



Kids in Crisis

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

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

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

KIDS IN CRISIS, INC.

TABLE OF CONTENTS

| | <u>PAGE</u> |
|---|--------------------|
| Independent Auditor's Report | 1 |
| Statements of Financial Position | 2 |
| Statements of Activities and Change in Net Assets | 3 |
| Statements of Functional Expenses | 5 |
| Statements of Cash Flows | 7 |
| Notes to Financial Statements | 8 |
| OTHER FINANCIAL INFORMATION | |
| Auditor's Report on Other Financial Information | 19 |
| Graphical Information | 20 |



Dylewsky, Goldberg & Brenner, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kids in Crisis, Inc.

We have audited the accompanying financial statements of Kids in Crisis, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audits 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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Dylewsky, Goldberg & Brenner, LLC
Stamford, Connecticut

July 31, 2015

KIDS IN CRISIS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|--|---------------|---------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 482,312 | \$ 376,313 |
| Investments | 6,187,398 | 6,165,960 |
| Accounts receivable, government | 142,562 | 200,525 |
| Accounts receivable, sponsorships | 41,000 | 23,500 |
| Pledges receivable | 226,386 | 258,459 |
| Prepaid expenses | 33,770 | 41,965 |
| Total Current Assets | 7,113,428 | 7,066,722 |
| Other Assets | | |
| Pledges receivable, net of current portion | - | 30,000 |
| Property and Equipment, net | 4,440,698 | 4,598,947 |
| | \$ 11,554,126 | \$ 11,695,669 |
| LIABILITIES AND NET ASSETS | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 151,258 | \$ 153,963 |
| Accrued compensated absences | 164,034 | 151,117 |
| Deferred revenue | 45,000 | 45,000 |
| Notes payable, current portion | 6,649 | 6,531 |
| Mortgage payable, current portion | 55,627 | 107,419 |
| Total Current Liabilities | 422,568 | 464,030 |
| Long-term Liabilities | | |
| Notes payable, net of current portion | 16,880 | 23,529 |
| Mortgage payable, net of current portion | - | 55,500 |
| Total Long-term Liabilities | 16,880 | 79,029 |
| Net Assets | | |
| Unrestricted - general operations | 6,808,491 | 6,949,650 |
| Temporarily restricted | 1,535,321 | 1,442,485 |
| Permanently restricted | 2,770,866 | 2,760,475 |
| Total Net Assets | 11,114,678 | 11,152,610 |
| | \$ 11,554,126 | \$ 11,695,669 |

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2015

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---------------------------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|
| SUPPORT AND REVENUE | | | | |
| Government Support | | | | |
| Federal | \$ 60,774 | \$ - | \$ - | \$ 60,774 |
| State | 811,520 | - | - | 811,520 |
| Municipal | <u>406,421</u> | <u>-</u> | <u>-</u> | <u>406,421</u> |
| Total Government Support | <u>1,278,715</u> | <u>-</u> | <u>-</u> | <u>1,278,715</u> |
| Direct Support | | | | |
| Contributions | 1,279,993 | 780,796 | 10,391 | 2,071,180 |
| Special events revenue | 1,382,213 | - | - | 1,382,213 |
| Special events expenses | (454,532) | - | - | (454,532) |
| Net assets released from restrictions | <u>687,960</u> | <u>(687,960)</u> | <u>-</u> | <u>-</u> |
| Total Direct Support | <u>2,895,634</u> | <u>92,836</u> | <u>10,391</u> | <u>2,998,861</u> |
| United Ways | 85,600 | - | - | 85,600 |
| Non-cash contributions | 40,151 | - | - | 40,151 |
| Investment gains | 138,191 | - | - | 138,191 |
| Miscellaneous revenues | <u>4,777</u> | <u>-</u> | <u>-</u> | <u>4,777</u> |
| Total Support and Revenue | <u>4,443,068</u> | <u>92,836</u> | <u>10,391</u> | <u>4,546,295</u> |
| FUNCTIONAL EXPENSES | | | | |
| Teen Program | 1,521,134 | - | - | 1,521,134 |
| Crisis Nursery | 1,282,989 | - | - | 1,282,989 |
| Community services | 998,916 | - | - | 998,916 |
| Management and general | 302,478 | - | - | 302,478 |
| Fund development | <u>478,710</u> | <u>-</u> | <u>-</u> | <u>478,710</u> |
| Total Functional Expenses | <u>4,584,227</u> | <u>-</u> | <u>-</u> | <u>4,584,227</u> |
| <u>CHANGE IN NET ASSETS</u> | <u>(141,159)</u> | <u>92,836</u> | <u>10,391</u> | <u>(37,932)</u> |
| Net assets - beginning of year | <u>6,949,650</u> | <u>1,442,485</u> | <u>2,760,475</u> | <u>11,152,610</u> |
| Net assets - end of year | <u>\$ 6,808,491</u> | <u>\$ 1,535,321</u> | <u>\$ 2,770,866</u> | <u>\$ 11,114,678</u> |

