



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

For the Years Ended June 30, 2018 and 2017

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' Report)
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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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 statement of financial position as of June 30, 2018, 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.

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 audit. We conducted our audit 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, 2018, 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.

Report on 2017 Financial Statements

The financial statements as of June 30, 2017 were audited by Dylewsky, Goldberg and Brenner, LLC, who merged with Marks Paneth LLP as of November 1, 2017 and whose report dated August 9, 2017 expressed an unmodified opinion on those statements.

Marks Paneth LLP

Purchase, New York
January 10, 2019

KIDS IN CRISIS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,836,542	\$ 1,095,466
Investments	5,504,561	5,189,471
Asset held for sale	-	30,000
Accounts receivable	121,011	75,117
Pledges receivable, current	506,384	376,153
Prepaid expenses	3,482	4,496
Total Current Assets	7,971,980	6,770,703
Pledges Receivable, net of current portion and discount of \$15,201 in 2018 and \$- in 2017	167,541	35,000
Property and Equipment, net	3,878,431	4,088,880
	\$ 12,017,952	\$ 10,894,583
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 127,118	\$ 107,132
Accrued compensated absences	143,488	137,066
Deferred revenue	46,000	45,000
Total Current Liabilities	316,606	289,198
Net Assets		
Unrestricted - general operations	7,084,223	6,196,193
Temporarily restricted	1,743,654	1,588,608
Permanently restricted	2,873,469	2,820,584
Total Net Assets	11,701,346	10,605,385
	\$ 12,017,952	\$ 10,894,583

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE				
Government Support				
Federal	\$ 155,037	\$ -	\$ -	\$ 155,037
Municipal	590,524	-	-	590,524
Total Government Support	<u>745,561</u>	<u>-</u>	<u>-</u>	<u>745,561</u>
Direct Support				
Contributions	1,503,855	935,831	52,885	2,492,571
Special events revenue	1,062,697	-	-	1,062,697
Special events expenses	(385,174)	-	-	(385,174)
Net assets released from restrictions	848,785	(848,785)	-	-
Total Direct Support	<u>3,030,163</u>	<u>87,046</u>	<u>52,885</u>	<u>3,170,094</u>
Greenwich United Way	-	68,000	-	68,000
Non-cash contributions	33,569	-	-	33,569
Investment return	332,873	-	-	332,873
Gain on sale of property and equipment	796,816	-	-	796,816
Miscellaneous revenues	41,594	-	-	41,594
Total Support and Revenue	<u>4,980,576</u>	<u>155,046</u>	<u>52,885</u>	<u>5,188,507</u>
FUNCTIONAL EXPENSES				
Safe Haven	2,270,071	-	-	2,270,071
Community services	1,091,762	-	-	1,091,762
Management and general	212,596	-	-	212,596
Fund development	518,117	-	-	518,117
Total Functional Expenses	<u>4,092,546</u>	<u>-</u>	<u>-</u>	<u>4,092,546</u>
<u>CHANGE IN NET ASSETS</u>	<u>888,030</u>	<u>155,046</u>	<u>52,885</u>	<u>1,095,961</u>
Net assets - beginning of year	<u>6,196,193</u>	<u>1,588,608</u>	<u>2,820,584</u>	<u>10,605,385</u>
Net assets - end of year	<u>\$ 7,084,223</u>	<u>\$ 1,743,654</u>	<u>\$ 2,873,469</u>	<u>\$ 11,701,346</u>

