122	25,831	25,953	38,676
Bad debt expense	-	-	-	17,491	-	17,491	17,491
Miscellaneous	3,343	3,885	7,228	16,005	13,296	29,301	36,529
Depreciation expense	133,964	46,781	180,745	10,632	21,264	31,896	212,641
Total Expenses with Special Events Expenses	1,978,416	1,840,895	3,819,311	220,145	547,980	768,125	4,587,436
Less: special events expenses recorded on statement of activities	-	-	-	-	-	-	-
Total Expenses	\$ 1,978,416	\$ 1,840,895	\$ 3,819,311	\$ 220,145	\$ 547,980	\$ 768,125	\$ 4,587,436

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (499,591)	\$ 1,986,928
Adjustments to Reconcile Changes in Net Assets to Net Cash		
Provided by (Used in) Operating Activities:		
Depreciation	202,440	212,641
Bad debt expense	4,580	17,491
Gain on extinguishment of debt - PPP loan	(637,357)	(637,300)
Realized and unrealized losses (gains) on investments	1,172,020	(1,426,954)
Perpetually restricted contributions for investment	(2,703)	(53,877)
Changes in Operating Assets and Liabilities:		
Promises to give	(242,581)	(225,296)
Prepaid expenses	2,597	27,761
Accounts payable and accrued liabilities	17,500	83,463
Accrued compensated absences	17,940	(33,503)
Deferred revenue	-	(42,500)
Total Adjustments	534,436	(2,078,074)
Net Cash Provided by (Used in) Operating Activities	34,845	(91,146)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(40,000)	-
Proceeds from sale of investments	2,236,809	2,980,375
Purchases of investments	(2,559,723)	(3,065,566)
Net Cash Used in Investing Activities	(362,914)	(85,191)
CASH FLOWS FROM FINANCING ACTIVITIES		
Perpetually restricted contributions for investment	2,703	53,877
Proceeds from Paycheck Protection Program loan	-	637,357
Net Cash Provided by Financing Activities	2,703	691,234
<u>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</u>	(325,366)	514,897
Cash and cash equivalents - beginning of year	3,006,032	2,491,135
Cash and cash equivalents - end of year	\$ 2,680,666	\$ 3,006,032

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 164,000 children and families, through a variety of in-house and community programming.

Outreach

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

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 15 TeenTalk Programs throughout the area.

KidTalk is a program primarily serving elementary and middle school students. It is currently 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
JUNE 30, 2022 AND 2021

NOTE 1 – OPERATIONS (Continued)

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 Greenwich, Stamford 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.

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.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. 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. Government grants recognized as revenue amounted to \$2,129,641 and \$1,845,776 for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022 and 2021, the Organization had conditional grants and contracts of \$86,975 and \$105,236, 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.

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.

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. Contributed non-financial assets of \$58,510 and \$43,545 were made in 2022 and 2021, respectively.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 are offset against investment return which is presented on the face of statements of activities and changes in net assets.

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.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 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.

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, 2021.

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, 2022, 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.

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>2022</u>	<u>2021</u>
Amount due in one year or less	\$ 550,523	\$ 495,608
Amount due in two to five years	<u>339,333</u>	<u>151,667</u>
	889,856	647,275
Discount to present value at 3%	<u>(15,724)</u>	<u>(11,144)</u>
Total Promises to give, net	<u>\$ 874,132</u>	<u>\$ 636,131</u>

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 2,680,666	\$ 3,006,032
Investments	7,115,393	7,964,499
Promises to give	<u>874,132</u>	<u>636,131</u>
Subtotal of financial assets at year end	10,670,191	11,606,662
Less: amounts with limits on usage:		
Net assets with donor restrictions	(4,527,639)	(4,775,374)
Long-term portion of promises to give	<u>(323,609)</u>	<u>(140,523)</u>
Total financial assets available for general use within one year	<u>\$ 5,818,943</u>	<u>\$ 6,690,765</u>

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

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:

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

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 – INVESTMENTS (Continued)

	<u>June 30, 2021</u>			
	<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>-</u>	<u>-</u>	<u>3,163,173</u>
Investments measured at fair value	<u>\$ 7,606,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>7,606,159</u>
Investments measured at NAV as a practical expedient				<u>358,340</u>
Total Investments at fair value				<u>\$ 7,964,499</u>

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

	<u>June 30, 2022</u>			
	<u>Fair Market Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
SEG Partners LP	<u>\$ 329,475</u>	N/A	Quarterly	45 Calendar days

