

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEARS ENDED JULY 31, 2023 AND 2022

Smith  Sullivan
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

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CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2023 AND 2022



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, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Children's Advocacy Center of Suffolk County, Inc. (a Massachusetts nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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 June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Children's Advocacy Center of Suffolk County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Children's Advocacy Center of Suffolk County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Children's Advocacy Center of Suffolk County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Children's Advocacy Center of Suffolk County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
January 31, 2024

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION AS OF JULY 31, 2023 AND 2022

ASSETS

| | <u>2023</u> | <u>2022</u> |
|---|-------------------------|-------------------------|
| <u>CURRENT ASSETS:</u> | | |
| Cash | \$ 3,052,404 | \$ 2,646,625 |
| Grants and Contributions Receivable | 142,585 | 188,704 |
| Prepaid Expenses | <u>52,487</u> | <u>26,004</u> |
| Total Current Assets | <u>3,247,476</u> | <u>2,861,333</u> |
| <u>PROPERTY AND EQUIPMENT, NET</u> | <u>62,700</u> | <u>82,080</u> |
| <u>TOTAL ASSETS</u> | <u>\$ 3,310,176</u> | <u>\$ 2,943,413</u> |

LIABILITIES AND NET ASSETS

| | | |
|--|-------------------------|-------------------------|
| <u>CURRENT LIABILITIES:</u> | | |
| Accounts Payable and Accrued Expenses | \$ 15,638 | \$ 10,864 |
| Accrued Payroll and Related Costs | <u>55,353</u> | <u>37,352</u> |
| Total Current Liabilities | <u>70,991</u> | <u>48,216</u> |
| <u>NET ASSETS:</u> | | |
| Net Assets Without Donor Restrictions | 3,039,819 | 2,716,822 |
| Net Assets With Donor Restrictions | <u>199,366</u> | <u>178,375</u> |
| Total Net Assets | <u>3,239,185</u> | <u>2,895,197</u> |
| <u>TOTAL LIABILITIES AND NET ASSETS</u> | <u>\$ 3,310,176</u> | <u>\$ 2,943,413</u> |

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2023 AND 2022

| | 2023 | | | 2022 | | |
|---|---|--|-----------------------------------|---|--|-----------------------------------|
| | <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> |
| <u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u> | | | | | | |
| <i>Support and Revenues:</i> | | | | | | |
| Gifts, Grants and Contributions | \$ 100,554 | \$ 239,000 | \$ 339,554 | \$ 214,952 | \$ 352,952 | \$ 567,904 |
| Government Grants and Sub-Contracts | 1,182,195 | - | 1,182,195 | 945,795 | - | 945,795 |
| Donated Goods, Services and Facilities | 727,935 | - | 727,935 | 730,745 | - | 730,745 |
| Proceeds from Fund Raising Events | 601,984 | - | 601,984 | 97,984 | - | 97,984 |
| Less: Cost of Direct Benefits to Donors | (71,083) | - | (71,083) | - | - | - |
| Interest Income | 488 | - | 488 | 178 | - | 178 |
| <i>Reclassification of Net Assets:</i> | | | | | | |
| Net Assets Released from Restriction | 218,009 | (218,009) | - | 348,823 | (348,823) | - |
| <u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u> | <u>2,760,082</u> | <u>20,991</u> | <u>2,781,073</u> | <u>2,338,477</u> | <u>4,129</u> | <u>2,342,606</u> |
| <u>EXPENSES:</u> | | | | | | |
| Program Services | 1,852,863 | - | 1,852,863 | 1,702,544 | - | 1,702,544 |
| Administrative | 327,823 | - | 327,823 | 162,448 | - | 162,448 |
| Fund Raising | 256,399 | - | 256,399 | 212,471 | - | 212,471 |
| <u>TOTAL EXPENSES</u> | <u>2,437,085</u> | <u>-</u> | <u>2,437,085</u> | <u>2,077,463</u> | <u>-</u> | <u>2,077,463</u> |
| <u>CHANGE IN NET ASSETS</u> | <u>322,997</u> | <u>20,991</u> | <u>343,988</u> | <u>261,014</u> | <u>4,129</u> | <u>265,143</u> |
| <u>NET ASSETS - BEGINNING OF YEAR</u> | <u>2,716,822</u> | <u>178,375</u> | <u>2,895,197</u> | <u>2,455,808</u> | <u>174,246</u> | <u>2,630,054</u> |
| <u>NET ASSETS - END OF YEAR</u> | <u>\$ 3,039,819</u> | <u>\$ 199,366</u> | <u>\$ 3,239,185</u> | <u>\$ 2,716,822</u> | <u>\$ 178,375</u> | <u>\$ 2,895,197</u> |

