

**CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.**

**FINANCIAL STATEMENTS**

*with*

**INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED JULY 31, 2020 AND 2019**

Smith  Sullivan  
& Brown PC  
CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 200  Westborough, Massachusetts 01581  
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**CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.**

**REPORT ON FINANCIAL STATEMENTS**

**YEARS ENDED JULY 31, 2020 AND 2019**



**CHILDREN'S ADVOCACY CENTER**  
*of suffolk county*

**Mission Statement**

*The Children's Advocacy Center of Suffolk County (CAC) unites public, private and community partners to ensure safety, healing and justice for children and families impacted by violence, exploitation and abuse.*

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2020 AND 2019

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Children's Advocacy Center of Suffolk County, Inc.  
Boston, Massachusetts

We have audited the accompanying financial statements of Children's Advocacy Center of Suffolk County, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of July 31, 2020, and the related statement of activities, 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 of 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 Organization'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 Organization'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 Children's Advocacy Center of Suffolk County, Inc. as of July 31, 2020 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Children's Advocacy Center of Suffolk County, Inc.

**Report on Prior Year Information**

The financial statements of Children's Advocacy Center of Suffolk County, Inc. as of July 31, 2019 were audited by other auditors, whose report dated January 6, 2020, expressed an unmodified opinion on those statements. In our opinion, the financial information presented herein as of and for the year ended July 31, 2019, is consistent in all material respects, with the audited financial statements from which it has been derived.

*Smith, Sullivan & Brown, PC.*

Westborough, Massachusetts  
February 6, 2021

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION AS OF JULY 31, 2020 AND 2019

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash	\$ 2,235,424	\$ 1,890,977
Grants and Contributions Receivable	180,396	132,562
Accounts Receivable	76,450	-
Prepaid Expenses	22,832	23,613
Total Current Assets	<u>2,515,102</u>	<u>2,047,152</u>
 <b><u>PROPERTY AND EQUIPMENT, NET</u></b>	 <u>59,334</u>	 <u>46,915</u>
 <b><u>TOTAL ASSETS</u></b>	 <u>\$ 2,574,436</u>	 <u>\$ 2,094,067</u>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES:</u></b>		
Accounts Payable and Accrued Expenses	\$ 10,586	\$ 20,039
Accrued Payroll and Related Costs	39,812	42,456
Conditional Grant Advances	163,952	-
Total Current Liabilities	<u>214,350</u>	<u>62,495</u>
 <b><u>NET ASSETS:</u></b>		
Net Assets Without Donor Restrictions	2,218,148	1,935,332
Net Assets With Donor Restrictions	141,938	96,240
Total Net Assets	<u>2,360,086</u>	<u>2,031,572</u>
 <b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	 <u>\$ 2,574,436</u>	 <u>\$ 2,094,067</u>

