SCHALL & ASHENFARB Certified Public Accountants, LLC

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CHILD ABUSE PREVENTION CENTER, INC.
AND AFFILIATE

Consolidated Audited Financial Statements

December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Child Abuse Prevention Center, Inc. and Affiliate

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Child Abuse Prevention Center, Inc. and Affiliate (the "Center"), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Child Abuse Prevention Center, Inc. and Affiliate as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Center's 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated financial statements in our report dated June 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Schall & Ashenfarb

Schall & Ashenfarb
Certified Public Accountants, LLC

November 9, 2021

CHILD ABUSE PREVENTION CENTER, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
(With comparative totals as of December 31, 2019)

	12/31/20	12/31/19
Assets		
Cash and cash equivalents	$37,022	$46,762
Government grants receivable	252,551	169,907
Pledges receivable	71,300	125,000
Prepaid expenses and other assets	2,302	19,780
Beneficial interest in assets (Note 3)	78,421	74,211
Fixed assets, net (Note 4)	1,436,723	1,492,082
Total assets	$1,878,319	$1,927,742
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$64,296	$53,158
Grant advance	0	49,305
Deferred revenue	0	500
Line of credit payable (Note 5)	65,000	0
Paycheck Protection Program loan payable (Note 6)	136,500	0
Capital lease obligation (Note 7)	17,895	34,453
Total liabilities	283,691	137,416
Net assets:		
Without donor restrictions	1,491,669	1,618,054
With donor restrictions (Note 8)	102,959	172,272
Total net assets	1,594,628	1,790,326
Total liabilities and net assets	$1,878,319	$1,927,742

The attached notes and auditor's report are an integral part of these financial statements.

CHILD ABUSE PREVENTION CENTER, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With comparative totals for the year ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 12/31/20	Total 12/31/19
Revenue and support:				
Government grants	$665,279		$665,279	$708,801
Contributions	255,372	$10,000	265,372	221,719
In-kind contributions	1,339		1,339	8,766
Special events (net of expenses with a direct benefit to donors) (Note 9)	38,934		38,934	78,205
Interest and other income	898		898	7,148
Net assets released from restriction (Note 8)	79,313	(79,313)	0	0
Total revenue and support	1,041,135	(69,313)	971,822	1,024,639
Expenses:				
Program services	841,802		841,802	812,909
Supporting services:				
Management and general	127,085		127,085	185,513
Fundraising	202,843		202,843	164,056
Total supporting services	329,928	0	329,928	349,569
Total expenses	1,171,730	0	1,171,730	1,162,478
Change in net assets from operations	(130,595)	(69,313)	(199,908)	(137,839)
Non-operating activity:				
Change in beneficial interest in assets (Note 3)	4,210		4,210	10,800
Total non-operating activity	4,210	0	4,210	10,800
Change in net assets	(126,385)	(69,313)	(195,698)	(127,039)
Net assets - beginning of year	1,618,054	172,272	1,790,326	1,917,365
Net assets - end of year	$1,491,669	$102,959	$1,594,628	$1,790,326

The attached notes and auditor's report are an integral part of these financial statements.

CHILD ABUSE PREVENTION CENTER, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With comparative totals for the year ended December 31, 2019)

		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total 12/31/20	Total 12/31/19*
Salaries	$516,736	$53,112	$125,787	$178,899	$695,635	$659,054
Payroll taxes and benefits	130,930	13,460	31,872	45,332	176,262	146,067
Professional fees	35,763	25,314	2,985	28,299	64,062	72,922
Client assistance and supplies	7,464			0	7,464	24,659
Office expenses	31,983	3,289	7,784	11,073	43,056	29,699
Equipment and service contracts	16,978	1,745	4,133	5,878	22,856	19,478
Occupancy	16,223	1,666	3,950	5,616	21,839	19,267
Telephone	11,362	1,168	2,766	3,934	15,296	22,634
Travel and conferences	7,273			0	7,273	24,296
Insurance	20,239	2,080	4,927	7,007	27,246	13,663
Professional development	4,983	5,802		5,802	10,785	9,365
Special event expenses			8,448	8,448	8,448	32,532
Advertising and promotional expenses		2,908		2,908	2,908	38,686
Other expenses	746	12,314	181	12,495	13,241	9,782
Depreciation and amortization	41,122	4,227	10,010	14,237	55,359	55,874
Total expenses	841,802	127,085	202,843	329,928	1,171,730	1,177,978
Less: Cost of direct benefit to donor netted with revenue				0	0	(15,500)
Total expenses reported by function on the statement of activities	$841,802	$127,085	$202,843	$329,928	$1,171,730	$1,162,478

*Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

CHILD ABUSE PREVENTION CENTER, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With comparative totals for the year ended December 31, 2019)

	12/31/20	12/31/19*
Cash flows from operating activities:		
Change in net assets	($195,698)	($127,039)
Adjustments to reconcile change in net assets		
to net cash used for operating activities:		
Depreciation and amortization	55,359	55,874
Gain on beneficial interest in assets	(4,210)	(10,800)
Changes in assets and liabilities:		
Government grants receivable	(82,644)	(14,625)
Pledges receivable	53,700	(55,000)
Prepaid expenses and other assets	17,478	(11,571)
Accounts payable and accrued expenses	11,138	35,081
Grant advance	(49,305)	49,305
Deferred revenue	(500)	500
Total adjustments	1,016	48,764
Net cash used for operating activities	(194,682)	(78,275)
Cash flows from financing activities:		
Drawdowns on line of credit	65,000	0
Proceeds from Paycheck Protection Program loan	136,500	0
Repayments on capital lease obligation	(16,558)	(13,763)
Net cash provided by/(used for) financing activities	184,942	(13,763)
Decrease in cash and cash equivalents	(9,740)	(92,038)
Cash and cash equivalents - beginning of year	46,762	138,800
Cash and cash equivalents - end of year	$37,022	$46,762
Supplemental disclosure of non-cash investing and financing activities:		
Equipment purchased under capital lease	$0	$33,544
Supplemental information:		
Taxes paid	$0	$0
Interest paid	$1,758	$0

*Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

Note 1 - Organization

Child Abuse Prevention Center, Inc. is a not-for-profit organization organized under the laws of the State of New York. They have been notified by the Internal Revenue that they are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has not been designated as a private foundation under Section 509(a)(1). The Child Abuse Prevention Center, Inc. provides a variety of services to the community, ranging from aid to individuals who have encountered child abuse and neglect, to services that provide prevention of such abuse and neglect. The main programs include personal safety program, parent empowerment program, special needs parenting program, community education, teen parenting program, and child advocacy center.

The consolidated financial statements include the accounts of the Child Abuse Prevention Center, Inc.'s wholly owned subsidiary CPCA, Inc. (the "Affiliate") which was formed in August 2013 to purchase and hold real estate. CPCA, Inc. has been notified that it is exempt from Federal income tax under Section 501(c)(2) of the Internal Revenue Code and has not been designated as a private foundation under Section 509 (a)(1).

Collectively, both entities are referred to as the "Center." All significant intercompany transactions have been eliminated.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting
The accompanying consolidated financial statements have been prepared using the accrual basis of accounting, which is the process of recognizing revenue and expenses when earned or incurred rather than received or paid.

b. Basis of Presentation
The Center reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – accounts for activity without donor-imposed restrictions. Contributions with time and/or purpose restrictions that are fully expended in the same period they are received are classified as net assets without donor restrictions. Included in the net assets without donor restrictions is the board designated endowment fund.
- *Net Assets With Donor Restrictions* – relates to activity based on specific donor restrictions that are expected to be satisfied by the passage of time or performance of activities.

c. Revenue Recognition
The Center follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 958-605 for recording contributions. Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature.

Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met.

Unconditional promises to give are recorded at net realizable value if expected to be received in one year or at fair value using a risk-adjusted discount rate if expected to be received after one year if material.

