

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

**FINANCIAL STATEMENTS**

*with*

**INDEPENDENT AUDITORS' REPORT**

**YEARS ENDED JULY 31, 2021 AND 2020**

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, 2021 AND 2020**



**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.*

*[www.suffolkcac.org](http://www.suffolkcac.org)*

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2021 AND 2020

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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 statements of financial position as of July 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **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 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, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Smith, Sullivan & Brown, PC*

Westborough, Massachusetts  
January 10, 2022

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF FINANCIAL POSITION AS OF JULY 31, 2021 AND 2020

**ASSETS**

	<u>2021</u>	<u>2020</u>
<b><u>CURRENT ASSETS:</u></b>		
Cash	\$ 2,452,223	\$ 2,235,424
Grants and Contributions Receivable	257,805	180,396
Accounts Receivable	3,438	76,450
Prepaid Expenses	22,842	22,832
Total Current Assets	<u>2,736,308</u>	<u>2,515,102</u>
 <b><u>PROPERTY AND EQUIPMENT, NET</u></b>	 <u>103,086</u>	 <u>59,334</u>
 <b><u>TOTAL ASSETS</u></b>	 <u>\$ 2,839,394</u>	 <u>\$ 2,574,436</u>

**LIABILITIES AND NET ASSETS**

<b><u>CURRENT LIABILITIES:</u></b>		
Accounts Payable and Accrued Expenses	\$ 12,195	\$ 10,586
Accrued Payroll and Related Costs	33,193	39,812
Conditional Grant Advance	163,952	163,952
Total Current Liabilities	<u>209,340</u>	<u>214,350</u>
 <b><u>NET ASSETS:</u></b>		
Net Assets Without Donor Restrictions	2,455,808	2,218,148
Net Assets With Donor Restrictions	174,246	141,938
Total Net Assets	<u>2,630,054</u>	<u>2,360,086</u>
 <b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>	 <u>\$ 2,839,394</u>	 <u>\$ 2,574,436</u>

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	2021		2020		TOTAL ACTIVITIES
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	
<b>SUPPORT, REVENUES AND RECLASSIFICATIONS:</b>					
<i>Support and Revenues:</i>					
Gifts, Grants and Contributions	\$ 114,154	\$ 178,537	\$ 153,935	\$ 132,000	\$ 285,935
Government Grants and Sub-Contracts	1,061,519	-	976,854	-	976,854
Donated Goods, Services and Facilities	747,568	-	726,454	-	726,454
Proceeds from Fund Raising Events	289,696	-	351,347	-	351,347
Less: Cost of Direct Benefits to Donors	-	-	(47,998)	-	(47,998)
Interest Income	122	-	422	-	422
<i>Reclassification of Net Assets:</i>					
Net Assets Released from Restriction	146,229	(146,229)	86,302	(86,302)	-
<b>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</b>	<b>2,359,288</b>	<b>32,308</b>	<b>2,247,316</b>	<b>45,698</b>	<b>2,293,014</b>
<b>EXPENSES:</b>					
Program Services	1,735,366	-	1,622,346	-	1,622,346
Administrative	159,357	-	130,572	-	130,572
Fund Raising	226,905	-	211,582	-	211,582
<b>TOTAL EXPENSES</b>	<b>2,121,628</b>	<b>-</b>	<b>1,964,500</b>	<b>-</b>	<b>1,964,500</b>
<b>CHANGE IN NET ASSETS</b>	<b>237,660</b>	<b>32,308</b>	<b>282,816</b>	<b>45,698</b>	<b>328,514</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>2,218,148</b>	<b>141,938</b>	<b>1,935,332</b>	<b>96,240</b>	<b>2,031,572</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,455,808</b>	<b>\$ 174,246</b>	<b>\$ 2,218,148</b>	<b>\$ 141,938</b>	<b>\$ 2,360,086</b>

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JULY 31, 2021  
(With Summarized Comparative Totals for 2020)

