



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

For the Years Ended June 30, 2020 and 2019

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, 2020 AND 2019

CONTENTS

	<u>Page</u>
Independent Auditors' Report.....	1
Statements of Financial Position.....	2
Statements of Activities and Changes in Net Assets.....	3 - 4
Statements of Functional Expenses.....	5 - 6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 - 19
 SUPPLEMENTARY INFORMATION	
Independent Auditors' Report on Supplementary Information.....	21
Graphical Information.....	22 - 25

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Kids In Crisis, Inc.

We have audited the accompanying financial statements of Kids In Crisis, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kids In Crisis, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marks Paneth

Purchase, NY
December 9, 2020

KIDS IN CRISIS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 2,491,135	\$ 1,771,177
Investments	6,452,354	6,039,145
Current portion of promises to give, net of allowance for uncollectible contributions of \$13,200 in 2020 and \$5,175 in 2019	380,964	849,354
Prepaid expenses	<u>30,358</u>	<u>3,226</u>
Total Current Assets	9,354,811	8,662,902
Promises to give, net of current portion and discount of \$2,884 in 2020 and \$13,344 in 2019	47,362	141,351
Property and Equipment, net	<u>3,582,447</u>	<u>3,746,230</u>
Total Assets	<u><u>\$ 12,984,620</u></u>	<u><u>\$ 12,550,483</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 32,040	\$ 113,859
Accrued compensated absences	194,559	145,855
Deferred revenue	42,500	-
Paycheck protection program loan, current portion	<u>357,015</u>	<u>-</u>
Total Current Liabilities	<u>626,114</u>	<u>259,714</u>
Long-term Liabilities		
Paycheck protection program loan, net of current portion	<u>280,285</u>	<u>-</u>
Total Long-term Liabilities	<u>280,285</u>	<u>-</u>
Net Assets		
Net Assets Without Donor Restrictions	7,623,905	7,368,677
Net Assets With Donor Restrictions	<u>4,454,316</u>	<u>4,922,092</u>
Total Net Assets	<u>12,078,221</u>	<u>12,290,769</u>
Total Liabilities and Net Assets	<u><u>\$ 12,984,620</u></u>	<u><u>\$ 12,550,483</u></u>

See accompanying notes to financial statements.

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

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

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2019

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Government Support			
Federal	\$ 176,694	\$ -	\$ 176,694
Municipal	695,059	-	695,059
Total Government Support	871,753	-	871,753
Direct Support			
Contributions	1,356,681	1,495,450	2,852,131
Special events revenue	1,005,791	-	1,005,791
Special events expenses	(334,628)	-	(334,628)
Net assets released from restrictions:			
Release of other time and purpose restrictions	1,190,481	(1,190,481)	-
Total Direct Support	3,218,325	304,969	3,523,294
Non-cash contributions	51,563	-	51,563
Investment return	321,990	275,173	597,163
Net assets released from restrictions:			
Release of appropriated endowment restrictions	275,173	(275,173)	-
Miscellaneous revenues	64,227	-	64,227
Total Other Revenue	712,953	-	712,953
Total Support and Revenue	4,803,031	304,969	5,108,000
EXPENSES			
Safe Haven	2,148,296	-	2,148,296
Community services	1,656,218	-	1,656,218
Management and general	183,366	-	183,366
Fund development	530,697	-	530,697
Total Expenses	4,518,577	-	4,518,577
<u>CHANGE IN NET ASSETS</u>	284,454	304,969	589,423
Net assets - beginning of year	7,084,223	4,617,123	11,701,346
Net assets - end of year	\$ 7,368,677	\$ 4,922,092	\$ 12,290,769

See accompanying notes to financial statements.