The Center's government grants are primarily conditional, non-exchange transactions and fall under ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Management reviews receivables to determine if any are unlikely to be collected based on historical experience and a review of activity subsequent to the consolidated statement of financial position date. Based on this review, management has determined that all receivables are expected to be collected within one year. As such, no allowance for uncollectable amounts is necessary. Write-offs will be made directly to operations in the period the receivable is deemed to be uncollectable.

d. Cash and Cash Equivalents

All liquid investments with an initial maturity of three months or less are considered cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments that potentially subject the Center to concentration of credit risk consist of cash accounts with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits; however, they have not suffered any losses due to the failure of any of these institutions.

In addition, the beneficial interest in assets held by the Community Foundation of the Hudson Valley (the "Foundation") is exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the balances reported in the consolidated statement of financial position.

f. Fixed Assets

Property and equipment that exceed predetermined thresholds and have a useful life greater than one year are capitalized at cost or at fair value, if donated. Furniture and equipment are depreciated using the straight-line method over the estimated useful lives of five to seven years. Building and building improvements are depreciated using the straight-line method over the estimated useful life of forty years.

g. <u>In-kind Services</u>
Donated services that either create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind, are recognized at fair value. The Center received in-kind donated goods of $1,339 and $8,766 during 2020 and 2019, respectively, which have been reflected on the consolidated statement of activities and functional expenses. The value of the in-kind donated good have been included in program services on the consolidated statement of functional expenses.

Organizational governance and some fundraising duties are performed voluntarily by the Board of Directors. Those services have not been recorded because they do not meet the criteria for recognition as outlined above.

h. <u>Management Estimates</u>
The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

i. <u>Functional Allocation of Expenses</u>
The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

Salaries were allocated using time and effort as the basis. The following expenses were allocated using the salary allocation as the basis:

- Payroll taxes and benefits
- Office expenses
- Equipment and service contracts
- Occupancy
- Telephone
- Insurance
- Depreciation and amortization

All other expenses have been charged directly to the applicable program or supporting services.

j. <u>Summarized Comparative Information</u>
The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Center's consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

k. <u>Accounting for Uncertainty of Income Taxes</u>
The Center does not believe its consolidated financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2017 and later are subject to examination by applicable taxing authorities.

l. New Accounting Pronouncements

FASB issued Accountant Standards Update ("ASU") ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the December 31, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2022 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

Management is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Beneficial Interest in Assets /Board Designated Endowment

In 2005, the Center deposited funds at the Foundation to establish an endowment fund (the Child Abuse Prevention Fund, the "Fund") to provide support to the Center to carry out its overall role and mission. Over the years other entities made additional contributions to this fund. Since the amounts are not restricted beyond the Center's overall mission, it is classified as net assets without donor restrictions.

The Fund is administered by the Foundation and follows the Foundation's investment policy. The Center however retains variance power to these funds and has the right to invade the principal of their investment based on procedures adopted by the Center's Board of Directors. The Center has indicated that it does not wish to receive an annual or other regularly scheduled payout from the Fund and will notify the Foundation of any decisions to modify the arrangement.

The asset is reported at fair value and considered a level 2 security that is valued using observable market inputs for securities that are similar to those owned. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Note 4 - Fixed Assets

Fixed assets consist of the following:

	12/31/20	12/31/19
Building and building improvements	$1,706,559	$1,706,559
Furniture and equipment	142,793	142,793
	1,849,352	1,849,352
Less: accumulated depreciation and amortization	(412,629)	(357,270)
Total fixed assets, net	$1,436,723	$1,492,082

Note 5 - Line of Credit

The Center maintains a revolving line of credit agreement with a financial institution whereby it is permitted to borrow a maximum of $65,000 with an interest rate of prime plus 1%. The interest rate is to be at least 6.25% and the line of credit expires August 14, 2022. The line of credit is collateralized against all of the Center's assets. There was $65,000 outstanding at December 31, 2020 and there was no outstanding balance at December 31, 2019.

Note 6 - Paycheck Protection Program Loan

In April 2020, the Center obtained a loan from the Small Business Administration ("SBA") in the amount of $136,500 through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a two-year period, with a six-month deferral of payments and interest will accrue at 1%.

The Center treats the Paycheck Protection Program proceeds as a loan payable in accordance with FASB ASC 470. Under this treatment, the proceeds from the loan will remain a liability until either the loan is forgiven by the SBA or the Center pays it off. An application was submitted to the SBA in March 2021 for full forgiveness of the loan.