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2023

(With Summarized Comparative Totals for 2022)

| | <u>PROGRAM</u> <u>SERVICES</u> | <u>ADMINI-</u> <u>STRATIVE</u> | <u>FUND-</u> <u>RAISING</u> | <u>COST OF</u> <u>DIRECT</u> <u>DONOR</u> <u>BENEFITS</u> | <u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u> | |
|---|-----------------------------------|-----------------------------------|--------------------------------|--|--|----------------------------|
| | | | | | <u>2023</u> | <u>2022</u> |
| Salaries and Wages | \$ 1,195,706 | \$ 130,530 | \$ 162,784 | \$ - | \$ 1,489,020 | \$ 1,333,625 |
| Payroll Taxes and Benefits | 319,829 | 19,929 | 34,981 | - | 374,739 | 342,613 |
| Depreciation Expense | 19,380 | - | - | - | 19,380 | 21,006 |
| Dues and Fees | 1,100 | 59 | 77 | - | 1,236 | 1,482 |
| Education and Training | 12,399 | 890 | - | - | 13,289 | 12,736 |
| Electronic Payment Fees | 670 | 997 | 9,108 | - | 10,775 | 3,399 |
| Events | - | - | 16,838 | 71,083 | 87,921 | 11,570 |
| Insurance | 2,051 | 7,795 | - | - | 9,846 | 8,481 |
| Marketing | 2,500 | 1,177 | 431 | - | 4,108 | 10,146 |
| Office Supplies | 6,887 | 976 | 406 | - | 8,269 | 5,165 |
| Outside Consultants | 98,971 | 110,686 | - | - | 209,657 | 75,513 |
| Professional Fees | - | 33,988 | - | - | 33,988 | 30,569 |
| Rent | 111,907 | 11,375 | 5,688 | - | 128,970 | 123,205 |
| Telephone and Internet | 51,730 | 8,188 | 21,726 | - | 81,644 | 72,406 |
| Travel and Entertainment | 21,465 | 260 | 3,874 | - | 25,599 | 15,882 |
| Utilities | 8,268 | 973 | 486 | - | 9,727 | 9,665 |
| Total Functional Expenses | <u>\$ 1,852,863</u> | <u>\$ 327,823</u> | <u>\$ 256,399</u> | <u>\$ 71,083</u> | <u>\$ 2,508,168</u> | <u>\$ 2,077,463</u> |
| Cost of Direct Benefits to Donors | - | - | - | (71,083) | (71,083) | - |
| Total Expenses Per Statement of Activities | <u>\$ 1,852,863</u> | <u>\$ 327,823</u> | <u>\$ 256,399</u> | <u>\$ -</u> | <u>\$ 2,437,085</u> | <u>\$ 2,077,463</u> |

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2022

| | <u>PROGRAM</u> <u>SERVICES</u> | <u>ADMINI-</u> <u>STRATIVE</u> | <u>FUND-</u> <u>RAISING</u> | <u>TOTAL</u> <u>FUNTIONAL</u> <u>EXPENSES</u> |
|----------------------------------|-----------------------------------|-----------------------------------|--------------------------------|---|
| Salaries and Wages | \$ 1,106,973 | \$ 92,321 | \$ 134,331 | \$ 1,333,625 |
| Payroll Taxes and Benefits | 302,675 | 14,609 | 25,329 | 342,613 |
| Depreciation Expense | 21,006 | - | - | 21,006 |
| Dues and Fees | 1,284 | 198 | - | 1,482 |
| Education and Training | 12,586 | - | 150 | 12,736 |
| Electronic Payment Fees | - | 150 | 3,249 | 3,399 |
| Events | - | - | 11,570 | 11,570 |
| Insurance | 6,328 | 1,853 | 300 | 8,481 |
| Marketing | 2,713 | - | 7,433 | 10,146 |
| Office Supplies | 1,989 | 2,014 | 360 | 4,363 |
| Other Expenses | 500 | 205 | 97 | 802 |
| Outside Consultants | 71,631 | - | 3,882 | 75,513 |
| Professional Fees | - | 30,569 | - | 30,569 |
| Rent | 106,142 | 11,375 | 5,688 | 123,205 |
| Telephone and Internet | 47,409 | 6,404 | 18,593 | 72,406 |
| Travel and Entertainment | 13,102 | 1,777 | 1,003 | 15,882 |
| Utilities | 8,206 | 973 | 486 | 9,665 |
| Bad Debt Expense | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Functional Expenses | <u>\$ 1,702,544</u> | <u>\$ 162,448</u> | <u>\$ 212,471</u> | <u>\$ 2,077,463</u> |