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

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL 2020 FUNCTIONAL EXPENSES	2019 FUNCTIONAL EXPENSES
	Safe Haven	Community Services	Total	Management and General	Fund Development	Total		
Salaries	\$ 1,199,680	\$ 1,403,861	\$ 2,603,541	\$ 89,575	\$ 383,006	\$ 472,581	\$ 3,076,122	\$ 2,862,933
Employee benefits and taxes	325,508	316,081	641,589	4,048	73,524	77,572	719,161	658,683
Total Payroll and Related Expenditures	1,525,188	1,719,942	3,245,130	93,623	456,530	550,153	3,795,283	3,521,616
Consultants/contract services	262,967	95,977	358,944	24,779	44,481	69,260	428,204	432,016
Vehicle expenses	18,367	2,775	21,142	1,503	2,088	3,591	24,733	27,814
Food and residents' expenses	51,104	-	51,104	-	-	-	51,104	99,208
Program and household supplies	20,774	5,566	26,340	-	-	-	26,340	34,109
Office supplies and other	12,634	25,493	38,127	8,540	28,724	37,264	75,391	92,485
Occupancy costs	21,897	2,974	24,871	1,081	27,481	28,562	53,433	222,137
Telephone	1,699	816	2,515	788	449	1,237	3,752	4,670
Equipment maintenance and repairs	41,211	11,053	52,264	5,118	4,799	9,917	62,181	59,668
Insurance	30,769	8,792	39,561	2,198	2,198	4,396	43,957	41,708
Postage and shipping	530	186	716	245	961	1,206	1,922	6,501
Publications and mailing	10,363	9,919	20,282	320	36,176	36,496	56,778	72,236
Provision for doubtful accounts	-	-	-	17,800	-	17,800	17,800	5,175
Miscellaneous	5,050	1,395	6,445	25,034	7,969	33,003	39,448	32,888
Depreciation expense	130,956	45,731	176,687	10,393	20,787	31,180	207,867	200,974
Total Expenses with Special Events Expenses	2,133,509	1,930,619	4,064,128	191,422	632,643	824,065	4,888,193	4,853,205
Less: special events expenses recorded on statement of activities	-	-	-	-	(43,760)	(43,760)	(43,760)	(334,628)
Total Expenses	\$ 2,133,509	\$ 1,930,619	\$ 4,064,128	\$ 191,422	\$ 588,883	\$ 780,305	\$ 4,844,433	\$ 4,518,577

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES			SUPPORTING SERVICES			TOTAL FUNCTIONAL EXPENSES
	Safe Haven	Community Services	Total	Management and General	Fund Development	Total	
Salaries	\$ 1,186,047	\$ 1,230,309	\$ 2,416,356	\$ 92,704	\$ 353,873	\$ 446,577	\$ 2,862,933
Employee benefits and taxes	318,638	263,107	581,745	13,707	63,231	76,938	658,683
Total Payroll and Related Expenditures	<u>1,504,685</u>	<u>1,493,416</u>	<u>2,998,101</u>	<u>106,411</u>	<u>417,104</u>	<u>523,515</u>	<u>3,521,616</u>
Consultants/contract services	275,761	68,149	343,910	20,000	68,106	88,106	432,016
Vehicle expenses	20,254	3,147	23,401	786	3,627	4,413	27,814
Food and residents' expenses	67,930	-	67,930	-	31,278	31,278	99,208
Program and household supplies	26,818	7,291	34,109	-	-	-	34,109
Office supplies and other	14,527	7,984	22,511	24,521	45,453	69,974	92,485
Occupancy costs	23,331	3,168	26,499	1,152	194,486	195,638	222,137
Telephone	2,198	1,084	3,282	922	466	1,388	4,670
Equipment maintenance and repairs	39,046	10,286	49,332	4,747	5,589	10,336	59,668
Insurance	31,295	6,814	38,109	1,895	1,704	3,599	41,708
Postage and shipping	600	289	889	369	5,243	5,612	6,501
Publications and mailing	10,240	8,024	18,264	133	53,839	53,972	72,236
Provision for doubtful accounts	-	-	-	5,175	-	5,175	5,175
Miscellaneous	4,998	2,352	7,350	7,206	18,332	25,538	32,888
Depreciation expense	126,613	44,214	170,827	10,049	20,098	30,147	200,974
Total Expenses with Special Events Expenses	<u>2,148,296</u>	<u>1,656,218</u>	<u>3,804,514</u>	<u>183,366</u>	<u>865,325</u>	<u>1,048,691</u>	<u>4,853,205</u>
Less: special events expenses recorded on statement of activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(334,628)</u>	<u>(334,628)</u>	<u>(334,628)</u>
Total Expenses	<u>\$ 2,148,296</u>	<u>\$ 1,656,218</u>	<u>\$ 3,804,514</u>	<u>\$ 183,366</u>	<u>\$ 530,697</u>	<u>\$ 714,063</u>	<u>\$ 4,518,577</u>