	<u>June 30, 2021</u>			
	<u>Fair Market Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
SEG Partners LP	<u>\$ 358,340</u>	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.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 – INVESTMENTS (Continued)

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

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 192,475	\$ 113,410
Net realized and unrealized (losses) gains	(1,172,020)	1,426,954
Less: investment fees	<u>(95,686)</u>	<u>(78,943)</u>
Total Investment Return (Loss)	<u>\$ (1,075,231)</u>	<u>\$ 1,461,421</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>2022</u>	<u>2021</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	122,714	122,714
Construction in progress	<u>40,000</u>	<u>-</u>
	7,365,126	7,325,126
Less: accumulated depreciation	<u>(4,157,760)</u>	<u>(3,955,320)</u>
Total Property and Equipment, net	<u>\$ 3,207,366</u>	<u>\$ 3,369,806</u>

NOTE 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>2022</u>	<u>2021</u>
Professional services	\$ 58,510	\$ 43,545

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.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 – 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.

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.

On November 15, 2021, the loan was forgiven in full and the Organization recognized a gain on extinguishment of debt.

NOTE 9 – NET ASSETS

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

	<u>2022</u>	<u>2021</u>
Purpose and Time Restricted Net Assets		
TeenTalk	\$ 121,365	\$ 33,956
Recreation	-	10,000
Aftercare	37,689	37,689
Education	80,000	120,000
Time restricted	429,246	296,967
Capital projects	<u>1,392,249</u>	<u>1,392,249</u>
Subtotal of Purpose and Time Restricted Net Assets	<u>2,060,549</u>	<u>1,890,861</u>
Perpetual Net Assets (Endowment)		
Available for general operations	2,216,998	2,636,121
Restricted to support education	107,452	107,452
Restricted to support the medical program	<u>142,640</u>	<u>140,940</u>
Subtotal of Perpetual Net Assets (Endowment)	<u>2,467,090</u>	<u>2,884,513</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,527,639</u>	<u>\$ 4,775,374</u>

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 – NET ASSETS (Continued)

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

	<u>2022</u>	<u>2021</u>
Program related expenses	\$ 648,877	\$ 671,436
Release of time restriction	<u>349,720</u>	<u>60,089</u>
Direct Support Net Assets Released from Restrictions	998,597	731,525
Appropriation of endowment assets for expenditure	<u>84,000</u>	<u>601,497</u>
 Total Net Assets Released from Restrictions	 <u>\$ 1,082,597</u>	 <u>\$ 1,333,022</u>

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

	<u>2022</u>	<u>2021</u>
Endowment, beginning of year	\$ 2,884,513	\$ 2,865,636
Contributions	2,703	53,877
Investment (losses) income	(336,126)	566,497
Donor release of endowment	(84,000)	(35,000)
Appropriation of endowment assets for expenditure	<u>-</u>	<u>(566,497)</u>
 Endowment, end of year	 <u>\$ 2,467,090</u>	 <u>\$ 2,884,513</u>

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

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.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 – 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 \$82,131 and \$86,303 for the years ended June 30, 2022 and 2021, respectively.

NOTE 11 – 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 12 – CONTRIBUTIONS

Details of contributions for the year ended June 30, 2022 were as follows:

	<u>GENERAL OPERATIONS</u>	<u>PERPETUAL RESTRICTIONS</u>	<u>TOTAL</u>
Individuals	\$ 1,986,214	\$ 2,703	\$ 1,988,917
Corporations	184,749	-	184,749
Foundations	445,790	-	445,790
Religious and other organizations	<u>128,931</u>	<u>-</u>	<u>128,931</u>
Total Contributions	<u>\$ 2,745,684</u>	<u>\$ 2,703</u>	<u>\$ 2,748,387</u>

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>

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

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 – EMPLOYEE RETENTION CREDIT

During the year ended June 30, 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 \$174,538 which is included in cash and revenue and support in the accompanying financial statements.

NOTE 14 – 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.

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 15 – 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, 2022 and 2021, cash and cash equivalent balances exceeded FDIC insurance limits by \$378,821 and \$879,908, respectively.

NOTE 16 – RISKS AND UNCERTAINTIES

The COVID-19 pandemic remains an 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.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 25, 2023, the date the financial statements were available to be issued.