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

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

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	Safe Haven	Community Services	Total	Management and General	Fund Development	Total	
Salaries	\$ 1,271,440	\$ 750,428	\$ 2,021,868	\$ 125,888	\$ 357,516	\$ 483,404	\$ 2,505,272
Employee benefits and taxes	395,929	138,523	534,452	22,563	45,346	67,909	602,361
Total Payroll and Related Expenditures	1,667,369	888,951	2,556,320	148,451	402,862	551,313	3,107,633
Consultants/contract services	227,217	104,784	332,001	21,117	30,378	51,495	383,496
Vehicle expenses	18,419	3,838	22,257	341	1,618	1,959	24,216
Food and residents' expenses	44,824	-	44,824	-	-	-	44,824
Program and household supplies	30,171	8,674	38,845	-	-	-	38,845
Office supplies and other	9,473	4,354	13,827	3,756	8,750	12,506	26,333
Occupancy costs	25,103	3,409	28,512	1,240	1,240	2,480	30,992
Telephone	2,017	1,569	3,586	760	448	1,208	4,794
Equipment maintenance and repairs	58,979	8,830	67,809	3,507	3,507	7,014	74,823
Insurance	34,134	5,057	39,191	1,686	1,264	2,950	42,141
Postage and shipping	1,041	416	1,457	660	1,656	2,316	3,773
Publications and mailing	13,678	13,482	27,160	195	35,736	35,931	63,091
Provision for bad debts	-	-	-	2,105	-	2,105	2,105
Miscellaneous	7,266	2,869	10,135	18,430	9,963	28,393	38,528
Total Expenses before Depreciation	2,139,691	1,046,233	3,185,924	202,248	497,422	699,670	3,885,594
Depreciation expense	130,380	45,529	175,909	10,348	20,695	31,043	206,952
Total Functional Expenses	\$ 2,270,071	\$ 1,091,762	\$ 3,361,833	\$ 212,596	\$ 518,117	\$ 730,713	\$ 4,092,546

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,095,961	\$ 106,512
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	206,952	208,997
Gain from disposal of property and equipment	(796,816)	-
Provision for bad debts	2,105	15,300
Realized and unrealized gains on investments	(165,468)	(392,103)
Permanently restricted contributions for investment	(52,885)	(38,868)
Changes in Operating Assets and Liabilities:		
Accounts receivable	(45,894)	85,553
Pledges receivable	(264,877)	(118,612)
Prepaid expenses	1,014	109,144
Accounts payable and accrued liabilities	19,986	(3,675)
Accrued compensated absences	6,422	(31,145)
Deferred revenue	1,000	-
Total Adjustments	(1,088,461)	(165,409)
Net Cash Provided (Used) by Operating Activities	7,500	(58,897)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	843,113	-
Purchase of property and equipment	(12,800)	-
Proceeds from sale of investments	1,610,796	6,336,496
Purchases of investments	(1,760,418)	(5,698,596)
Net Cash Provided by Investing Activities	680,691	637,900
CASH FLOWS FROM FINANCING ACTIVITIES		
Permanently restricted contributions for investment	52,885	38,868
<u>NET INCREASE IN CASH AND EQUIVALENTS</u>	741,076	617,871
Cash and cash equivalents - beginning of year	1,095,466	477,595
Cash and cash equivalents - end of year	\$ 1,836,542	\$ 1,095,466

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

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 ensure the well-being of children through vital 24-hour services. Kids In Crisis provides free, round-the-clock crisis intervention, counseling and emergency shelter services, prevention programs in local communities, and advocacy throughout Connecticut.

Since 1978, Kids In Crisis has helped more than 148,000 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 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 educational advocacy and support to ensure long-term academic success.

As Kids In Crisis honors 40 years of service, the agency continues to grow and evolve. In addition to the emergency services provided, Kids In Crisis offers community education and prevention programs.

Introduced in 1999, the SafeTalk program provides elementary school children and parents with child-friendly workshops designed to educate in the signs of physical and verbal abuse, including bullying and cyber bullying, good touch/bad touch and stranger danger.

A new workshop called Emotion Locomotion is currently in development stages, aimed at helping elementary school students identify and address their social and emotional feelings.

The Kids In Crisis TeenTalk program offers on-site school support for middle and high school students through crisis counselors who provide confidential, short-term individual and small group counseling on issues of importance to the health and well-being of teens. This year, Kids In Crisis has seen an increase in TeenTalk services, expanding the program from 8 to 10 schools, with 2 more schools expressing interest.

Additionally, 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.

Lastly, earlier this year Lighthouse, a welcoming, inclusive safe space where lesbian, gay, bi-sexual, transgender and questioning youth, and their allies meet weekly became a program of Kids In Crisis with the plan to expand services to support more young people.