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ (212,548)	\$ 589,423
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	207,867	200,974
Provision for doubtful accounts	17,800	5,175
Realized and unrealized gains on investments	(429,386)	(476,586)
Perpetually restricted contributions for investment	(39,230)	(48,937)
Changes in Operating Assets and Liabilities:		
Promises to give	544,579	(200,944)
Prepaid expenses	(27,132)	256
Accounts payable and accrued liabilities	(81,819)	(13,259)
Accrued compensated absences	48,704	2,367
Deferred revenue	42,500	(46,000)
Total Adjustments	283,883	(576,954)
Net Cash Provided by Operating Activities	71,335	12,469
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(44,084)	(68,773)
Proceeds from sale of investments	4,910,741	1,199,546
Purchases of investments	(4,894,564)	(1,257,544)
Net Cash Used by Investing Activities	(27,907)	(126,771)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Perpetually restricted contributions for investment	39,230	48,937
Proceeds from Paycheck Protection Program loan	637,300	-
Net Cash Provided by Financing Activities	676,530	48,937
 <u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	719,958	(65,365)
Cash and cash equivalents - beginning of year	1,771,177	1,836,542
Cash and cash equivalents - end of year	\$ 2,491,135	\$ 1,771,177

See accompanying notes to financial statements.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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 159,000 children and families, through a variety of in-house and community programming.

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

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 educational advocacy and support to ensure long-term academic success.

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

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

TeenTalk is a program that places trained crisis counselors in schools to offer support for middle and high school students. These counselors provide confidential, short-term individual and small group counseling on issues of the health and well-being of teens. This year, Kids In Crisis has seen an increase in TeenTalk services and now has counselors in 13 schools.

KidTalk is a program at the Boys and Girls Club of Greenwich where children receive onsite mental health counseling from a Kids In Crisis KidTalk Counselor, who also educates and guides staff, and collaborates closely with the children’s schools and families.

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

Kids In Crisis continues to be the Fairfield County sponsor of Safe Place, a national program that partners municipalities, businesses, and other local facilities to provide immediate help for any youths who may find themselves in the community when a crisis develops.

Kids In Crisis 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.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 – OPERATIONS (Continued)

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

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

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

It has been a challenge to balance frontline staff who must work in the facility and staff that can work remotely. Kids In Crisis has made the commitment to ensure the safest working environment possible for both the staff and the children who need our services. The Organization is doing everything possible to minimize risk. We have contracted for regular sanitizing by a hospital grade company, reduced the bed occupancy, limited the number of staff in the building at any time and developed a new shift schedule with cohort teams so the same staff work together throughout the week. This is a fine balance as it does not allow for anyone other than frontline staff to be in the facility which can feel isolating for the frontline and frustrating for them that most other agency staff are working from the safety of their home. The Management Team is looking at ways to be supportive to the counselors while still ensuring their safety.

In the Crisis Intervention and Outreach program, services are initially conducted over the phone and when necessary and appropriate a face-to-face intervention is conducted via a Zoom call.

All of the TeenTalk Programs operated virtually from mid-March through the end of the school year and through the summer as well. All programs operate based on the mandate of the school authorities in the individual communities.

SafeTalk and Emotion Locomotion have been put on hold in regard to implementation. However, Kids In Crisis is working to create virtual formats for both of these programs.