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|---|----------------------------|----------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Change in Net Assets | \$ 343,988 | \$ 265,143 |
| <i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i> | | |
| Depreciation Expense | 19,380 | 21,006 |
| <i>(Increase) Decrease in Current Assets:</i> | | |
| Grants and Contributions Receivable | 46,119 | 69,101 |
| Accounts Receivable | - | 3,438 |
| Prepaid Expenses | (26,483) | (3,162) |
| <i>Increase (Decrease) in Current Liabilities:</i> | | |
| Account Payable and Accrued Expenses | 4,774 | (1,331) |
| Accrued Payroll and Related Costs | 18,001 | 4,159 |
| Conditional Grant Advance | - | (163,952) |
| Net Adjustment | <u>61,791</u> | <u>(70,741)</u> |
| <u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u> | <u>405,779</u> | <u>194,402</u> |
| <u>NET INCREASE IN CASH BALANCES</u> | <u>405,779</u> | <u>194,402</u> |
| <u>CASH BALANCES - BEGINNING OF YEAR</u> | <u>2,646,625</u> | <u>2,452,223</u> |
| <u>CASH BALANCES - END OF YEAR</u> | <u>\$ 3,052,404</u> | <u>\$ 2,646,625</u> |

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2023 AND 2022

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 IRC Internal Revenue Code ("IRC"). 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, over 1600 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 Teams:

The Multi-Disciplinary Team ("MDT") 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 electronically-recorded interview typically involves a child speaking with a Forensic Interviewer while team members observe the interview through a one-way mirror.

Mental Health Program:

The CAC's mental health program provides advocacy, support, and evidence-based trauma services to child victims of abuse and their caregivers. To further support children and families, the CAC has added two new positions, Family Resource Specialist and Family Advocate. The Family Resource Specialist provides additional assistance in accessing needed housing, employment, financial, food and other essential resources. The Family Advocate offers education, support, advocacy and referrals for necessary services. This support is needed more than ever.

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 by a pediatric sexual assault nurse examiner (pedi-SANE) at no cost to children and families.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2023 AND 2022

(Continued)

NOTE 2 *(Continued)*

SEEN / Child Trafficking:

The Support to End Exploitation Now program ("SEEN" Program) at the CAC provides expert case coordination and training to create a safety net for high risk and exploited youth.

Outreach and Training:

The CAC's Outreach & Training program provides education and resources to professionals, community members and youth. Demand for training has increased dramatically with growing demand for training regarding online safety and supporting youth who are impacted by online exploitation. The CAC training team includes a Training Program Manager and Community Outreach Coordinator to help meet this demand.

Data & Evaluation:

The CAC has hired its first Data Analyst during 2022 to enhance the CAC's data collection and case tracking with the goals of ensuring high quality service delivery and conducting program evaluation to better measure our impact.

Responding to COVID-19:

Since the COVID-19 pandemic, the CAC offers both in-person and tele-services to clients - tailoring service delivery to best meet each child and family's needs. Our training program also offers both in-person and virtual training.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the Children's Advocacy Center of Suffolk County, Inc. have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles ("GAAP") and accordingly, reflect all significant receivables, payables and other liabilities.

Estimates:

The preparation of financial statements in conformity with GAAP 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 management's opinion, resulted in reliable and consistent financial reporting by the Organization.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

Financial Statement Presentation:

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 defined below.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. For the years presented, the Organization has no net assets that are required to be maintained in perpetuity. The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

Receivables:

Grants and Contributions Receivable reflect the balance due on unconditional promises to give. Receivables that are expected to be collected within one year are recorded at net realizable value. Promises to give with expected payment dates that extend beyond one year are discounted to their present value when such amounts are considered material. Management determines the allowance for uncollectible amounts based on historical experience and a review of subsequent collections. Management believes that these amounts are fully collectible, and therefore, no allowance for doubtful amounts has been established. For the years presented, CAC reported no losses from uncollectible receivables.