In addition to programming, the agency underwent a brand overhaul, rolling out improved messaging, a logo redesign and a brand-new website through the donation of services from Ideas on Purpose, a NYC based branding and marketing agency.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – OPERATIONS (Continued)

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 which are focused on prevention and early intervention.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

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

Revenue Recognition

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

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

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, 2018 AND 2017

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 follows FASB guidance on fair value, which among other things, defines fair value, establishes a hierarchical 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 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.

Net Assets

The Organization maintains its net assets under the three classes:

Unrestricted – represents resources available for support of the Organization’s operations over which the Board of Directors has discretionary control.

Temporarily Restricted – represents contributions and other inflows of assets that are subject to donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. When such stipulations are fulfilled, such temporarily restricted net assets are reported in the statements of activities and changes in net assets as net assets released from restrictions.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

Permanently Restricted – represents those resources subject to donor-imposed stipulations that they be maintained intact in perpetuity. The donor permits the use of all the income on related investments and the net capital appreciation thereon, for unrestricted, temporarily and restricted purposes.

Use of Estimates

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

Functional Expenses

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

Advertising Costs

Advertising costs are expensed as incurred.

Accrued Compensation

The Organization's policy allows employees to carry forward, from year to year, eighty hours of sick and eighty hours of vacation time.

Cash and Cash Equivalents

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

Income Taxes

Kids In Crisis evaluates all significant tax positions in accordance with accounting principles generally accepted in the United States of America. As of June 30, 2018, 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.

Reclassifications

Certain reclassifications of the prior year's amounts were made to conform to the current year presentation. These changes had no impact on the change in net assets for the year ended June 30, 2017.

Recently Issued Accounting Standards

In February 2016, the FASB issued a new ASU 2016-02, *Leases (ASC 842)*, which requires an entity to recognize all leases on the balance sheet. The guidance significantly changes lessee accounting for leases, and impacts financial statement presentation and financial metrics, including many that relate directly to debt covenants, key performance indicators, and perhaps compensation arrangements. The ASU will replace most existing lease accounting guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Organization for the year ending December 31, 2021.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Standards (Continued)

In August 2016, the FASB issued a new ASU 2016-14, *Not-for-Profit Entities* (ASC 958). The accounting standards update addresses the areas which affect both key qualitative and quantitative measurements such as: net asset class presentation, investment return, liquidity and availability of resources, presentation of operating cash flow, and presentation of “underwater” endowments. The new accounting standard becomes effective for fiscal years beginning after December 15, 2017. Not-for-profit entities are required to adopt the standard using a modified retrospective transition approach which requires application of the new guidance at the beginning of the earliest comparative period presented in the year of adoption. The Organization is evaluating the effect that ASU 2016-14 will have on the financial statements and related disclosures. The Organization has not yet determined the impact of the new standard on its ongoing financial reporting.

In May 2014, the FASB issued accounting standards update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. According to the new revenue recognition standards promulgated by the FASB, revenue recognition will follow a five-step process, which may or may not apply to the Organization. The five steps for revenue recognition are as follows: 1) Identify a contract, 2) Identify the performance obligation(s) in the contract, 3) Determine the sales price, 4) Allocate the transaction price to the performance obligations in the contract, and 5) Recognize revenue when, or as, the Organization satisfies a performance obligation. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Organization is year ending December 31, 2020. The standard permits the use of either the retrospective or cumulative effect transition method. The Organization has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

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

NOTE 3 – PLEDGES RECEIVABLE

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

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 3 – PLEDGES RECEIVABLE (Continued)

Pledges receivable at June 30 represent unconditional promises to give as follows:

	<u>2018</u>	<u>2017</u>
Amount due in one year or less	\$ 506,384	\$ 376,153
Amount due in one to five year	<u>182,742</u>	<u>35,000</u>
	689,126	411,153
Less: Discount to present value at 3%	<u>(15,201)</u>	-
Total Pledges Receivable, net	\$ <u>673,925</u>	\$ <u>411,153</u>

NOTE 4 – INVESTMENTS

Investments which are all level 1 investments, are comprised of the following funds at June 30:

	<u>2018</u>	<u>2017</u>
Equity funds	\$ 3,356,885	\$ 3,012,531
Bond funds	<u>2,147,676</u>	<u>2,176,940</u>
Total Investments	\$ <u>5,504,561</u>	\$ <u>5,189,471</u>