The health crisis also resulted in Kids In Crisis cancelling all major fundraising events in 2020 and the foreseeable future. These events generate about 20% of revenues and in light of the uncertainty, the Board of Directors directed the Organization to reduce expenses where possible to maintain flat expenses for FY2021.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Basis

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

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

Revenue Recognition

Government Grants: Certain grants and contracts are on a fee-for-service basis where revenue is recognized when earned. Expenditure-driven grant revenue (i.e., the Organization must first incur the expenditure as a basis for reimbursement) is recognized when the related expenditure is incurred.

Government grants are nonexchange transactions accounted for under ASU 2018-08. Multi-year governmental contracts included under government grants are cancellable by the funder upon its sole discretion. Governmental grants are recognized as revenue when barriers within the contract are overcome and there is no longer a right of return and amounted to \$271,525 and \$176,694 for the years ended June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, the Organization had conditional grants and contracts of \$126,069 and \$42,736 from government agencies that have not been recorded in the accompanying financial statements.

Promises to give: Unconditional promises to give expected to be collected in one year or less are recognized as revenue in the period received at net realizable value and as assets or as decreases of liabilities or expenses, depending on the form of the benefits received. Unconditional promises to give that are expected to be collected in greater than one year are recorded at the present value of their estimated future cash flows. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization provides an allowance for estimated uncollectible contributions. The Organization receives fixed, annual support from the Greenwich United Way.

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

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-cash Contributions

A significant number of volunteers donate their time in the furtherance of the Organization's programs and activities. Volunteers perform various administrative, programming, and fundraising functions. However, the value of these services is not recognized in the financial statements unless the donated service received creates or enhances non-financial assets or requires specialized skills that would typically need to be purchased if not provided by contribution. In addition, in-kind contributions are measured at the fair value of the assets transferred to the Organization to the extent the Organization would have purchased the merchandise. Non-cash contributions of \$32,751 and \$51,563 were made in 2020 and 2019, respectively.

Property and Equipment

Property and equipment are capitalized at cost, if purchased, or at estimated fair value on the date of gift, if donated. Acquisitions of property and equipment whose cost is \$1,000 or more, and whose useful life is greater than one year are capitalized as incurred. Property and equipment are depreciated using the straight-line method based on their respective estimated useful lives ranging from three to thirty-five years. Repairs and maintenance to existing facilities are expensed as incurred.

Investments

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

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

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

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

Kids In Crisis reports investment income and gains and losses as increases or decreases in net assets without donor restrictions in the statements of activities and change in net assets unless a donor or law restricts their use. Investments are managed in accordance with board-approved investment and spending policies. Investment expenses against investment return are recorded on the face of statements of activities and change in net assets.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 on a functional basis in the accompanying statements of activities and change in net assets, and functional expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocations on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, payroll taxes, consultants/contract services, food and residents' expenses, program and household supplies, occupancy costs, equipment maintenance and repairs, office expenses, insurance, depreciation, and miscellaneous, which are allocated on the basis of estimates of time and effort.

Accrued Compensated Absences

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all dollar-denominated, highly liquid investments with maturities of three months or less when 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, 2020, 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 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, 2020.

Recent Accounting Pronouncements

FASB ASU 2018-08 "Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made", was adopted for the year ended June 30, 2020. ASU 2018-08 aims to assist entities in evaluating whether contributions should be accounted for as contributions or exchange transactions and determination as to whether a contribution is conditional. The adoption of this standard had no significant impact on the financial statements.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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>2020</u>	<u>2019</u>
Amount due in one year or less	\$ 394,164	\$ 854,529
Amount due in two to five years	<u>50,246</u>	<u>154,695</u>
	444,410	1,009,224
Allowance for uncollectible contributions	(13,200)	(5,175)
Discount to present value at 3%	<u>(2,884)</u>	<u>(13,344)</u>
Total Promises to give, net	<u>\$ 428,326</u>	<u>\$ 990,705</u>

NOTE 4 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

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

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

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 2,491,135	\$ 1,771,177
Investments	6,452,354	6,039,145
Promises to give	<u>428,326</u>	<u>990,705</u>
Subtotal of financial assets at year end	9,371,815	8,801,027
Less amounts with limits on usage:		
Net assets with donor restrictions	(4,454,316)	(4,922,092)
Long-term portion of Promises to give	<u>(47,362)</u>	<u>(141,351)</u>
Total financial assets available for general use within one year	<u>\$ 4,870,137</u>	<u>\$ 3,737,584</u>