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2014

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Permanently Restricted</u> | <u>Total</u> |
|---------------------------------------|-------------------------|-----------------------------------|-----------------------------------|-------------------------|
| SUPPORT AND REVENUE | | | | |
| Government Support | | | | |
| Federal | \$ 185,488 | \$ - | \$ - | \$ 185,488 |
| State | 1,158,659 | - | - | 1,158,659 |
| Municipal | 183,097 | - | - | 183,097 |
| Total Government Support | <u>1,527,244</u> | <u>-</u> | <u>-</u> | <u>1,527,244</u> |
| Direct Support | | | | |
| Contributions | 968,999 | 887,013 | 17,715 | 1,873,727 |
| Special events revenue | 1,110,768 | - | - | 1,110,768 |
| Special events expenses | (473,008) | - | - | (473,008) |
| Net assets released from restrictions | 950,073 | (950,073) | - | - |
| Total Direct Support | <u>2,556,832</u> | <u>(63,060)</u> | <u>17,715</u> | <u>2,511,487</u> |
| United Ways | 116,204 | - | - | 116,204 |
| Non-cash contributions | 56,226 | - | - | 56,226 |
| Investment gains | 781,757 | - | - | 781,757 |
| Miscellaneous revenues | 7,384 | - | - | 7,384 |
| Total Support and Revenue | <u>5,045,647</u> | <u>(63,060)</u> | <u>17,715</u> | <u>5,000,302</u> |
| FUNCTIONAL EXPENSES | | | | |
| Teen Program | 1,529,660 | - | - | 1,529,660 |
| Crisis Nursery | 1,292,564 | - | - | 1,292,564 |
| Community services | 999,993 | - | - | 999,993 |
| Management and general | 159,801 | - | - | 159,801 |
| Fund development | 432,057 | - | - | 432,057 |
| Total Functional Expenses | <u>4,414,075</u> | <u>-</u> | <u>-</u> | <u>4,414,075</u> |
| <u>CHANGE IN NET ASSETS</u> | <u>631,572</u> | <u>(63,060)</u> | <u>17,715</u> | <u>586,227</u> |
| Net assets - beginning of year | <u>6,318,078</u> | <u>1,505,545</u> | <u>2,742,760</u> | <u>10,566,383</u> |
| Net assets - end of year | <u>\$ 6,949,650</u> | <u>\$ 1,442,485</u> | <u>\$ 2,760,475</u> | <u>\$ 11,152,610</u> |