Effective July 1, 2022, the Organization was awarded a Federal Grant of \$3,051,632 to provide "Residential (Shelter and/or Transitional Foster Care) Services for Unaccompanied Children" for the period from July 1, 2022 through June 30, 2023.

SUPPLEMENTARY INFORMATION



Mayer Hoffman McCann CPAs

The New York Practice of Mayer Hoffman McCann P.C., An Independent CPA Firm

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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, 2022, and our report thereon dated January 25, 2023, which expressed an unmodified opinion on those financial statements appears on pages 1 and 2. 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.

The supplementary graphical information show on page 22 through 25 for the year ended June 20, 2021 was subjected to the auditing procedures applied in the June 30, 2021 audit of the basic financial statements by another auditor, whose report on such information stated that it was fairly stated in all material respects in relation to the June 30, 2021 financial statements as a whole.

Mayer Hoffman McCann P.C.

Purchase, NY
January 25, 2023

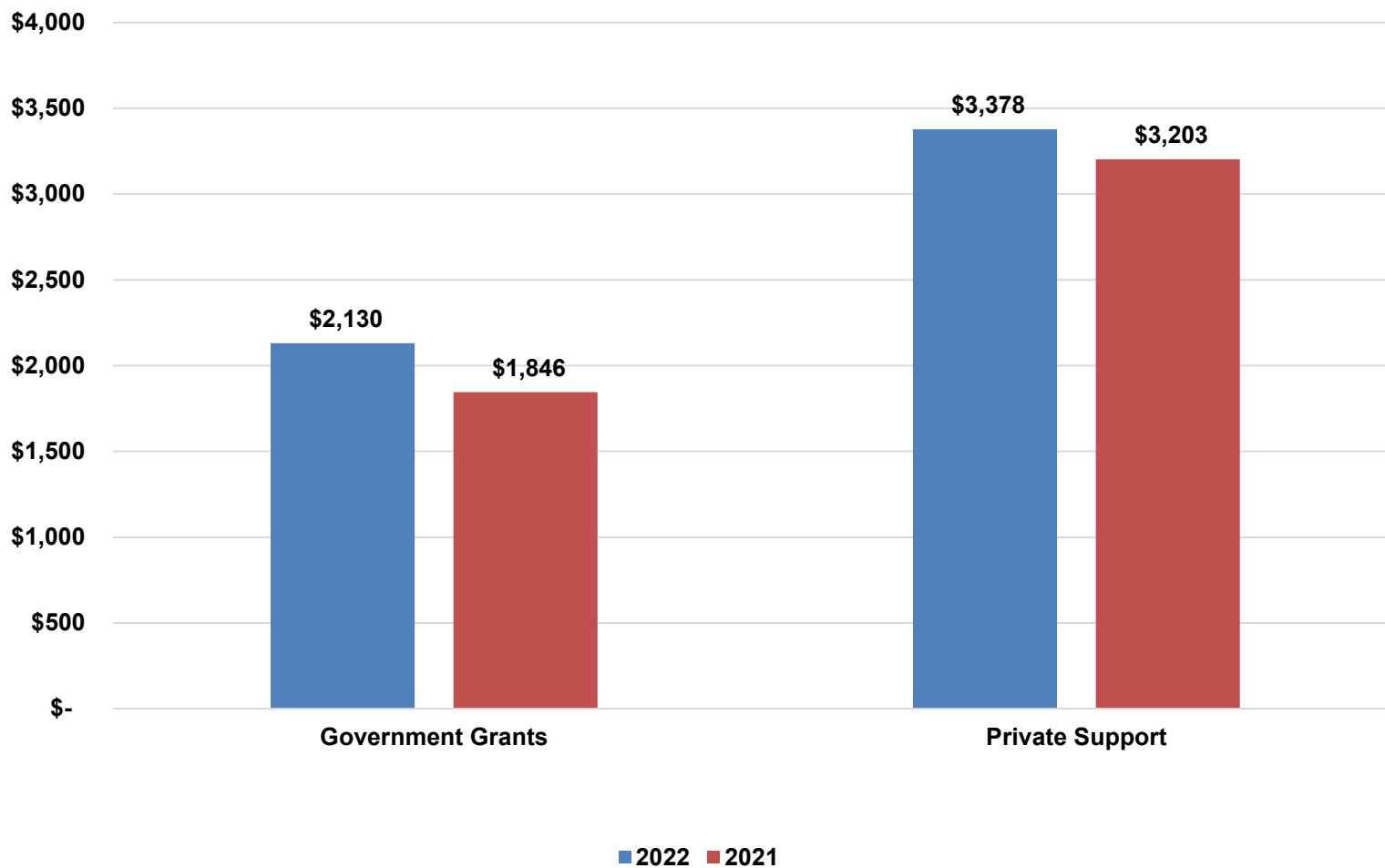


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Kids In Crisis, Inc.