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

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 – INVESTMENTS

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

June 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	NAV Practical Expedient	<u>Total</u>
Equity funds	\$ 2,781,932	\$ -	\$ -	\$ 2,781,932
Fixed income funds	2,912,250	-	-	2,912,250
Alternative investments	<u>-</u>	<u>-</u>	<u>758,172</u>	<u>758,172</u>
Total Investments	<u>\$ 5,694,182</u>	<u>\$ -</u>	<u>\$ 758,172</u>	<u>\$ 6,452,354</u>

June 30, 2019

	<u>Level 1</u>	<u>Level 2</u>	NAV Practical Expedient	<u>Total</u>
Equity funds	\$ 3,788,076	\$ -	\$ -	\$ 3,788,076
Bond funds	<u>2,251,069</u>	<u>-</u>	<u>-</u>	<u>2,251,069</u>
Total Investments	<u>\$ 6,039,145</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,039,145</u>

For the most part, the valuation of alternative investments in limited partnership interests, hedge funds, long and private equity funds, at June 30, 2019 and 2020, are reported at estimated fair value utilizing the net asset values provided by fund managers as a practical expedient. Reported fund values utilize significant unobservable inputs; management reviews and evaluates the values provided by fund managers and general partners and agrees with the valuation methods and assumptions used in determining the reported fair values of the alternative investments.

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

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 130,847	\$ 190,822
Net realized and unrealized gains	429,386	476,586
Less: investment fees	<u>(74,732)</u>	<u>(70,245)</u>
Total Investment Return	<u>\$ 485,501</u>	<u>\$ 597,163</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, 2020 AND 2019

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	2020	2019
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	244,199
Vehicles	<u>122,714</u>	<u>122,714</u>
	7,325,126	7,281,042
Less: accumulated depreciation	<u>(3,742,679)</u>	<u>(3,534,812)</u>
 Total Property and Equipment, net	 <u>\$ 3,582,447</u>	 <u>\$ 3,746,230</u>

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN

On April 22, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amount of \$637,300 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two 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 Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization has applied for forgiveness of the PPP Loan with respect to these covered expenses and expects to qualify for full forgiveness. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020 principal and interest payments will be required through the maturity date in April 2022. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default. Principal payments on this debt, if not forgiven, will be as follows:

2021	\$ 357,015
2022	<u>280,285</u>
 Total PPP Loan Payable	 <u>\$ 637,300</u>

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 – NET ASSETS

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

	<u>2020</u>	<u>2019</u>
Purpose and Time Restricted Net Assets		
Safe Haven	\$ -	\$ 110,000
TeenTalk	27,500	170,000
Recreation	600	2,560
Aftercare	37,689	37,689
Education	-	7,500
Living Wage	35,000	-
Time restricted	99,249	266,816
Capital projects	<u>1,388,642</u>	<u>1,405,121</u>
Subtotal of Purpose and Time Restricted Net Assets	<u>1,588,680</u>	<u>1,999,686</u>
Perpetual Net Assets (Endowment)		
Available for general operations	2,618,244	2,676,569
Restricted to support education	107,452	106,397
Restricted to support the medical program	<u>139,940</u>	<u>139,440</u>
Subtotal of Perpetual Net Assets (Endowment)	<u>2,865,636</u>	<u>2,922,406</u>
Total Net Assets with Donor Restrictions	<u>\$ 4,454,316</u>	<u>\$ 4,922,092</u>

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

	<u>2020</u>	<u>2019</u>
Program related expenses	\$ 1,046,278	\$ 1,056,045
Release of time restriction	<u>167,027</u>	<u>134,436</u>
Direct Support Net Assets Released from Restrictions	1,213,305	1,190,481
Appropriation of endowment assets for expenditure	<u>261,893</u>	<u>275,173</u>
Total Net Assets Released from Restrictions	<u>\$ 1,475,198</u>	<u>\$ 1,465,654</u>