Note 7 - Capital Lease Obligation

The Center leases office equipment under two separate lease agreements which expire in November 2021 and March 2022. The first lease calls for monthly payments of $448 (including principal and interest) while the second calls for monthly principal payments of $932.

Amortization of the capital leases in the amount of $3,625 was included in depreciation and amortization expense for the years ended December 31, 2020 and 2019, respectively.

Future minimum payments under the terms of the lease are as follows:

Year ending:	December 31, 2021	$15,209
	December 31, 2022	2,795
		18,004
Less: interest		(109)
Total		$17,895

Note 8 - Net Assets With Donor Restrictions

	December 31, 2020			
	Balance 1/1/20	Contributions	Released from Restrictions	Balance 12/31/20
Program restrictions:				
Skipper	$40,872	$0	$0	$40,872
Other	6,400	10,000	(14,313)	2,087
Subtotal program	47,272	10,000	(14,313)	42,959
Time restricted	125,000	0	(65,000)	60,000
Total	$172,272	$10,000	($79,313)	$102,959

	December 31, 2019			
	Balance 1/1/19	Contributions	Released from Restrictions	Balance 12/31/19
Program restrictions:				
Skipper	$40,872	$0	$0	$40,872
Other	3,000	6,400	(3,000)	6,400
Subtotal program	43,872	6,400	(3,000)	47,272
Time restricted	70,000	125,000	(70,000)	125,000
Total	$113,872	$131,400	($73,000)	$172,272

Note 9 - Special Event

A summary of the special event is as follows:

	12/31/20	12/31/19
Gross revenue	$38,934	$93,705
Less: expenses with a direct benefit to donors	0	(15,500)
	38,934	78,205
Less: other event expenses	(8,448)	(17,032)
Net fundraising event	$30,486	$61,173

Note 10 - Significant Concentrations

The Center received 53% of its total support and revenue from three government sources and 45% from two government sources, during the years ended December 31, 2020 and 2019, respectively. A significant reduction in the level of support from these funders may have an effect on the programs and activities provided by the Center.

Note 11 - Commitments and Contingencies

Government grants are subject to audit by the grantor and other oversight agencies. Management is of the opinion that any potential disallowances that may result from an audit will not be material and has not set aside a reserve for this. Any future disallowances will be recorded when they become known and the amount is probable that it will be paid.

Note 12 - Retirement Plan

The Center offers employees the option of participating in a 403(b)retirement savings plan whereby the employees can contribute pre-tax dollars up to statutory limits. The employer does not provide a match and therefore has not incurred any expense.

Note 13 - Liquidity and Availability of Financial Resources

The following reflects the Center's financial assets at December 31, 2020, reduced by amounts that have donor-imposed or board-designated restrictions within one year of the consolidated statement of financial position date.

Cash and cash equivalents	$37,022	
Government grants receivable	252,551	
Pledges receivable within one year	71,300	
Total financial assets		$360,873
Less amounts not available to be used within one year:		
Contributions restricted – purpose restrictions		(42,959)
Financial assets available to meet cash needs for general expenditures within one year		$317,914

As part of its liquidity management, the Center operates its programs within a balanced budget and maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for ongoing operations. Additionally, the Center maintains a $65,000 line of credit.

Note 14 - Affiliated Entity

The below summarized financial information of CPCA, Inc. has been included in the consolidated financial statements for the year ended:

	12/31/20	12/31/19
Assets		
Cash	$836	$833
Building, net	$461,834	$475,794
Revenue		
Interest income	$3	$0
Expense		
Depreciation	$13,960	$13,960

Note 15 - Subsequent Events

Subsequent events have been evaluated through November 9, 2021, the date the financial statements were available to be issued. The Center has concluded that no other material events have occurred that are no accounted for in the accompanying financial statements or disclosed in the accompanying notes.

Note 16 - Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an impact on the economies and financial markets of many countries, including the geographical area in which the Center operates. As of the date of these consolidated financial statements, many of the travel restrictions and stay at home orders have been lifted, however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these consolidated financial statements, the potential impact cannot be quantified.