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

| | PROGRAM SERVICES | | | | SUPPORTING SERVICES | | | TOTAL FUNCTIONAL EXPENSES |
|--|---------------------|---------------------|-----------------------|---------------------|---------------------------|---------------------|-------------------|---------------------------------|
| | Teen Program | Crisis Nursery | Community Services | Total | Management and General | Fund Development | Total | |
| Salaries | \$ 968,381 | \$ 743,433 | \$ 709,973 | \$ 2,421,787 | \$ 135,482 | \$ 337,218 | \$ 472,700 | \$ 2,894,487 |
| Employee benefits and taxes | 206,343 | 224,405 | 145,063 | 575,811 | 26,868 | 61,103 | 87,971 | 663,782 |
| Total Payroll and Related Expenditures | 1,174,724 | 967,838 | 855,036 | 2,997,598 | 162,350 | 398,321 | 560,671 | 3,558,269 |
| Consultants/contract services | 133,099 | 132,619 | 54,528 | 320,246 | 16,251 | 18,254 | 34,505 | 354,751 |
| Vehicle expenses | 11,930 | 12,058 | 6,131 | 30,119 | 730 | 648 | 1,378 | 31,497 |
| Food and residents' expenses | 40,365 | 25,595 | - | 65,960 | - | - | - | 65,960 |
| Program and household supplies | 10,838 | 8,276 | 1,344 | 20,458 | - | - | - | 20,458 |
| Office supplies and other | 2,241 | 2,270 | 2,743 | 7,254 | 1,798 | 8,723 | 10,521 | 17,775 |
| Occupancy costs | 11,149 | 11,149 | 3,028 | 25,326 | 1,101 | 1,101 | 2,202 | 27,528 |
| Telephone | 1,938 | 1,038 | 1,615 | 4,591 | 461 | 461 | 922 | 5,513 |
| Equipment maintenance and repairs | 32,529 | 33,726 | 8,900 | 75,155 | 5,485 | 3,505 | 8,990 | 84,145 |
| Insurance | 17,153 | 15,158 | 4,788 | 37,099 | 1,596 | 1,197 | 2,793 | 39,892 |
| Postage and shipping | 779 | 750 | 549 | 2,078 | 699 | 4,023 | 4,722 | 6,800 |
| Publications and mailing | 6,616 | 6,616 | 10,709 | 23,941 | 1,752 | 18,781 | 20,533 | 44,474 |
| Interest expense | 2,248 | 2,248 | 610 | 5,106 | 222 | 222 | 444 | 5,550 |
| Provision for bad debts | - | - | - | - | 96,974 | - | 96,974 | 96,974 |
| Miscellaneous | 3,757 | 2,434 | 2,497 | 8,688 | 2,505 | 2,366 | 4,871 | 13,559 |
| Total Expenses before Depreciation | 1,449,366 | 1,221,775 | 952,478 | 3,623,619 | 291,924 | 457,602 | 749,526 | 4,373,145 |
| Depreciation expense | 71,768 | 61,214 | 46,438 | 179,420 | 10,554 | 21,108 | 31,662 | 211,082 |
| Total Functional Expenses | <u>\$ 1,521,134</u> | <u>\$ 1,282,989</u> | <u>\$ 998,916</u> | <u>\$ 3,803,039</u> | <u>\$ 302,478</u> | <u>\$ 478,710</u> | <u>\$ 781,188</u> | <u>\$ 4,584,227</u> |

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2014

| | PROGRAM SERVICES | | | | SUPPORTING SERVICES | | | TOTAL FUNCTIONAL EXPENSES |
|--|-------------------------|---------------------------|-------------------------------|---------------------|-----------------------------------|-----------------------------|-------------------|--|
| | Teen Program | Crisis Nursery | Community Services | Total | Management and General | Fund Development | Total | |
| Salaries | \$ 928,554 | \$ 709,800 | \$ 733,587 | \$ 2,371,941 | \$ 102,576 | \$ 301,739 | \$ 404,315 | \$ 2,776,256 |
| Employee benefits and taxes | 196,653 | 220,869 | 143,705 | 561,227 | 22,408 | 62,189 | 84,597 | 645,824 |
| Total Payroll and Related Expenditures | 1,125,207 | 930,669 | 877,292 | 2,933,168 | 124,984 | 363,928 | 488,912 | 3,422,080 |
| Consultants/contract services | 140,215 | 138,736 | 56,574 | 335,525 | 12,941 | 17,015 | 29,956 | 365,481 |
| Vehicle expenses | 11,984 | 11,698 | 10,846 | 34,528 | 558 | 724 | 1,282 | 35,810 |
| Food and residents' expenses | 65,162 | 41,516 | - | 106,678 | - | - | - | 106,678 |
| Program and household supplies | 9,513 | 9,712 | 2,524 | 21,749 | - | - | - | 21,749 |
| Office supplies and other | 3,993 | 2,990 | 2,052 | 9,035 | 2,102 | 9,959 | 12,061 | 21,096 |
| Occupancy costs | 15,945 | 15,946 | 4,331 | 36,222 | 1,575 | 1,575 | 3,150 | 39,372 |
| Telephone | 1,140 | 1,066 | 2,378 | 4,584 | 644 | 474 | 1,118 | 5,702 |
| Equipment maintenance and repairs | 27,699 | 27,269 | 7,467 | 62,435 | 5,523 | 2,977 | 8,500 | 70,935 |
| Insurance | 16,806 | 14,852 | 4,690 | 36,348 | 1,564 | 1,173 | 2,737 | 39,085 |
| Postage and shipping | 714 | 714 | 545 | 1,973 | 587 | 3,752 | 4,339 | 6,312 |
| Publications and mailing | 8,413 | 8,413 | 13,621 | 30,447 | 458 | 22,141 | 22,599 | 53,046 |
| Interest expense | 4,303 | 4,304 | 1,169 | 9,776 | 425 | 425 | 850 | 10,626 |
| Miscellaneous | 3,138 | 2,158 | 1,246 | 6,542 | 3,238 | 2,625 | 5,863 | 12,405 |
| Total Expenses before Depreciation | 1,434,232 | 1,210,043 | 984,735 | 3,629,010 | 154,599 | 426,768 | 581,367 | 4,210,377 |
| Depreciation expense | 95,428 | 82,521 | 15,258 | 193,207 | 5,202 | 5,289 | 10,491 | 203,698 |
| Total Functional Expenses | \$ 1,529,660 | \$ 1,292,564 | \$ 999,993 | \$ 3,822,217 | \$ 159,801 | \$ 432,057 | \$ 591,858 | \$ 4,414,075 |