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

	<u>2020</u>	<u>2019</u>
Endowment, beginning of year	\$ 2,922,406	\$ 2,873,469
Contributions	39,230	48,937
Investment income	200,893	275,173
Transfer of purpose and time restricted net assets	(35,000)	-
Appropriation of endowment assets for expenditure	<u>(261,893)</u>	<u>(275,173)</u>
Endowment, end of year	<u>\$ 2,865,636</u>	<u>\$ 2,922,406</u>

**KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 8 – NET ASSETS (Continued)

Interpretation of Relevant Law

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

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

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

NOTE 9 – TAX-DEFERRED ANNUITY PLAN

The Organization maintains a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees with over one year of service and part-time employees with at least one thousand hours of service annually. The Organization automatically contributes 2% of the base salary and 50% of an employee’s contribution up to 2%. Contributions by the organization vest 100% after three years of service. Pension expense was \$90,410 and \$74,733 for the years ended June 30, 2020 and 2019, respectively.

NOTE 10 – INCOME TAXES

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

NOTE 11 – CONTRIBUTIONS

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

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

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 – CONTRIBUTIONS (Continued)

Details of contributions for the year ended June 30, 2019 were as follows:

	<u>GENERAL OPERATIONS</u>	<u>PERPETUAL RESTRICTIONS</u>	<u>TOTAL</u>
Individuals	\$ 1,302,430	\$ 48,937	\$ 1,351,367
Corporations	603,077	-	603,077
Foundations	644,376	-	644,376
Religious and other organizations	<u>253,311</u>	<u>-</u>	<u>253,311</u>
Total Contributions	<u>\$ 2,803,194</u>	<u>\$ 48,937</u>	<u>\$ 2,852,131</u>

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

NOTE 12 – SPECIAL EVENTS

The Organization holds five major special events each year: Spring Fling, Have-A-Heart, Cards for Kids Tournament, KIC IT Races, and Kids' Challenge Golf Tournament. Additionally, the Organization runs a number of smaller fundraising events hosted by donors and volunteers each year. Due to the pandemic, four of the five major events were canceled in fiscal year 2020.

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 change in net assets.

NOTE 13 – CONCENTRATIONS

The Organization maintains its cash and cash equivalents at several financial institutions. Accounts at each institution are insured up to \$250,000 by the Federal Deposit Insurance Corporation ("FDIC"). Additionally, the Organization maintains investment accounts with an investment firm that is covered by Securities Investor Protection Corporation ("SIPC") insurance. At June 30, 2020 and 2019, cash and cash equivalent balances exceeded FDIC insurance limits by \$671,881 and \$377,967, respectively.

NOTE 14 – CORONA VIRUS

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The Organization could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Organization's business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Organization cannot predict the extent to which its financial condition and results of operations will be affected.

KIDS IN CRISIS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 9, 2020, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Kids In Crisis, Inc.

We have audited the financial statements of Kids In Crisis, Inc. as of and for the year ended June 30, 2020, and our report thereon dated December 9, 2020, which expressed an unmodified opinion on those financial statements appears on page one. The supplementary information is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