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JULY 31, 2020 AND 2019

	2020			2019		
	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u> <u>ACTIVITIES</u>	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u> <u>ACTIVITIES</u>
<b><u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u></b>						
<i>Support and Revenues:</i>						
Gifts, Grants and Contributions	\$ 153,935	\$ 132,000	\$ 285,935	\$ 159,498	\$ 57,001	\$ 216,499
Government Grants and Sub-Contracts	976,854	-	976,854	-	863,984	863,984
Donated Goods, Services and Facilities	726,454	-	726,454	752,489	-	752,489
Proceeds from Fund Raising Events	351,347	-	351,347	302,845	-	302,845
Less: Cost of Direct Benefits to Donors	(47,998)	-	(47,998)	(32,553)	-	(32,553)
Interest Income	422	-	422	504	-	504
<i>Reclassification of Net Assets:</i>						
Net Assets Released from Restriction	86,302	(86,302)	-	969,863	(969,863)	-
<b><u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u></b>	<b><u>2,247,316</u></b>	<b><u>45,698</u></b>	<b><u>2,293,014</u></b>	<b><u>2,152,646</u></b>	<b><u>(48,878)</u></b>	<b><u>2,103,768</u></b>
<b><u>EXPENSES:</u></b>						
Program Services	1,622,346	-	1,622,346	1,422,197	-	1,422,197
Administrative	130,572	-	130,572	181,366	-	181,366
Fund Raising	211,582	-	211,582	176,193	-	176,193
<b><u>TOTAL EXPENSES</u></b>	<b><u>1,964,500</u></b>	<b><u>-</u></b>	<b><u>1,964,500</u></b>	<b><u>1,779,756</u></b>	<b><u>-</u></b>	<b><u>1,779,756</u></b>
<b><u>CHANGE IN NET ASSETS</u></b>	<b><u>282,816</u></b>	<b><u>45,698</u></b>	<b><u>328,514</u></b>	<b><u>372,890</u></b>	<b><u>(48,878)</u></b>	<b><u>324,012</u></b>
<b><u>NET ASSETS - BEGINNING OF YEAR</u></b>	<b><u>1,935,332</u></b>	<b><u>96,240</u></b>	<b><u>2,031,572</u></b>	<b><u>1,562,442</u></b>	<b><u>145,118</u></b>	<b><u>1,707,560</u></b>
<b><u>NET ASSETS - END OF YEAR</u></b>	<b><u>\$ 2,218,148</u></b>	<b><u>\$ 141,938</u></b>	<b><u>\$ 2,360,086</u></b>	<b><u>\$ 1,935,332</u></b>	<b><u>\$ 96,240</u></b>	<b><u>\$ 2,031,572</u></b>

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JULY 31, 2020  
*(With Summarized Comparative Totals for 2019)*

	<u>PROGRAM</u>	<u>ADMINI-</u>	<u>FUND-</u>	<u>EVENT</u>	<u>TOTAL</u>	
	<u>SERVICES</u>	<u>STRATIVE</u>	<u>RAISING</u>	<u>COSTS</u>	<u>FUNCTIONAL EXPENSES</u>	
					<u>2020</u>	<u>2019</u>
Salaries and Wages	\$ 963,559	\$ 65,866	\$ 101,788	\$ -	\$ 1,131,213	\$ 1,014,749
Payroll Taxes and Benefits	280,314	4,966	19,612	-	304,892	285,864
Depreciation	8,026	-	-	-	8,026	6,457
Dues and Fees	836	975	-	-	1,811	1,177
Education and Training	44,127	650	149	-	44,926	28,575
Electronic Payment Fees	266	-	3,600	-	3,866	3,114
Events	610	435	3,214	47,998	52,257	38,901
Insurance	-	10,424	-	-	10,424	9,496
Marketing	1,615	95	1,919	-	3,629	74,773
Office Supplies	10,593	870	566	-	12,029	15,115
Small Equipment Purchases	12,661	1,166	-	-	13,827	-
Other Expenses	105	1,090	-	-	1,195	1,221
Outside Consultants	85,505	1,605	46,978	-	134,088	101,608
Professional Fees	4,342	29,966	-	-	34,308	49,103
Rent	96,512	9,375	4,023	-	109,910	82,165
Telephone and Internet	79,003	2,785	17,109	-	98,897	41,253
Travel and Entertainment	22,991	-	70	-	23,061	41,019
Utilities	11,281	304	304	-	11,889	7,719
Bad Debt Expense	-	-	12,250	-	12,250	10,000
<b>Total Functional Expenses</b>	<b>1,622,346</b>	<b>130,572</b>	<b>211,582</b>	<b>47,998</b>	<b>2,012,498</b>	<b>1,812,309</b>
Cost of Direct Benefits to Donors	-	-	-	(47,998)	(47,998)	(32,553)
<b>Total Expenses Per Statement of Activities</b>	<b>\$ 1,622,346</b>	<b>\$ 130,572</b>	<b>\$ 211,582</b>	<b>\$ -</b>	<b>\$ 1,964,500</b>	<b>\$ 1,779,756</b>



CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JULY 31, 2019

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND-</u> <u>RAISING</u>	<u>EVENT</u> <u>COSTS</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries and Wages	\$ 880,818	\$ 58,483	\$ 75,448	\$ -	\$ 1,014,749
Payroll Taxes and Benefits	251,395	20,317	14,152	-	285,864
Depreciation	-	6,457	-	-	6,457
Dues and Fees	500	677	-	-	1,177
Education and Training	24,782	48	3,745	-	28,575
Electronic Payment Fees	-	223	2,891	-	3,114
Events	784	31	5,533	32,553	38,901
Insurance	155	9,341	-	-	9,496
Marketing	12,960	7,500	54,313	-	74,773
Office Supplies	14,647	183	285	-	15,115
Other Expenses	1,000	221	-	-	1,221
Outside Consultants	82,325	18,833	450	-	101,608
Professional Fees	-	49,103	-	-	49,103
Rent	71,635	7,020	3,510	-	82,165
Telephone and Internet	33,559	2,174	5,520	-	41,253
Travel and Entertainment	40,526	451	42	-	41,019
Utilities	7,111	304	304	-	7,719
Bad Debt Expense	-	-	10,000	-	10,000
	<u>-</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>
<b>Total Functional Expenses</b>	<b>1,422,197</b>	<b>181,366</b>	<b>176,193</b>	<b>32,553</b>	<b>1,812,309</b>
Cost of Direct Benefits to Donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>(32,553)</u>	<u>(32,553)</u>
<b>Total Expenses Per Statement of Activities</b>	<b><u>\$ 1,422,197</u></b>	<b><u>\$ 181,366</u></b>	<b><u>\$ 176,193</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,779,756</u></b>

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JULY 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ 328,514	\$ 324,012
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Bad Debt Expense	12,250	10,000
Depreciation Expense	8,026	6,457
Donated Equipment	-	(1,024)
<i>(Increase) Decrease in Current Assets:</i>		
Grants and Contributions Receivable	(60,084)	(684)
Accounts Receivable	(76,450)	-
Prepaid Expenses	781	19,003
<i>Decrease (Increase) in Current Liabilities:</i>		
Account Payable and Accrued Expenses	(9,453)	(17,521)
Accrued Payroll and Related Costs	(2,644)	-
Conditional Grant Advances	163,952	-
Net Adjustment	<u>36,378</u>	<u>16,231</u>
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	<b><u>364,892</u></b>	<b><u>340,243</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Cash Outlay for Capital Expenditures	<u>(20,445)</u>	<u>(10,356)</u>
Net Cash Flows from Investing Activities	<u>(20,445)</u>	<u>(10,356)</u>
<b><u>NET INCREASE IN CASH BALANCES</u></b>	<b>344,447</b>	<b>329,887</b>
<b><u>CASH - BEGINNING OF YEAR</u></b>	<b><u>1,890,977</u></b>	<b><u>1,561,090</u></b>
<b><u>CASH - END OF YEAR</u></b>	<b><u>\$ 2,235,424</u></b>	<b><u>\$ 1,890,977</u></b>
<i>Supplemental Disclosure:</i>		
Donated Equipment	<u>\$ -</u>	<u>\$ 1,024</u>

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2020 AND 2019

NOTE 1 ORGANIZATION

Children's Advocacy Center of Suffolk County, Inc. ("CAC" or the "Organization") is a Massachusetts nonprofit corporation formed in 1994 and qualifies as a tax-exempt not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

NOTE 2 PROGRAM SERVICES AND AFFILIATIONS

CAC unites public, private and community partners to promote safety, healing and justice for children exposed to violence and their families. Each year in Suffolk County, nearly 2,000 young victims of sexual abuse, physical abuse and commercial sexual exploitation are referred to the CAC for support and assistance. The only program of its kind in Suffolk County, the CAC coordinates the efforts of child protection, law enforcement, prosecutors, advocates, medical experts and trauma clinicians under one roof to provide high quality, specialized services for abused children and their families. The CAC's child-friendly program is based in the Family Justice Center of Boston, co-located with partner agencies. The CAC is a fully accredited member of the National Children's Alliance.