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|---|-------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in Net Assets | \$ (37,932) | \$ 586,227 |
| Adjustments to Reconcile Change in Net Assets to Net Cash | | |
| Provided (Used) by Operating Activities: | | |
| Depreciation | 211,082 | 203,698 |
| Loss from disposal of fixed asset | - | 6,263 |
| Realized and unrealized gain (loss) on investments | 40,883 | (510,074) |
| Donated property and equipment | (19,000) | - |
| Permanently restricted contributions for investment | (10,391) | (17,715) |
| Changes in Operating Assets and Liabilities: | | |
| Accounts receivable, government | 57,963 | (162,421) |
| Accounts receivable, sponsorships | (17,500) | (23,500) |
| Pledges receivable | 62,073 | (115,777) |
| Prepaid expenses | 8,195 | (35,645) |
| Accounts payable and accrued liabilities | (2,705) | 12,585 |
| Accrued compensated absences | 12,917 | 10,076 |
| Total Adjustments | 343,517 | (632,510) |
| Net Cash Provided (Used) by Operating Activities | 305,585 | (46,283) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (33,833) | (58,342) |
| Proceeds from sale of investments | 340,538 | 456,602 |
| Purchases of investments | (402,859) | (401,146) |
| Net Cash Used by Investing Activities | (96,154) | (2,886) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Permanently restricted contributions for investment | 10,391 | 17,715 |
| Principal payments of debt | (113,823) | (105,847) |
| Net Cash Used by Financing Activities | (103,432) | (88,132) |
| <u>NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS</u> | 105,999 | (137,301) |
| Cash and cash equivalents - beginning of year | 376,313 | 513,614 |
| Cash and cash equivalents - end of year | \$ 482,312 | \$ 376,313 |

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 1 OPERATIONS

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

Since opening in 1978, Kids in Crisis has helped nearly 132,000 children and families through noteworthy crisis services and community prevention programs. Trained counselors are available 24 hours a day, 7 days a week to provide immediate crisis counseling and to meet with children and their families in area communities. For children who are no longer safe at home, Kids in Crisis provides emergency shelter in a safe, nurturing, and therapeutic environment. Every child in residence receives complete medical care, including a physical and mental health evaluation, and referrals to local doctors for specialized care. This medical support is provided through the on-site TLC Health Center, licensed by the Connecticut Department of Health and operated in partnership with Family Centers, Inc. In addition to complete medical and psychological care, Kids in Crisis also provides residents with educational advocacy and support to ensure future success.

In addition to the emergency services provided, Kids in Crisis offers community education and prevention programs. Introduced in 1999, the SafeTalk program provides schools and parents with child-friendly workshops designed to educate children and families in recognizing the signs of physical and verbal abuse, including bullying and “stranger danger.” The Kids in Crisis TeenTalk program offers on-site school support for middle and high school students through counselors who provide confidential, short-term individual and small group counseling on issues of importance to the health and well-being of teens. The TeenTalk Program was in 6 schools this past year and will be expanding into a 7th school beginning fall 2015. Additionally, Kids in Crisis is the Fairfield County sponsor of Safe Place, a national program that partners municipalities, businesses, and other local facilities to provide immediate help for any youths who may find themselves in the community when a crisis develops.