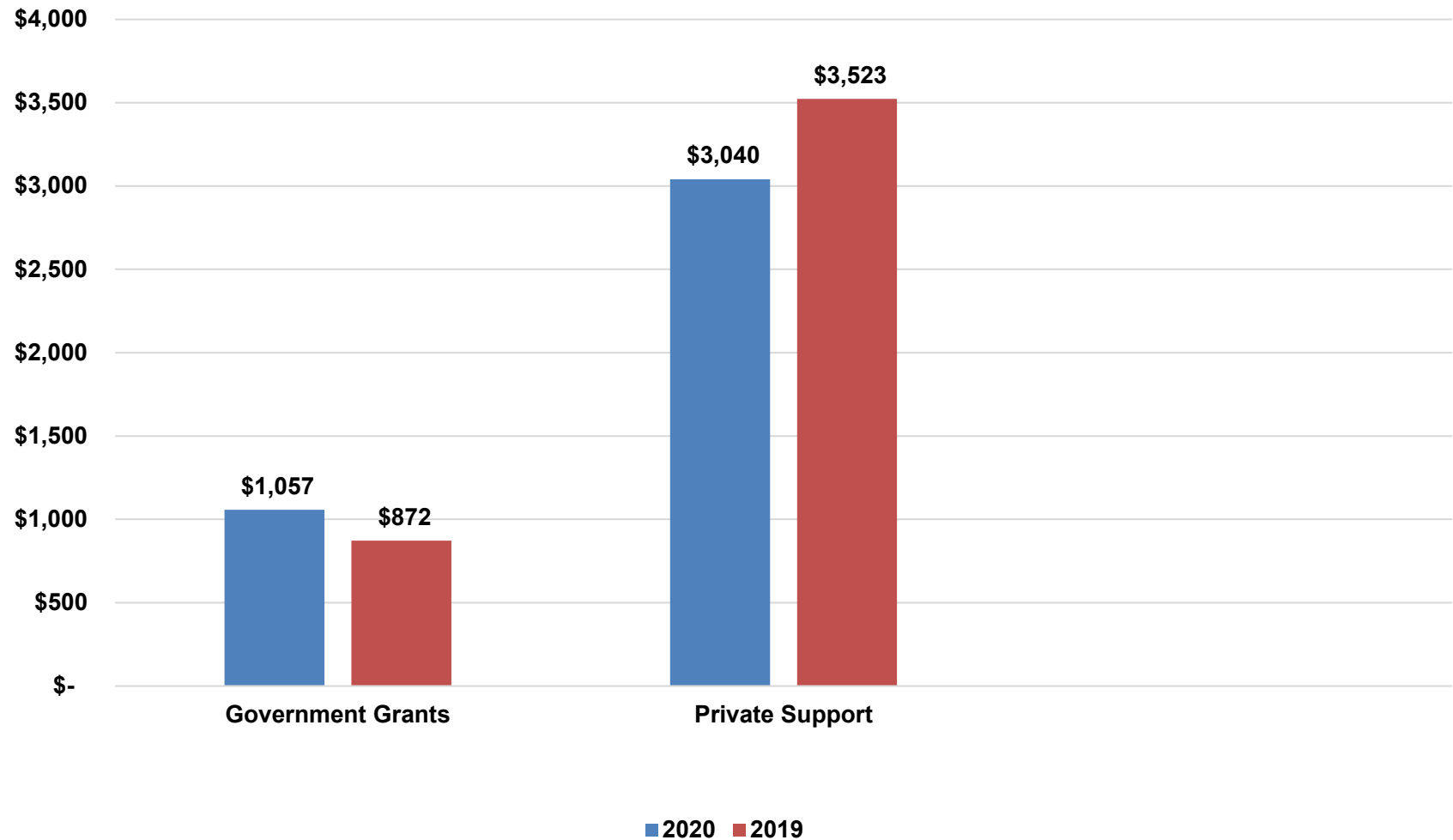
Marks Paneth CP

Purchase, NY
December 9, 2020

Kids In Crisis, Inc.