The CAC's team of compassionate experts works together with our partners to focus on what matters most: safety and healing.

**Multi-Disciplinary Team Investigations:**

The Multi-Disciplinary Team ("MDT") Investigation is the heart of the CAC's response to allegations of child abuse. The goal of the MDT is to quickly respond to concerns of child abuse and to determine the best response for the child and family.

**Forensic Interviewing:**

Forensic Interviews provide children a safe place to tell their story to experts who will listen to them, protect them, and help them heal. The interview typically involves a child speaking with a Forensic Interviewer while team members observe the interview through a one-way mirror.

**Family Advocacy:**

The CAC's experienced and master's level Family Advocates ("FAs") provide support and evidence-based services to child victims of abuse and their non-offending caregivers.

**Mental Health Program:**

The CAC's mental health program offers evidence-based, trauma-informed services to support healing after abuse.

**Medical Services:**

At the Children's Advocacy Center of Suffolk County, we provide specialized and trauma-informed medical care for children who have experienced abuse or exploitation. Medical services are provided at no cost to children and families.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2020 AND 2019

*(Continued)*

NOTE 2 *(Continued)*

**SEEN / Child Trafficking:**

The Support to End Exploitation Now ("SEEN") program at the CAC creates a safety net for high risk and exploited youth.

**Response to COVID-19:**

As with the rest of the world, the COVID-19 pandemic has impacted the CAC in a myriad of ways; most significantly how the CAC serves children and families. For children and families impacted by violence/abuse, the onset of COVID-19 has added immeasurable stress to pre-existing trauma; more than ever, children need access to safety and services. Since March 2020, the CAC team has worked remotely. We have transitioned all services (mental health, forensic interviewing, multidisciplinary teams, child trafficking case coordination, advocacy & case management, and outreach & training) to a virtual model. As the staff has quickly adapted - and as we anticipate continuing to deliver virtual services in the coming months - we have developed policies, practice guidance and provided staff with equipment and support necessary to provide uninterrupted virtual services.

In some circumstances (those involving very young children or children with disabilities) our Forensic Interviewers continue to meet face-to-face with children and caregivers (with appropriate social distancing) to ensure that all can access safety and begin the healing process. Despite a drop in the number of child abuse referrals to the CAC since the onset of COVID-19, the number of forensic interviews and engagement in clinical services is actually higher than before the pandemic. Onsite pediatric sexual assault medical services are also provided in emergent circumstances.

To expand client access to resources at the onset of the pandemic, the CAC immediately developed (and regularly updates) a COVID-19 page on our website that includes information about basic needs, activities for youth, and online safety information as children are spending more time on the internet while at home. In addition, we continue to provide trainings for professionals and community members virtually, including our Stop, Block & Talk program to foster safety as children and adults navigate online.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. 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. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in the management's opinion, resulted in reliable and consistent financial reporting by the Organization.

**Basis of Accounting:**

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when a liability has been incurred.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

**Financial Statement Presentation:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

*Net Assets Without Donor Restrictions* - consists of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represents the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets within this classification may include funds which represent resources designated by the Board of Directors for specific purposes.

*Net Assets With Donor Restrictions* - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants or bequests and may include investment income earned on restricted funds. These net assets may also include resources which have a donor-imposed restriction which stipulates that a portion of the assets are to be maintained in perpetuity, but permits the Organization to expend part or all of the income derived from the donated assets.

**Receivables:**

*Grants and Contributions Receivable* reflects the balance due on unconditional promises to give. *Accounts Receivable* represent amounts due for training, technical, and organizational assistance provided by CAC. Receivables that are expected to be collected within one year are recorded at net realizable value. Promises to give that are expected to be collected in future years are recorded at net present value. Management determines the allowance for uncollectible receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off when deemed uncollectible. For the year ended July 31, 2020 and 2019, *Bad Debt Expense* attributable to uncollectible pledges totaled \$12,250 and \$10,000 respectively. Management considers the remaining receivables to be fully collectible and if receivables are determined to be uncollectible in subsequent periods, an allowance will be established at that time.