Support and Revenue Years Ended June 30, 2022 and 2021

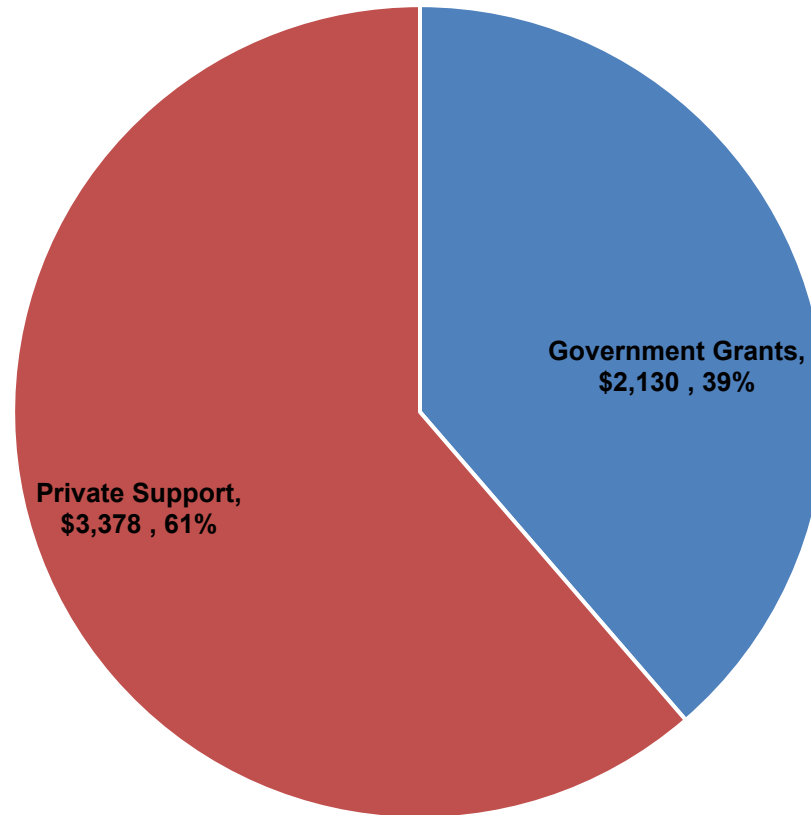
\$ In Thousands



See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

Support and Revenue
Year Ended June 30, 2022

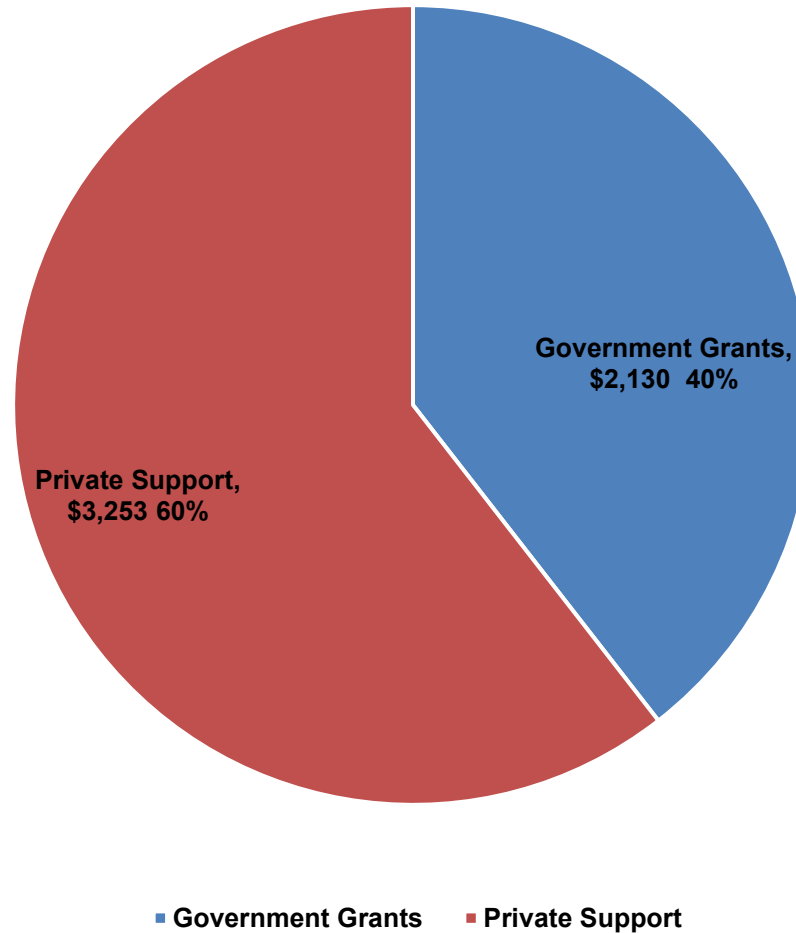