	<u>PROGRAM SERVICES</u>	<u>ADMINI- STRATIVE</u>	<u>FUND- RAISING</u>	<u>2021</u>	<u>2020</u>
Salaries and Wages	\$ 998,548	\$ 75,004	\$ 138,538	\$ 1,212,090	\$ 1,131,213
Payroll Taxes and Benefits	293,277	12,239	25,668	331,184	304,892
Depreciation Expense	15,293	-	-	15,293	8,026
Dues and Fees	4,000	1,535	2,000	7,535	1,811
Education and Training	35,903	-	460	36,363	44,926
Electronic Payment Fees	283	-	2,452	2,735	3,866
Events	-	-	4,477	4,477	52,257
Insurance	-	10,530	-	10,530	10,424
Marketing	530	1,155	-	1,685	3,629
Office Supplies	38,632	2,756	210	41,598	12,029
Small Equipment Purchases	-	-	-	-	13,827
Other Expenses	99	1,280	-	1,379	1,195
Outside Consultants	102,931	780	14,549	118,260	134,088
Professional Fees	-	32,069	-	32,069	34,308
Rent	133,845	16,591	5,688	156,124	109,910
Telephone and Internet	96,683	4,445	17,877	119,005	98,897
Travel and Entertainment	5,649	-	-	5,649	23,061
Utilities	9,693	973	486	11,152	11,889
Bad Debt Expense	-	-	14,500	14,500	12,250
<b>Total Functional Expenses</b>	<b>1,735,366</b>	<b>159,357</b>	<b>226,905</b>	<b>2,121,628</b>	<b>2,012,498</b>
Cost of Direct Benefits to Donors	-	-	-	-	(47,998)
<b>Total Expenses Per Statement of Activities</b>	<b>\$ 1,735,366</b>	<b>\$ 159,357</b>	<b>\$ 226,905</b>	<b>\$ 2,121,628</b>	<b>\$ 1,964,500</b>

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JULY 31, 2020

	<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	\$ 963,559	\$ 65,866	\$ 101,788	-	\$ 1,131,213
Payroll Taxes and Benefits	280,314	4,966	19,612	-	304,892
Depreciation Expense	8,026	-	-	-	8,026
Dues and Fees	836	975	-	-	1,811
Education and Training	44,127	650	149	-	44,926
Electronic Payment Fees	266	-	3,600	-	3,866
Events	610	435	3,214	47,998	52,257
Insurance	-	10,424	-	-	10,424
Marketing	1,615	95	1,919	-	3,629
Office Supplies	10,593	870	566	-	12,029
Small Equipment Purchases	12,661	1,166	-	-	13,827
Other Expenses	105	1,090	-	-	1,195
Outside Consultants	85,505	1,605	46,978	-	134,088
Professional Fees	4,342	29,966	-	-	34,308
Rent	96,512	9,375	4,023	-	109,910
Telephone and Internet	79,003	2,785	17,109	-	98,897
Travel and Entertainment	22,991	-	70	-	23,061
Utilities	11,281	304	-	-	11,889
Bad Debt Expense	-	-	12,250	-	12,250
<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>
Cost of Direct Benefits to Donors	-	-	-	(47,998)	(47,998)
<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>



CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JULY 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in Net Assets	\$ 269,968	\$ 328,514
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Bad Debt Expense	14,500	12,250
Depreciation Expense	15,293	8,026
<i>(Increase) Decrease in Current Assets:</i>		
Grants and Contributions Receivable	(91,909)	(60,084)
Accounts Receivable	73,012	(76,450)
Prepaid Expenses	(10)	781
<i>Increase (Decrease) in Current Liabilities:</i>		
Account Payable and Accrued Expenses	1,609	(9,453)
Accrued Payroll and Related Costs	(6,619)	(2,644)
Conditional Grant Advance	-	163,952
Net Adjustment	<u>5,876</u>	<u>36,378</u>
<b><u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u></b>	<b><u>275,844</u></b>	<b><u>364,892</u></b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Cash Outlay for Capital Expenditures	<u>(59,045)</u>	<u>(20,445)</u>
Net Cash Flows from Investing Activities	<u>(59,045)</u>	<u>(20,445)</u>
<b><u>NET INCREASE IN CASH BALANCES</u></b>	<b>216,799</b>	<b>344,447</b>
<b><u>CASH BALANCES - BEGINNING OF YEAR</u></b>	<b><u>2,235,424</u></b>	<b><u>1,890,977</u></b>
<b><u>CASH BALANCES - END OF YEAR</u></b>	<b><u>\$ 2,452,223</u></b>	<b><u>\$ 2,235,424</u></b>

CHILDREN’S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

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.

**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 a new position, Family Resource Specialist, to provide additional assistance in accessing needed housing, employment, financial, food and other essential resources. 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 at no cost to children and families.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

*(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.

**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 was pleased to add a new Community Outreach Coordinator to help meet this demand.

**Response to COVID-19:**

As with the rest of the world, the COVID-19 pandemic 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 added immeasurable stress to pre-existing trauma; more than ever, children need access to safety and services. At the start of the pandemic, the CAC team transitioned all services (mental health, forensic interviewing, multidisciplinary teams, child trafficking case coordination, advocacy & case management, and outreach & training) to a virtual model. The staff has quickly adapted and has provided uninterrupted virtual services.

In order to ensure that all children have been able to access services, our forensic interviewers have continued to meet face-to-face with children and caregivers as needed (with appropriate precautions) to ensure that all can access safety and begin the healing process. Onsite pediatric sexual assault medical services are also provided.