Under this new system, most young children who are removed from their homes due to a crisis are being placed directly into foster care. In response to this change in placement strategy, Kids in Crisis has been working with the Connecticut Department of Children and Families on alternate approaches to enable the Organization to continue to provide the opportunity for immediate assessments, early treatment, and stabilization to insure that children faced with an emergency removal from their homes have the most complete care services that can be made available to them.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

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

Revenue Recognition

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

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

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

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.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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 are capitalized as incurred. Property and equipment are depreciated using the straight-line method based on their respective estimated useful lives ranging from three to thirty-five years. Repairs and maintenance to existing facilities are expensed as incurred.

Investments

Kids in Crisis, Inc. follows FASB guidance on fair value, which among other things, defines fair value, establishes a hierarchal framework for measuring fair value, and expands disclosure about fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability, as follows:

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

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

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

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Kids in Crisis regularly assesses these estimates and, while actual results may differ from these estimates, management believes that material changes will not occur in the near term.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

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

Functional Expenses

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

Advertising Costs

Advertising costs are expensed as incurred.

Accrued Compensation

Kids in Crisis, Inc.'s policy allow employees to carry forward, from year to year, 80 hours of sick and 80 hours of vacation time.

Cash and Cash Equivalents

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

Income Taxes

Kids in Crisis, Inc. evaluates all significant tax positions in accordance with accounting principles generally accepted in the United States of America. As of June 30, 2015, Kids in Crisis, Inc. does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year.

Reclassifications

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

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3 NET ASSETS

Temporarily restricted net assets were available for the following purposes as of June 30, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|--|-------------------------|-------------------------|
| Teen Program | \$ 8,733 | \$ 8,733 |
| Triathlon | 1,975 | 15,500 |
| Spring Event | 29,360 | - |
| Kids Challenge | - | 450 |
| Gala | - | 2,500 |
| Have a Heart | 1,000 | - |
| TeenTalk | 51,000 | - |
| Cards for Kids | 5,000 | - |
| Safe Haven | 70,000 | 11,500 |
| Aftercare | 37,689 | 37,689 |
| Education | 30,000 | 60,000 |
| Capital projects | <u>1,300,564</u> | <u>1,306,113</u> |
| Total Temporarily Restricted Net Assets | \$ <u>1,535,321</u> | \$ <u>1,442,485</u> |

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

Permanently Restricted: Income generated from \$1,825,029 of the permanently restricted net assets is available to support any activities of the Organization. Income generated from \$106,397 is temporarily restricted to support the education program, and income from \$139,440 is temporarily restricted to support the medical program. Income generated from \$700,000 is temporarily restricted to aftercare for children who have stayed at the Kids in Crisis facilities.

Permanently restricted net assets, from which the income is expendable for general and restricted purposes, were as follows at June 30, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|---|-------------------------|-------------------------|
| Available for general operations | \$ 1,825,029 | \$ 1,816,638 |
| Available for donor-specified purposes | <u>945,837</u> | <u>943,837</u> |
| Total Permanently Restricted Net Assets | \$ <u>2,770,866</u> | \$ <u>2,760,475</u> |

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 3 **NET ASSETS** (continued)

The Organization's endowment consists of individual funds established for a variety of purposes. Its endowment includes only permanently restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization's management and board of directors has interpreted the State of Connecticut's Uniform Prudent Management of Institutional Funds Act 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 currently classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) the original value of subsequent gifts to the permanent endowment.

NOTE 4 **ACCOUNTS AND PLEDGES RECEIVABLE**

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

NOTE 5 **INVESTMENTS**

Investments are comprised of the following funds for the years ended June 30, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|-------------------|---------------------|---------------------|
| Equity funds | \$ 3,468,810 | \$ 3,385,867 |
| Bond funds | <u>2,718,588</u> | <u>2,780,093</u> |
| Total Investments | \$ <u>6,187,398</u> | \$ <u>6,165,960</u> |

Investment gains are comprised of the following for the years ended June 30, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|--|-------------------|-------------------|
| Interest and dividend income | \$ 179,074 | \$ 271,683 |
| Net realized and unrealized gains (losses) | <u>(40,883)</u> | <u>510,074</u> |
| Total Investment Gains | \$ <u>138,191</u> | \$ <u>781,757</u> |

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 5 INVESTMENTS (continued)

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 consisted of the following at June 30, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|-----------------------------------|---------------------|---------------------|
| Land | \$ 1,266,000 | \$ 1,266,000 |
| Building | 2,310,802 | 2,310,802 |
| Building improvements | 3,866,162 | 3,832,329 |
| Furniture and fixtures | 470,192 | 470,192 |
| Vehicles | <u>129,452</u> | <u>110,452</u> |
| | 8,042,608 | 7,989,775 |
| Less: accumulated depreciation | <u>(3,601,910)</u> | <u>(3,390,828)</u> |
| Total Property and Equipment, net | \$ <u>4,440,698</u> | \$ <u>4,598,947</u> |

In 2014 the Organization purchased \$15,204 of property and equipment in exchange for long-term notes payable.