**Property and Equipment:**

CAC records all property and equipment at cost, if purchased (exceeding \$5,000), or if donated, at the fair value on the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas major betterments are capitalized as additions to property and equipment. Depreciation is computed using the straight-line method, and is charged against activities over the estimated useful lives of the assets, as expressed in terms of years, or over the lease term, if shorter.

**Gifts, Grants and Contributions:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2020 AND 2019

*(Continued)*

NOTE 3 *(Continued)*

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return - are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are reported at their estimated fair value. Unconditional multi-year commitments are recognized in the year during which the initial commitment was made. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material.

CAC is the recipient of various federal and state funded service contracts, sub-contracts and earmarks. These contracts are primarily administered on a cost-reimbursement basis. Under generally accepted accounting principles, CAC's government grants, earmarks and certain contracts are considered conditional grant funding which is released to revenue upon certain performance requirements or when the allowable expenditures have been made, which is the point where the conditions are considered to have been met.

CAC invoices the agencies after expenses have been incurred and does not receive payment in advance of service delivery; accordingly there is no obligation for deferred revenue or conditional grant advances arising from these agreements in the accompanying financial statements. These service contracts are subject to an annual renewal process and future funding is not guaranteed.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions expire, at which time the assets are reclassified to net assets without donor restrictions. The Organization has elected to report donor-restricted contributions that were initially conditional, such as the government funded contracts, sub-contracts and earmarks, as net assets without donor restrictions at the time the conditions and restrictions are met, as permitted by the standards.

**Revenue Recognition:**

CAC receives program revenue for providing training, technical, and organizational assistance to public, private and community partners to promote safety, healing and justice for children exposed to violence and their families. Revenue is recognized as services are delivered. Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. CAC recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. CAC recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

**Donated Goods, Services and Facilities:**

Children's Advocacy Center of Suffolk County, Inc. maintains a policy to record certain in-kind transactions as required by the *FASB Accounting Standards Codification*<sup>TM</sup>. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received and are recognized as revenue and expense on the Statement of Activities and Statement of Functional Expenses. Donations of equipment which meet the criteria of CAC's capitalization policy are capitalized and depreciated pursuant to the policies previously described.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2020 AND 2019

*(Continued)*

NOTE 3     *(Continued)*

The Organization also received donated services from numerous volunteers assisting the Organization. Although extensive, this volunteer effort does not meet the recognition criteria, and therefore, the related service contribution is not reflected in the accompanying financial statements.

**Functional Expenses:**

As required by the *FASB Accounting Standards Codification*<sup>TM</sup>, the Organization allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated using space and time usage formulas. In the accompanying Statements of Functional Expenses, *Salaries and Wages, Payroll Taxes and Benefits, Rent and Telephone and Internet* are allocated based on estimates of time and effort. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

*Administrative* - includes all activities related to CAC's internal management and accounting for program services.

*Fund Raising* - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, distribution of materials and other similar projects related to the procurement of funds.

*Event Costs* - includes the direct cost of special fund raising events which reflects the value of goods and services received by the donors.

**Recent Accounting Guidance:**

*Recently Implemented Standards*

In June 2018, the FASB issued ASC Update No. 2018-08, (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides additional guidance to help determine whether a contribution is conditional or unconditional. This standard was adopted by the Organization effective August 1, 2019. This ASU provides organizations with the option of applying the clarified guidance in the initial year of implementation on a prospective basis; therefore, the Organization has not restated its FY 2019 revenue balances or opening net assets for the years presented.