■ Government Grants ■ Private Support

See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

Support and Revenue
Year Ended June 30, 2022

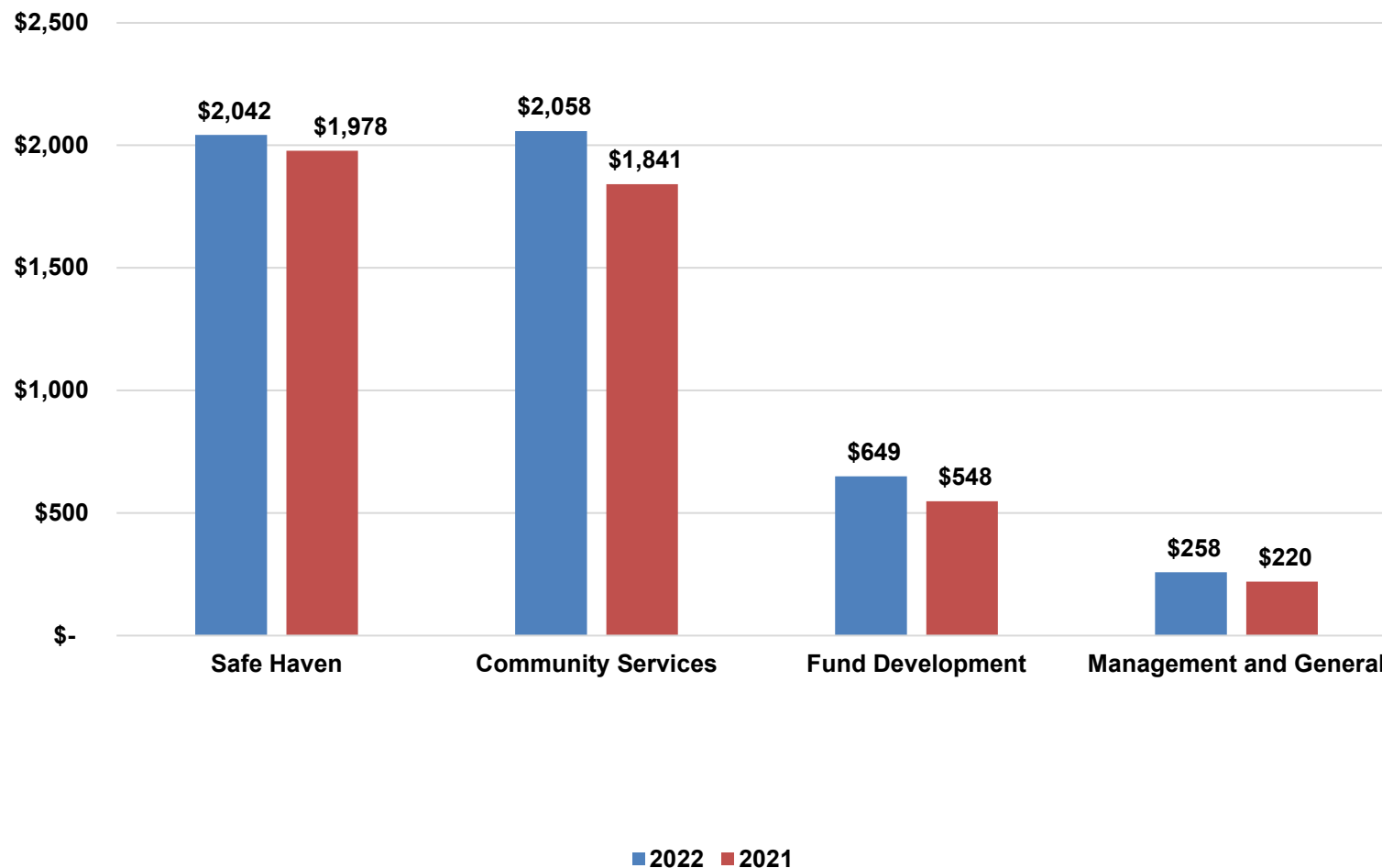


See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