NOTE 7 MORTGAGE AND NOTES PAYABLE

The Organization has a mortgage with a bank. The outstanding balance as of June 30, 2015 and 2014 was \$55,627 and \$162,919, respectively. The mortgage is payable in monthly principal and interest installments of \$9,403. Interest is accrued at 4.79% per annum.

The Organization obtained a loan and purchased an automobile in June 2013. The automobile loan was \$18,487 and is payable in sixty monthly principal and interest installments of \$315 per month. Interest is accrued at .9% per annum.

The Organization obtained a loan and purchased an automobile in June 2014. The automobile loan was \$15,204 and is payable in sixty monthly principal and interest installments of \$273 per month. Interest is accrued at 2.9% per annum.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 7 **MORTGAGE AND NOTES PAYABLE** (continued)

Interest paid and incurred on all debt during 2015 and 2014, was \$5,550 and \$10,626, respectively.

Principal payments on the prior referenced mortgage and notes payable by year are as follows:

| | |
|----------------------|-----------|
| Year ending June 30: | |
| 2016 | \$ 62,276 |
| 2017 | 6,769 |
| 2018 | 6,892 |
| 2019 | 3,219 |

NOTE 8 **TAX-DEFERRED ANNUITY PLAN**

The Organization maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees with over one year of service and part-time employees with at least one thousand hours of service annually. The Organization automatically contributes 2% of the base salary and 50% of an employee's contribution up to 2%. Contributions vest at a rate of 20% after 2 years of service and at 100% after 3 years of service. Pension expense was \$62,837 and \$70,842 for the years ended June 30, 2015 and 2014, respectively.

NOTE 9 **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 10 **SPECIAL EVENTS**

The Organization holds three major special events each year: Gala (a dance and auction), Stamford KIC IT Triathlon (with over 500 participating athletes), and Kids' Challenge Golf Tournament. Additionally, the Organization runs a number of smaller fundraising events hosted by donors and volunteers each year. Other important fundraising events include Have-A-Heart in Ridgefield which is held every other year and the Cards for Kids Tournament which is held annually in New York City.

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

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 11 CONTRIBUTIONS

Details of contributions for the year ended June 30, 2015 were as follows:

| | <u>GENERAL OPERATIONS</u> | <u>PERMANENTLY RESTRICTED</u> | <u>TOTAL</u> |
|--------------------------------------|-------------------------------|-----------------------------------|---------------------|
| Individuals | \$ 1,050,490 | \$ 10,391 | \$ 1,060,881 |
| Corporations | 363,027 | - | 363,027 |
| Foundations | 577,524 | - | 577,524 |
| Religious and other organizations | <u>69,748</u> | <u>-</u> | <u>69,748</u> |
| Total Contributions | <u>\$ 2,060,789</u> | <u>\$ 10,391</u> | <u>\$ 2,071,180</u> |

Details of contributions for the year ended June 30, 2014 were as follows:

| | <u>GENERAL OPERATIONS</u> | <u>PERMANENTLY RESTRICTED</u> | <u>TOTAL</u> |
|--------------------------------------|-------------------------------|-----------------------------------|---------------------|
| Individuals | \$ 759,650 | \$ 17,715 | \$ 777,365 |
| Corporations | 252,111 | - | 252,111 |
| Foundations | 692,815 | - | 692,815 |
| Religious and other organizations | <u>151,436</u> | <u>-</u> | <u>151,436</u> |
| Total Contributions | <u>\$ 1,856,012</u> | <u>\$ 17,715</u> | <u>\$ 1,873,727</u> |

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

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

NOTE 12 CONCENTRATIONS

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

Substantially all government support is provided by the State of Connecticut Department of Children and Families to fund emergency shelter services provided to abused, neglected, homeless, or at-risk children. The Organization received approximately 29% of its support from various government agencies.

NOTE 13 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 31, 2014, the date that the financial statements were available to be issued.