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.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

Revenue Recognition:

Gifts, Grants and Contributions: The Organization is the beneficiary of contributions in the form of grants from other organizations, governmental agencies, donations of cash and financial assets from individuals and contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor's stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the Organization reasonably expects to collect. 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.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restrictions are met, at which time the net assets are reclassified to net assets without donor restrictions.

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable grant advance. When the conditions are met the revenue is reported as contributions without donor restrictions unless there are further restrictions over and above those associated with the donor conditions. In such cases, when the conditions and restrictions are met within the same reporting period, the support is recognized as contributions or grants without donor restrictions.

Government Grants and Sub-Contracts: 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. A portion of the Organization's revenue is derived from cost-reimbursable grants and sub-contracts, which are conditional upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. The Organization invoices the grantors after such expenses have been incurred and does not receive payment in advance of service delivery; accordingly, there is no obligation for conditional grant advances arising from these agreements in the accompanying financial statements. (See Note 6)

Special Events Revenue: Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. During the year ended July 31, 2023, the Organization held an "in-person" event and during the year ended July 31, 2022, the event was virtual. Based on the virtual nature of the event, there were no costs of direct donor benefits for the event held in FY 2022. 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.

Donations of Nonfinancial Assets: Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. (See Note 8) CAC relies heavily upon volunteer involvement in direct service, outreach and administrative capacities. The Organization does not sell donated gifts-in-kind.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2023 AND 2022

(Continued)

NOTE 3 (Continued)

Functional Expenses:

The Organization allocates its expenses on a functional basis among various programs and support services. 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.

Cost of Direct Donor Benefits - includes direct costs of special fundraising events and is presented as an offset to *Proceeds from Fund Raising Events* in the accompanying Statements of Activities.

Accounting Standards Updates:

Recently Implemented Standards

The Organization adopted ASC Update No. 2016-02, (Topic 842) *Leases* effective August 1, 2022, which establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the Statement of Financial Position as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. As part of the adoption of the standard, the Organization elected and applied the following practical expedients on the adoption date:

The package of practical expedients permitting the Organization to not reassess (i) the lease classification of existing leases; (ii) whether existing and expired contracts are or contain leases; and (iii) initial direct costs for existing leases.

As permitted by the standard, the Organization has elected to account for short-term leases under existing GAAP; therefore, the implementation of this standard had no material impact on the Organization's financial statements. For the years presented, there were no arrangements which met the criteria for application of the lease accounting standards, or such amounts were deemed immaterial.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of July 31, 2023 and 2022:

| <u>Asset Category</u> | <u>Est. Life</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value 2023</u> |
|------------------------|----------------------|------------------|-------------------------------------|--------------------------------|
| Equipment | 5 - 7 | \$202,335 | \$166,679 | \$35,656 |
| Leasehold Improvements | 39 | <u>47,463</u> | <u>20,419</u> | <u>27,044</u> |
| Total | | <u>\$249,798</u> | <u>\$187,098</u> | <u>\$62,700</u> |

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2023 AND 2022

(Continued)

NOTE 4 (Continued)

| <u>Asset Category</u> | <u>Est. Life</u> | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value 2022</u> |
|------------------------|----------------------|------------------|-------------------------------------|--------------------------------|
| Equipment | 5 - 7 | \$202,335 | \$148,504 | \$53,831 |
| Leasehold Improvements | 39 | <u>47,463</u> | <u>19,214</u> | <u>28,249</u> |
| Total | | <u>\$249,798</u> | <u>\$167,718</u> | <u>\$82,080</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, 2023 and 2022:

| <u>Nature of Restriction</u> | <u>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| Mental Health & Family Advocacy Program | \$110,003 | \$ 88,736 |
| SEEN Program | 53,651 | 49,169 |
| Outreach | 33,858 | 32,540 |
| Other Purpose Restrictions | <u>1,854</u> | <u>7,930</u> |
| Total | <u>\$199,366</u> | <u>\$178,375</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>2023</u> | <u>2022</u> |
|---|------------------|------------------|
| Mental Health & Family Advocacy Program | \$115,733 | \$ 67,566 |
| SEEN Program | 62,519 | 75,663 |
| Forensic Interview Equipment | 33,682 | 41,492 |
| Outreach | 6,075 | 150 |
| Paycheck Protection Program | <u>-</u> | <u>163,952</u> |
| Total | <u>\$218,009</u> | <u>\$348,823</u> |

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, 2023, 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.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2023 AND 2022

(Continued)

NOTE 6 (Continued)

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 elected to account for the expected forgivable portion of this loan as a conditional grant commitment with the intention 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. As of July 31, 2021, the Organization had incurred qualifying costs but viewed forgiveness as a barrier to recognition. The Organization applied for and received forgiveness in full of the PPP Loan in September 2021; therefore, \$163,952 is included in *Government Grants and Sub-Contracts* in the accompanying Statements of Activities for the year ended July 31, 2022.