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, 2021 AND 2020

(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 years ended July 31, 2021 and 2020, respectively, *Bad Debt Expense* attributable to uncollectible pledges totaled \$14,500 and \$12,250. 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, 2021 AND 2020

*(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 Statements 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, 2021 AND 2020

*(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 2019 revenue balances or opening net assets for the years presented.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

(Continued)

NOTE 3 (Continued)

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 was adopted by the Organization effective August 1, 2020. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognized revenue, and therefore no changes in the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

NOTE 4 PROPERTY AND EQUIPMENT

The following is a summary of the Organization's property and equipment as of July 31, 2021 and 2020:

<u>Asset Category</u>	<u>Est. Life</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value 2021</u>
Equipment	5 - 7	\$202,335	\$128,715	\$ 73,620
Leasehold Improvements	39	<u>47,463</u>	<u>17,997</u>	<u>29,466</u>
Total		<u>\$249,798</u>	<u>\$146,712</u>	<u>\$103,086</u>

<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>

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, 2021 and 2020:

<u>Nature of Restriction</u>	<u>2021</u>	<u>2020</u>
Mental Health & Family Advocacy Program	\$137,437	\$ 94,849
SEEN Program	36,809	46,144
Outreach	<u>-</u>	<u>945</u>
Total	<u>\$174,246</u>	<u>\$141,938</u>

CHILDREN’S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

*(Continued)*

NOTE 5      *(Continued)*

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>2021</u>	<u>2020</u>
Mental Health & Family Advocacy Program	\$ 84,412	\$46,149
Forensic Interview Equipment	46,537	-
SEEN Program	14,335	34,609
Outreach	<u>945</u>	<u>5,544</u>
Total	<u>\$146,229</u>	<u>\$86,302</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, 2021, \$518,544 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 Notes 10 and 13, 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 and the second year of funding was deferred and not received during FY 2021; therefore, as of July 31, 2021, there are three remaining annual installments 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, 2021 is \$75,000. As the terms of the conditions had not been met, the revenue has not been recognized in the accompanying financial statements.



CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

(Continued)

NOTE 7      SPECIAL FUNDRAISING EVENTS

As of July 31, 2021 and 2020, the Organization held special fundraising events. The 2021 events were virtual fundraisers. A summary of special event proceeds and direct costs is presented below:

	<u>2021</u>	<u>2020</u>
Contributions and Sponsorships	\$289,696	\$351,347
Less: Direct Costs of Event	<u>-</u>	<u>(47,998)</u>
Special Events, Net of Direct Costs	<u>\$289,696</u>	<u>\$303,349</u>

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>2021</u>	<u>2020</u>
Donated Salaries and Wages*	\$415,555	\$396,973
Donated Payroll Taxes and Benefits*	160,328	150,563
Donated Consulting Services	48,208	50,870
Donated Facilities*	123,477	123,477
Other Donated Items	<u>-</u>	<u>4,571</u>
Total	<u>\$747,568</u>	<u>\$726,454</u>

\*During the years ended July 31, 2021 and 2020, 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 is included in revenue as *Donated Goods, Services and Facilities* and in expenses as *Rent*. 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 \$2,204,285 and \$1,991,574 in excess of federally insured limits as of July 31, 2021 and 2020, 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, 2021 and 2020, 65% and 97% of *Grants and Contributions Receivable* was due under the Organization's VOCA contract.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

(Continued)

NOTE 9 (Continued)

**Revenue:**

For each of the years presented, approximately 75% 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.

NOTE 10 CONTINGENCIES

**Impact of COVID-19 Pandemic:**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of many organizations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. The related financial impact on the Organization and duration of the pandemic cannot be reasonably estimated at this time.

**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. As of July 31, 2020, the Organization had incurred qualifying costs but elected to hold the full balance of \$163,952 as a *Conditional Grant Advance*, a current liability, until forgiveness is granted.

The Organization submitted a loan forgiveness application to the lender which was reviewed by both the bank and the Small Business Administration ("SBA"). Subsequent to year end, on September 9, 2021, the SBA approved forgiveness in full of the Organization's PPP Loan.

**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.

CHILDREN'S ADVOCACY CENTER OF SUFFOLK COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS

JULY 31, 2021 AND 2020

*(Continued)*

NOTE 11    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 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, 2021 and 2020, total employer contributions to the plan amounted to \$25,066 and \$23,429, respectively.

NOTE 12    LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of July 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Financial Assets:		
Cash	\$2,452,223	\$2,235,424
Grants and Contributions Receivable	257,805	180,396
Accounts Receivable	<u>3,438</u>	<u>76,450</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$2,713,466</u>	<u>\$2,492,270</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 13    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 10, 2022, the date which the financial statements were available for issue, and noted no events, other than the forgiveness of the PPP Loan discussed in Note 10, which met the disclosure criteria.