Functional Expenses Years Ended June 30, 2022 and 2021

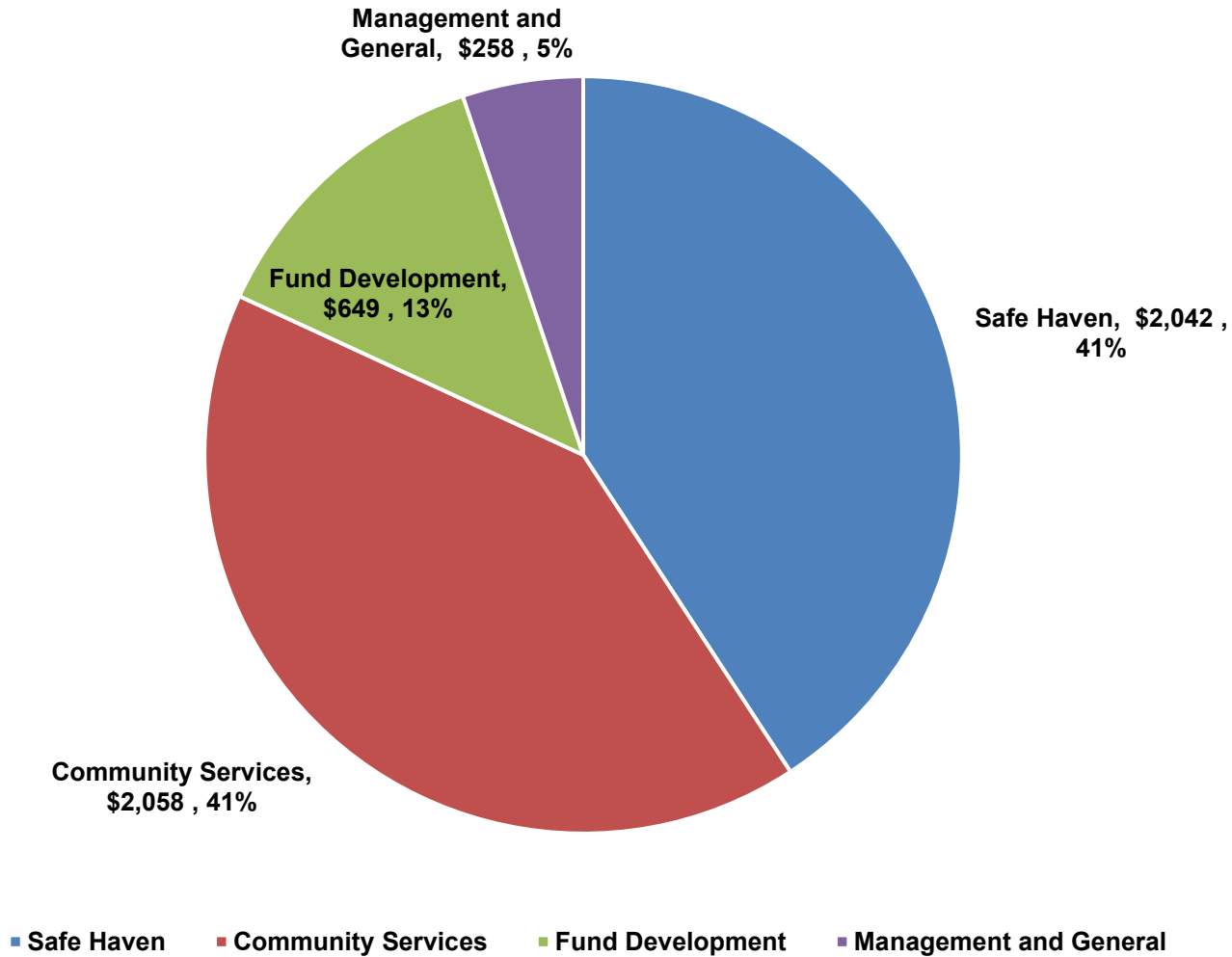
\$ In Thousands



See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

Functional Expenses
Year Ended June 30, 2022



See independent auditors' report on supplementary information.