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 five annual renewals, conditional upon the sole discretion of the Foundation. CAC received its third and fourth year of funding during FY 2022 and FY 2023, respectively. As of July 31, 2023, there was one remaining annual installment available under the grant.

The Organization feels confident that they will continue to meet the conditions of this multi-year grant. The total conditional amount of this grant as of July 31, 2023 is \$25,000. As the conditions were not met, the revenue has not been recognized in the accompanying financial statements.

NOTE 7 SPECIAL FUNDRAISING EVENTS

The Organization held special fundraising events during each of the years presented. Event contributions and sponsorships of \$601,984 and \$97,984, respectively, are included within *Proceeds from Fund Raising Events* on the Statements of Activities for the years ended July 31, 2023 and 2022. Proceeds are presented net of direct benefits to donors of \$71,083 for the year ended July 31, 2023. There were no direct donor benefits for the year ended July 31, 2022.

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>2023</u> | <u>2022</u> |
|------------------------------------|------------------|------------------|
| Donated Salaries and Wages | \$383,872 | \$400,331 |
| Donated Payroll Taxes and Benefits | 161,836 | 158,937 |
| Donated Facilities | 123,477 | 123,477 |
| Donated Consulting Services | 48,000 | 48,000 |
| Donated Goods | <u>10,750</u> | <u>-</u> |
| Total | <u>\$727,935</u> | <u>\$730,745</u> |

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2023 AND 2022

(Continued)

NOTE 8 *(Continued)*

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. Salaries, payroll taxes, and benefits are valued at the pay rate CAC compensates staff for comparable services and benchmarked against similar organizations.

During the years ended July 31, 2023 and 2022, 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, was \$123,477 for each of the years presented, and valued at the cost for comparable leased properties in the Boston area. Donated rent and utilities are included in revenue as *Donated Goods, Services and Facilities* and in expenses as *Rent*.

Donated salaries, related costs and facilities are allocated based on time and effort in the same manner as the Organization's employees.

CAC receives donated consulting services through the Boston Children's Hospital valued at the rate for comparable services. Donated consulting services are program related and included in *Outside Consultants* in the accompanying Statements of Functional Expenses.

Donated goods are reported in cost of direct benefits to donors and offset against fundraising event proceeds as disclosed in Note 7.

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 \$2,802,226 and \$2,399,584 in excess of federally insured limits as of July 31, 2023 and 2022, respectively. The Organization has not experienced any losses on uninsured cash balances.

Receivables:

As of July 31, 2023 and 2022, 100% and 67% of *Grants and Contributions Receivable* was due under the Organization's VOCA and MACA contracts.

Revenue:

Approximately 67% and 72%, respectively, 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 for the years presented.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2023 AND 2022

(Continued)

NOTE 10 EMPLOYEE RETIREMENT PLAN

CAC has a contract with Empower Retirement and participates in the Massachusetts CORE plan. The CORE plan is a 401(K) plan which covers all eligible employees. Participants can make an elective deferral for any plan year up to the federal limits and the Organization is required to match any contribution up to 3% of each participant's salary (subject to statutory limitations on eligible earnings). For the years ended July 31, 2023 and 2022, total employer contributions to the plan amounted to \$34,588 and \$29,559, respectively and is included in *Payroll Taxes and Benefits* in the accompanying Statements of Functional Expenses.

NOTE 11 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of July 31, 2023 and 2022, 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>2023</u> | <u>2022</u> |
|---|--------------------|--------------------|
| Financial Assets: | | |
| Cash | \$3,052,404 | \$2,646,625 |
| Grants and Contributions Receivable | <u>142,585</u> | <u>188,704</u> |
| Financial Assets Available to Meet General Expenditures Within One Year | <u>\$3,194,989</u> | <u>\$2,835,329</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.

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 January 31, 2024, the date which the financial statements were available for issue, and noted no events which met the criteria for recognition or disclosure.