OTHER FINANCIAL INFORMATION



Dylewsky, Goldberg & Brenner, LLC
CERTIFIED PUBLIC ACCOUNTANTS

AUDITOR'S REPORT ON OTHER FINANCIAL INFORMATION

To the Board of Directors
Kids in Crisis, Inc.

We have audited the financial statements of Kids in Crisis, Inc. as of and for the years ended June 30, 2015 and 2014, and have issued our report thereon dated July 31, 2015, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The other financial information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Dylewsky, Goldberg & Brenner, LLC

Dylewsky, Goldberg & Brenner, LLC
Stamford, Connecticut

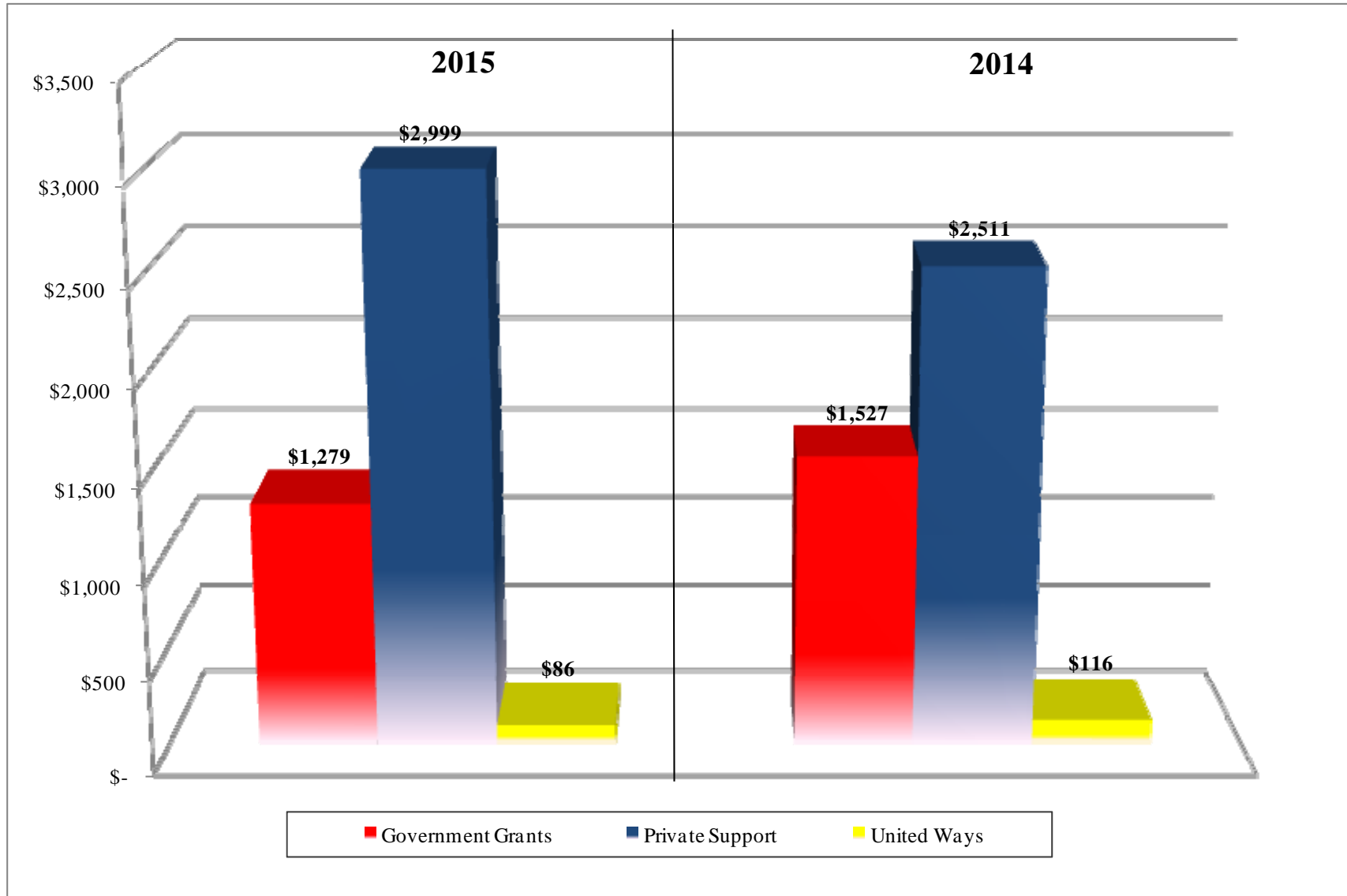
July 31, 2015

Kids in Crisis, Inc.