Revenue Years Ended June 30, 2020 and 2019

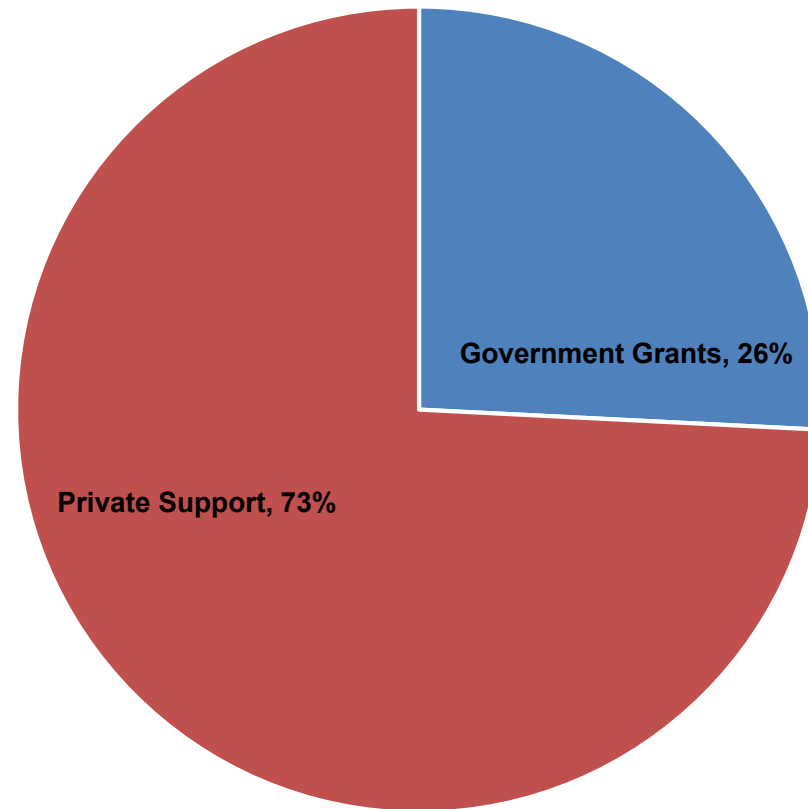
\$ In Thousands



See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

Revenue
Year Ended June 30, 2020



■ Government Grants ■ Private Support

See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

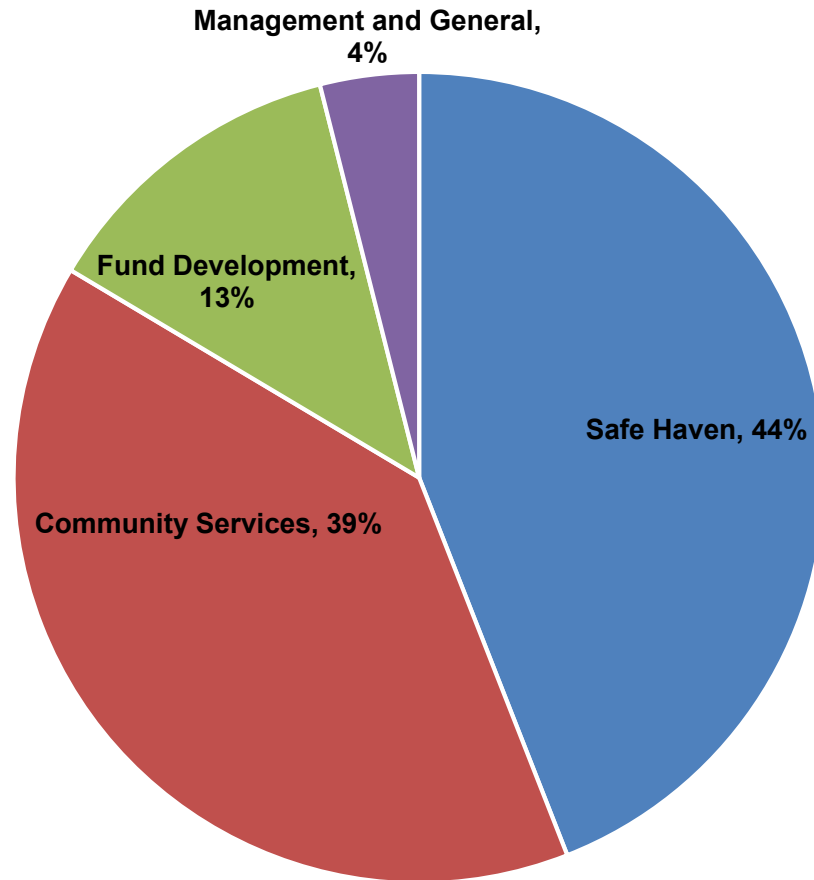
Functional Expenses Years Ended June 30, 2020 and 2019



See independent auditors' report on supplementary information.

Kids In Crisis, Inc.

Functional Expenses
Year Ended June 30, 2020



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

See independent auditors' report on supplementary information.