*Recently Issued Standards*

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. In August 2015, the FASB deferred the effective date of ASC Update No. 2014-09 by one year when it issued ASC Update No. 2015-14, (Topic 606) *Revenue from Contracts with Customers*. This standard is effective for the Organization for the fiscal year beginning August 1, 2020.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2020 AND 2019

(Continued)

NOTE 3 (Continued)

**Reclassifications:**

Certain amounts in the prior year information have been reclassified to conform to the current year presentation. Reclassifications made to the prior year information have no impact on total net assets or changes in net assets.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of July 31, 2020 and 2019:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2020</u>
Equipment	5 - 7	\$143,290	\$114,639	\$28,651
Leasehold Improvements	39	<u>47,463</u>	<u>16,780</u>	<u>30,683</u>
Total		<u>\$190,753</u>	<u>\$131,419</u>	<u>\$59,334</u>

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2019</u>
Equipment	5 - 7	\$122,845	\$107,850	\$ 14,995
Leasehold Improvements	39	<u>47,463</u>	<u>15,543</u>	<u>31,920</u>
Total		<u>\$170,308</u>	<u>\$123,393</u>	<u>\$46,915</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of unexpended donor designated grants and contributions with the following restrictions as of July 31, 2020 and 2019:

<u>Nature of Restriction</u>	<u>2020</u>	<u>2019</u>
SEEN Program	\$ 46,144	\$55,747
Mental Health & Family Advocacy Program	94,849	33,886
Multidisciplinary Team Program	-	392
Outreach	<u>945</u>	<u>6,215</u>
Total	<u>\$141,938</u>	<u>\$96,240</u>

Net assets released from restrictions by incurring expenses which satisfied the restricted purposes or by occurrence of events specified by the donors were as follows:

<u>Nature of Restriction</u>	<u>2020</u>	<u>2019</u>
SEEN Program	\$34,609	\$154,610
Mental Health & Family Advocacy Program	46,149	469,170
Medical Use	-	81,294
Outreach	<u>5,544</u>	<u>264,789</u>
Total	<u>\$86,302</u>	<u>\$969,863</u>



CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2020 AND 2019

*(Continued)*

NOTE 6      CONDITIONAL GRANT AGREEMENTS

**Government Agencies:**

A significant portion of CAC's revenue is derived from cost reimbursement contracts and sub-contracts through the Victims of Crime Act ("VOCA"), Massachusetts Office of Victim Assistance ("MOVA"), Department of Health and Human Services Administration for Children and Families ("DHS") and an earmark grant from the Department of Children and Families ("DCF"). These contracts are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. Grants administered by MOVA also require a non-federal match as a condition to funding. As of July 31, 2020, \$949,465 in funding had been awarded to CAC, which is conditional upon the incurrence of qualifying expenditures, and in the case of VOCA funding, the ability to meet the match requirements.

As further discussed in Note 10, the Organization also received funding through the Paycheck Protection Program which is accounted for as conditional grant funding as permitted under generally accepted accounting standards.

**Cummings Foundation:**

During FY 2020, CAC received a \$25,000 grant from the Cummings Foundation (the "Foundation") through the Cummings \$20 Million Grant Program which provides for up to three annual renewals, conditional upon the sole discretion of the Foundation. During FY 2020, CAC received its first year of funding, with three remaining annual installments available under the grant. As of July 31, 2020, the Organization had received \$25,000 related to this grant award.

The Organization feels confident that they will continue to meet the conditions of this multi-year grant. The total conditional amount of this grant is \$75,000. As the terms of the conditions had not been met, the revenue has not been recognized in the accompanying financial statements.

NOTE 7      SPECIAL FUNDRAISING EVENT

As of July 31, 2020 and 2019, the Organization held special fundraising events. A summary of special event proceeds and direct costs is presented below:

	<u>2020</u>	<u>2019</u>
Contributions and Sponsorships	\$351,347	\$302,845
Less: Direct Costs of Event	<u>(47,988)</u>	<u>(32,553)</u>
Special Event, Net of Direct Costs	<u>\$303,359</u>	<u>\$270,292</u>

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2020 AND 2019

(Continued)

NOTE 8      DONATED GOODS, SERVICES AND FACILITIES

The following donated goods, services and facilities have been recognized as revenues with offsetting expenses in the accompanying financial statements:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Donated Salaries and Wages*	\$396,973	\$405,587
Donated Payroll Taxes and Benefits*	150,563	141,776
Donated Consulting Services	50,870	50,500
Donated Facilities*	123,477	81,900
Other Donated Items	<u>4,572</u>	<u>72,726</u>
Total	<u>\$726,455</u>	<u>\$752,489</u>