Investment return was comprised of the following for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 167,405	\$ 128,249
Net realized and unrealized gains	<u>165,468</u>	<u>392,103</u>
Total Investment Return	\$ <u>332,873</u>	\$ <u>520,352</u>

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

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 5 – NET ASSETS

Temporarily restricted net assets were available for the following purposes as of June 30:

	<u>2018</u>	<u>2017</u>
Safe Haven	\$ 67,500	\$ 127,733
Spring Event	-	8,800
Have a Heart	-	1,000
TeenTalk	50,000	20,000
Recreation	-	3,114
Aftercare	37,689	37,689
Education	7,500	70,000
Time restricted	212,413	20,500
Capital projects	<u>1,368,552</u>	<u>1,299,772</u>
Total Temporarily Restricted Net Assets	\$ <u>1,743,654</u>	\$ <u>1,588,608</u>

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

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

	<u>2018</u>	<u>2017</u>
Available for general operations	\$ 2,627,632	\$ 2,574,747
Temporarily restricted to support education	106,397	106,397
Temporarily restricted to support the medical program	<u>139,440</u>	<u>139,440</u>
Total Permanently Restricted Net Assets	\$ <u>2,873,469</u>	\$ <u>2,820,584</u>

Investment return allocable to the permanently restricted (endowed) assets and considered appropriated by the Board is \$388,687 and \$279,169 for 2018 and 2017, respectively. These amounts are included with unrestricted investment return in the statements of activities

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2018</u>	<u>2017</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	458,766	445,966
Vehicles	<u>122,714</u>	<u>147,159</u>
	7,495,609	7,507,254
Less: accumulated depreciation	<u>(3,617,178)</u>	<u>(3,418,374)</u>
Total Property and Equipment, net	\$ <u>3,878,431</u>	\$ <u>4,088,880</u>

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 – TAX-DEFERRED ANNUITY PLAN

The Organization maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees with over one year of service and part-time employees with at least one thousand hours of service annually. The Organization automatically contributes 2% of the base salary and 50% of an employee's contribution up to 2%. Contributions vest at a rate of 20% after two years of service and at 100% after three years of service. Pension expense was \$74,306 and \$82,946 for the years ended June 30, 2018 and 2017, respectively.

NOTE 8 – INCOME TAXES

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

NOTE 9 – CONTRIBUTIONS

Details of contributions for the year ended June 30, 2018 were as follows:

	<u>GENERAL OPERATIONS</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Individuals	\$ 880,089	\$ 52,885	\$ 932,974
Corporations	333,831	-	333,831
Foundations	906,573	-	906,573
Religious and other organizations	<u>319,193</u>	<u>-</u>	<u>319,193</u>
Total Contributions	\$ <u>2,439,686</u>	\$ <u>52,885</u>	\$ <u>2,492,571</u>

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

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

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

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 10 – SPECIAL EVENTS

The Organization holds three major special events each year: Gala, Navigators Stamford KIC IT Triathlon, 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.

NOTE 11 – 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 investment firm that is covered by Securities Investors Protection Corporation ("SIPC") insurance. At June 30, 2018, cash and cash equivalent balances exceeded FDIC insurance limits by \$1,153,380. Investment balance in excess of SIPC coverage was \$4,689,471.

NOTE 12 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 10, 2019, the date that 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, 2018, and our report thereon dated January 10, 2019, which expressed an unmodified opinion on those financial statement appears on page1. 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.

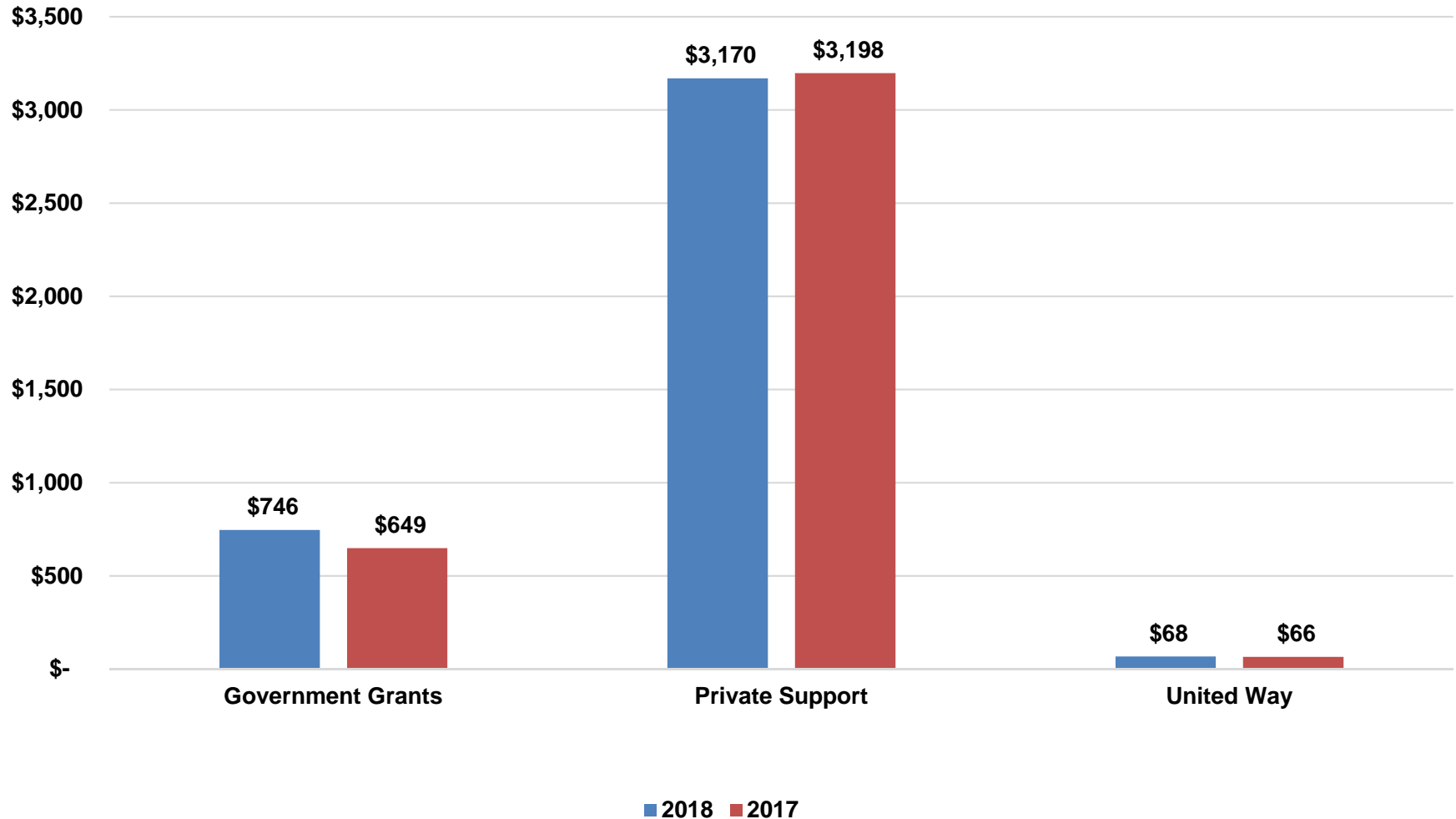
Marks Paneth LLP

Purchase, New York
January 10, 2019

Kids In Crisis, Inc.

Revenue Years Ended June 30, 2018 and 2017

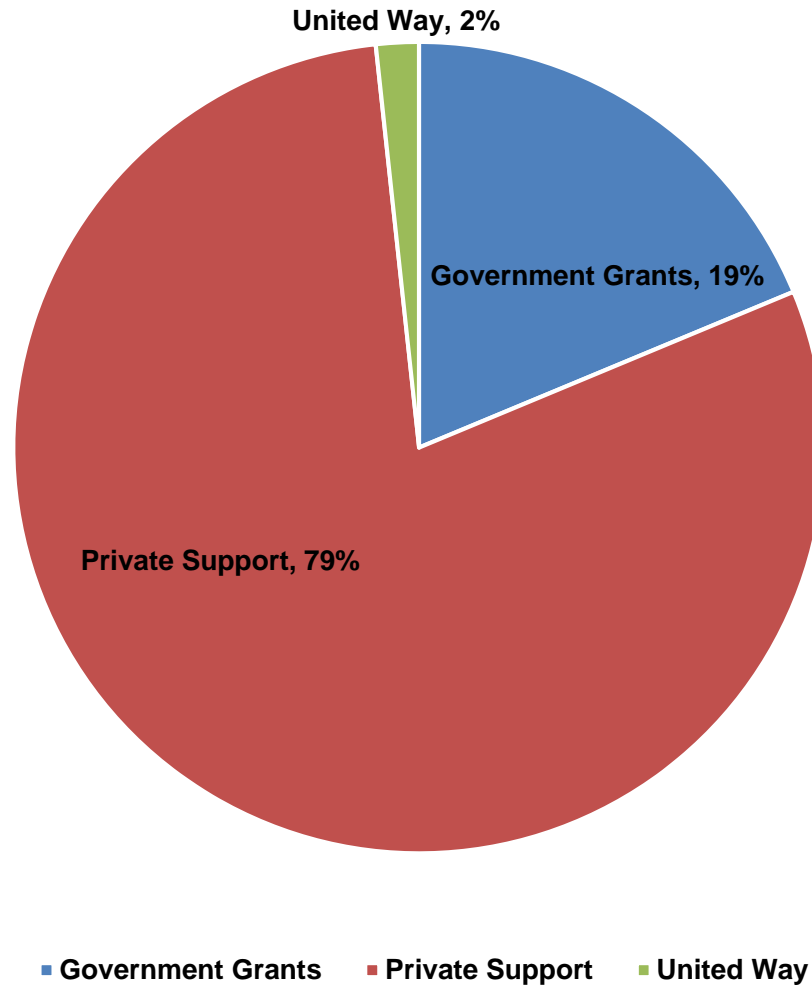
\$ In Thousands



See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

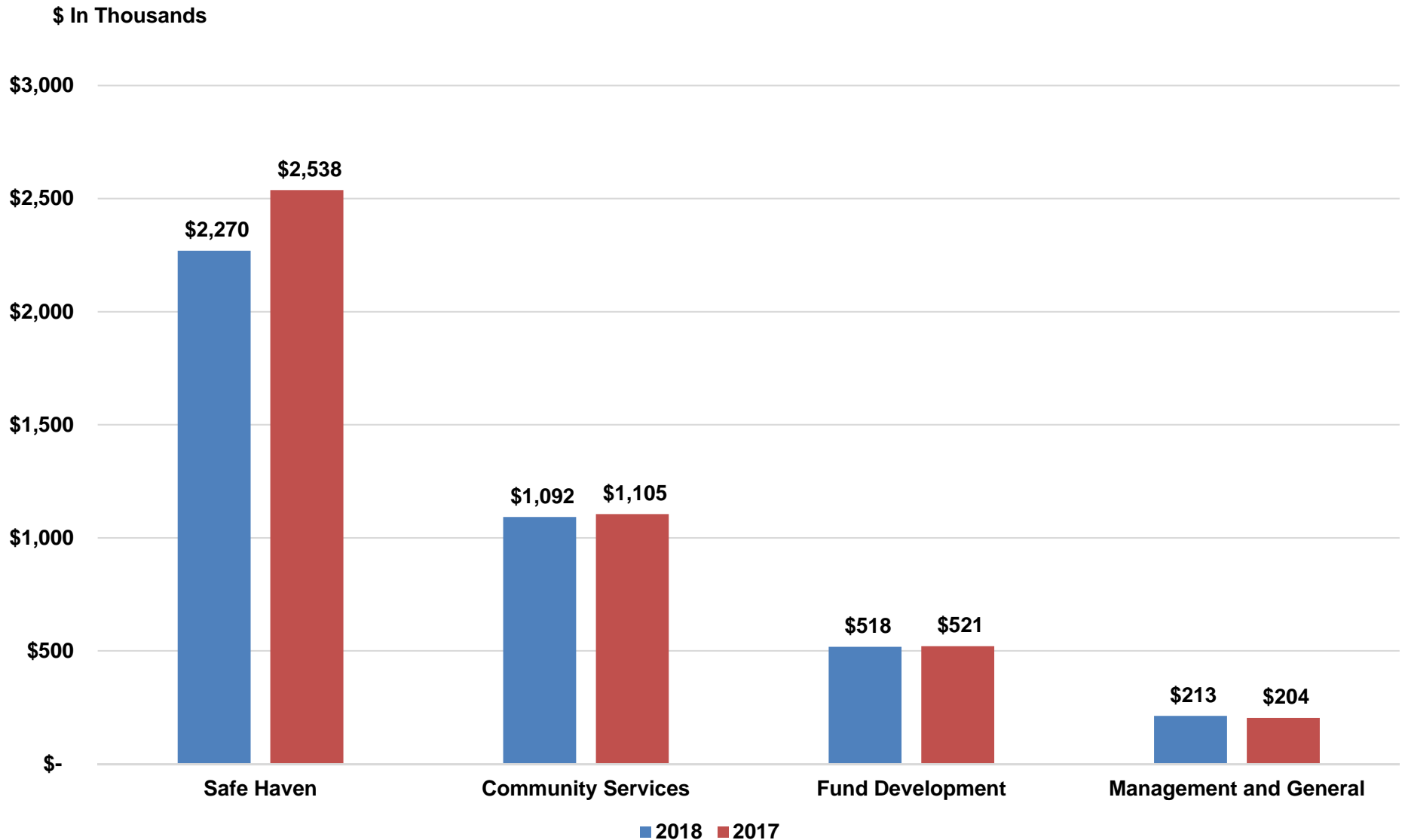
Revenue
Year Ended June 30, 2018



See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

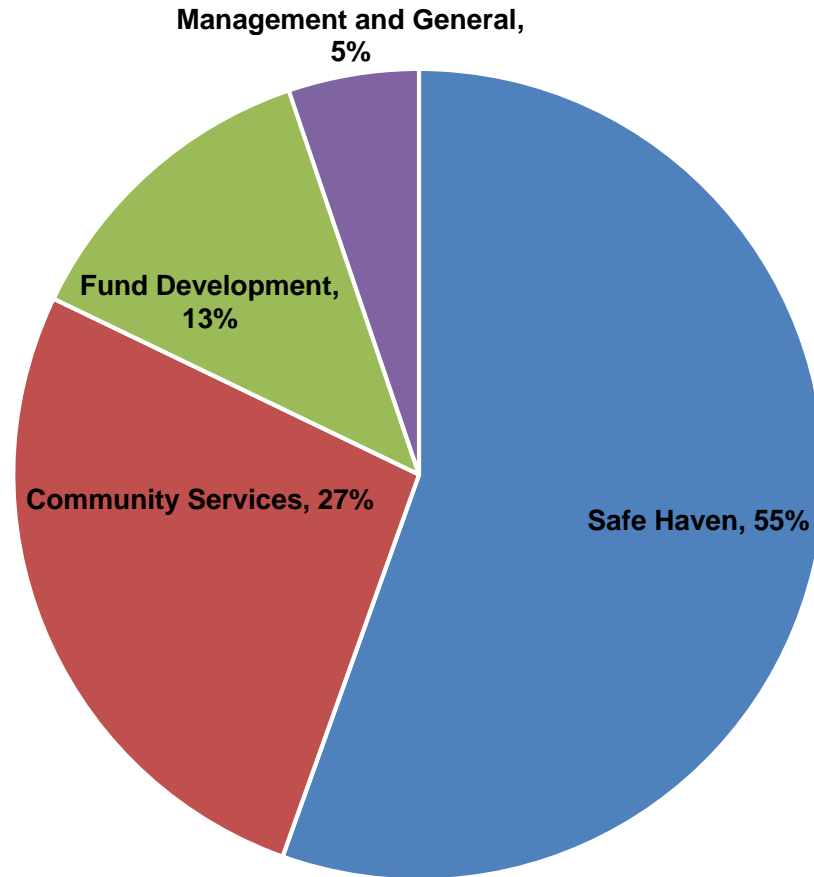
Functional Expenses Years Ended June 30, 2018 and 2017



See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

Functional Expenses
Year Ended June 30, 2018



■ Safe Haven ■ Community Services ■ Fund Development ■ Management and General

See independent auditors' report on supplementary information.