Revenues

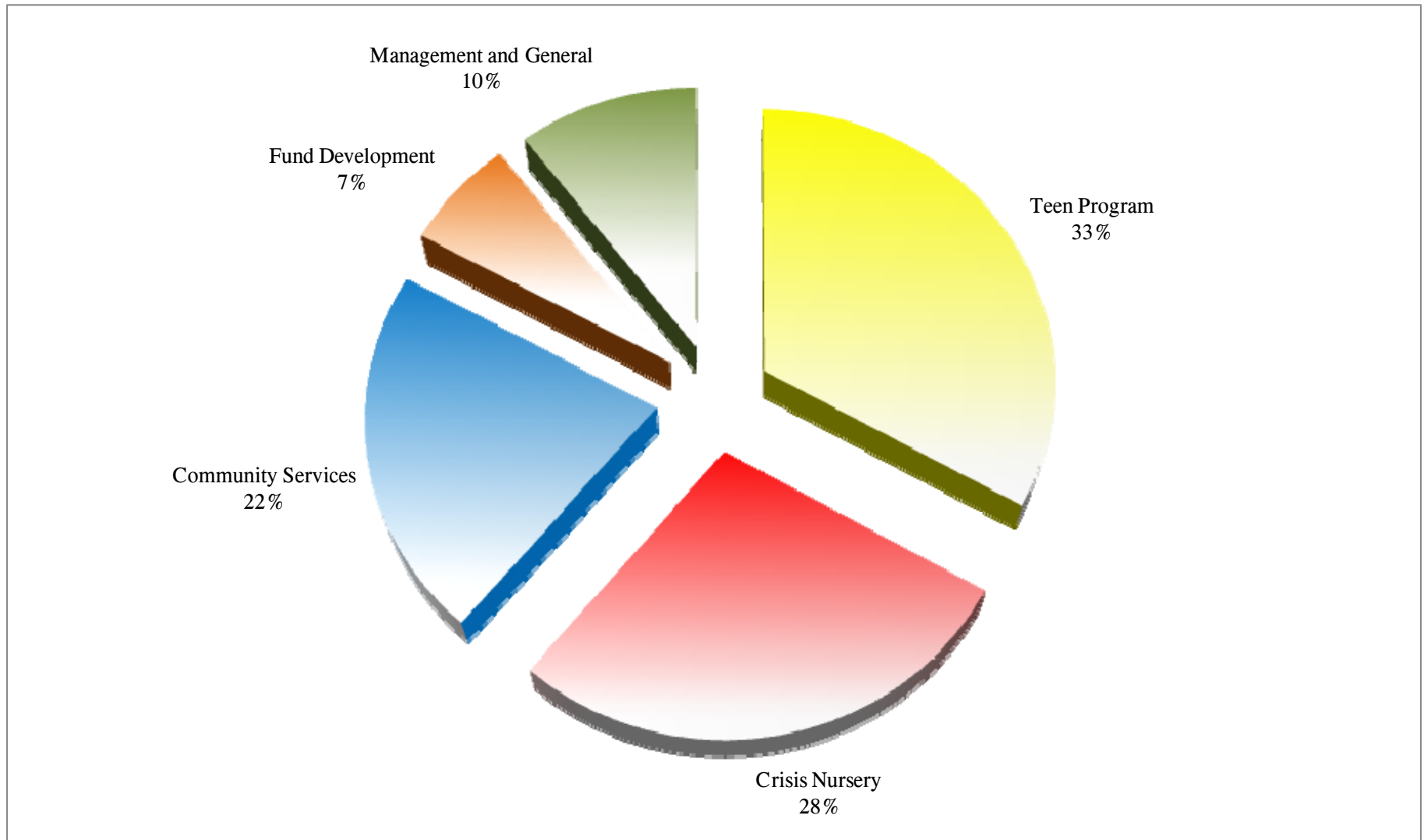
\$ In Thousands

Years Ended June 30, 2015 and 2014



Kids in Crisis, Inc.

Functional Expense Distribution
Year Ended June 30, 2015



Kids in Crisis, Inc.

Government Funding and Program Expenses

Years Ended June 30, 2015 and 2014

\$ In Thousands