\*During the years ended July 31, 2020 and 2019, the Organization occupied portions of the City of Boston's Family Justice Center on a rent-free basis under an informal agreement. The estimated fair value of this donated rent, including certain utilities, for the years ended July 31, 2020 and 2019 was \$123,477 and \$81,900, respectively, and is included in revenue as *Donated Goods, Services and Facilities* and in expenses as *Rent Expense*. Additionally, salaries and related costs are donated to CAC by the Suffolk County District Attorney's Office and the Department of Public Health on an annual basis.

NOTE 9      CONCENTRATIONS AND RELATED PARTY ACTIVITIES

**Cash Balances:**

The Organization is subject to concentrations of credit risk relating primarily to uninsured cash deposits held at one financial institution. Cash deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. The Organization had \$1,991,574 and \$1,633,108 in excess of federally insured limits as of July 31, 2020 and 2019, respectively. The Organization has not experienced any losses on uninsured cash balances, and Management considers credit risk on cash to be low.

**Receivables:**

As of July 31, 2020, *Accounts Receivable* consists of amounts due from two government funded sub-contract agreements and 97% of *Grants and Contributions Receivable* was due under the Organization's VOCA contract. As of July 31, 2019, 92% of *Grants and Contributions Receivable* was from three sources.

**Revenue:**

For each of the years presented, approximately 72% of CAC's total support and revenue was derived through direct or indirect government support, including contracts, sub-contracts, grants, earmarks and donated staff and facilities.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2020 AND 2019

*(Continued)*

NOTE 10    CONTINGENCIES

**Paycheck Protection Program Loan:**

The Organization received a loan in the amount of \$163,952 from Bank of America through the Paycheck Protection Program established by the U.S. CARES Act (the "PPP Loan") on April 30, 2020. The Organization has elected to account for the expected forgivable portion of this loan as a conditional grant commitment as permitted by the AICPA, and intends to apply for and receive full forgiveness of the loan, while any remaining balance would be repayable over a five-year term and subject to interest at the annual rate of 1%. The amount forgiven equals the amount incurred on qualifying costs (payroll, mortgage interest, rent utilities, as defined and subject to limitations) during the covered period. The amount forgiven is reduced if a) the Organization decreases its staffing levels during the covered period, or b) reduces salaries/wages during the covered period; however, those reductions are subject to certain exemptions. CAC expects to meet the requirements for loan forgiveness. The Organization must prepare and submit a loan forgiveness application to the lender, which is then reviewed by both the bank and the Small Business Administration ("SBA") and then approved. The Organization elected to use a 24-week covered period which expired on October 15, 2020. As of July 31, 2020, the Organization has incurred qualifying costs but has elected to hold the full balance of \$163,952 as *Conditional Grant Advances*, a current liability, as of July 31, 2020 until forgiveness is granted.

**Other Contingencies:**

From time to time, the Organization may be involved in legal actions arising in the ordinary course of its operations. Each of these matters is subject to various uncertainties, and it is possible that some of these matters may be resolved unfavorably. The Organization establishes accruals for losses that management deems to be probable and subject to reasonable estimate. The Organization is not currently involved in any such matters.

NOTE 11    LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of July 31, 2020 and 2019, which are available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year of the Statement of Financial Position date or when restricted by donors for purposes more limited than general expenditures.

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash	\$2,235,424	\$1,890,977
Grants and Contributions Receivable	180,396	132,562
Accounts Receivable	<u>76,450</u>	<u>-</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$2,492,270</u>	<u>\$2,023,539</u>

As part of the Organization's liquidity management, Children's Advocacy Center of Suffolk County has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

For the purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to their ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2020 AND 2019

*(Continued)*

NOTE 12    SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through February 6, 2021, the date which the financial statements were available for issue, and noted the following event which met the recognition criteria: