CHILD ABUSE PREVENTION CENTER, INC.
AND AFFILIATE

Consolidated Audited Financial Statements

December 31, 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Center as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 the Center'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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 audit.

Report on Summarized Comparative Information

The financial statements of the Center as of and for the year ended December 31, 2021, were audited by other auditors whose report dated October 12, 2022 expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects with the consolidated audited financial statements from which it was derived.

Sax CPAs LLP
New York, NY
November 10, 2023

CHILD ABUSE PREVENTION CENTER, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022
(With comparative totals as of December 31, 2021)

	12/31/22	12/31/21
Assets		
Cash and cash equivalents	$21,949	$81,201
Government grants receivable	200,209	208,143
Pledges receivable	6,050	11,390
Prepaid expenses and other assets	4,974	0
Beneficial interest in assets (Note 3)	40,296	90,953
Fixed assets, net (Note 4)	1,334,608	1,384,335
Total assets	$1,608,086	$1,776,022
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	$67,627	$77,040
Line of credit payable (Note 5)	59,317	65,000
Capital lease obligation (Note 6)	0	2,795
Total liabilities	126,944	144,835
Net assets:		
Without donor restrictions	1,481,142	1,631,187
Total net assets	1,481,142	1,631,187
Total liabilities and net assets	$1,608,086	$1,776,022

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

CHILD ABUSE PREVENTION CENTER, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With comparative totals for the year ended December 31, 2021)

	12/31/22	12/31/21
Revenue and support:		
Government grants	$548,533	$605,383
Contributions	133,235	273,862
Paycheck Protection Program grant (Note 6)	0	136,500
Special events (net of expenses with a direct benefit to donors) (Note 7)	248,368	40,769
Interest and other income	89	109
Total revenue and support	930,225	1,056,623
Expenses:		
Program services	765,439	755,144
Supporting services:		
Management and general	173,026	172,508
Fundraising	132,114	105,868
Total supporting services	305,140	278,376
Total expenses	1,070,579	1,033,520
Change in net assets from operations	(140,354)	23,103
Non-operating activity:		
Change in beneficial interest in assets (Note 3)	(9,691)	13,456
Total non-operating activity	(9,691)	13,456
Change in net assets	(150,045)	36,559
Net assets - beginning of year	1,631,187	1,594,628
Net assets - end of year	$1,481,142	$1,631,187

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

CHILD ABUSE PREVENTION CENTER, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(With comparative totals for the year ended December 31, 2021)

		Supporting Services				
	Program Services	Management and General	Fundraising	Total Supporting Services	Total 12/31/22	Total 12/31/21
Salaries	$460,428	$79,683	$84,950	$164,633	$625,061	$652,482
Payroll taxes and benefits	87,656	15,169	16,173	31,342	118,998	124,400
Professional fees	69,598	44,755	1,045	45,800	115,398	71,692
Client assistance and supplies	6,430			0	6,430	4,583
Office expenses	14,940	1,957	889	2,846	17,786	25,989
Equipment and service contracts	20,663	2,706	1,231	3,937	24,600	22,809
Occupancy	17,898	2,344	1,066	3,410	21,308	16,625
Telephone	13,143	832	378	1,210	14,353	14,723
Travel and conferences	13,054			0	13,054	8,544
Insurance	15,893	2,081	946	3,027	18,920	14,587
Professional development	2,375	288		288	2,663	666
Event expenses			49,803	49,803	49,803	26,706
Advertising and promotional expenses		2,312		2,312	2,312	5,466
Other expenses	1,591	15,428	41	15,469	17,060	12,585
Depreciation and amortization	41,770	5,471	2,486	7,957	49,727	52,388
Total expenses	765,439	173,026	159,008	332,034	1,097,473	1,054,245
Less: Cost of direct benefit to donor netted with revenue			(26,894)	(26,894)	(26,894)	(20,725)
Total expenses reported by function on the statement of activities	$765,439	$173,026	$132,114	$305,140	$1,070,579	$1,033,520

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

CHILD ABUSE PREVENTION CENTER, INC.
AND AFFILIATE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022
(With comparative totals for the year ended December 31, 2021)

	12/31/22	12/31/21
Cash flows from operating activities:		
Change in net assets	($150,045)	$36,559
Adjustments to reconcile change in net assets		
to net cash (used for)/provided by operating activities:		
Forgiveness of Paycheck Protection Program loan	0	(136,500)
Depreciation and amortization	49,727	52,388
Loss/(gain) on beneficial interest in assets	50,657	(12,532)
Changes in assets and liabilities:		
Government grants receivable	7,934	44,408
Pledges receivable	5,340	59,910
Prepaid expenses and other assets	(4,974)	2,302
Accounts payable and accrued expenses	(9,413)	12,744
Total adjustments	99,271	22,720
Net cash (used for)/provided by operating activities	(50,774)	59,279
Cash flows from financing activities:		
Repayments on line of credit	(5,683)	0
Repayments on capital lease obligation	(2,795)	(15,100)
Net cash used for financing activities	(8,478)	(15,100)
Net (decrease)/increase in cash and cash equivalents	(59,252)	44,179
Cash and cash equivalents - beginning of year	81,201	37,022
Cash and cash equivalents - end of year	$21,949	$81,201
Supplemental information:		
Taxes paid	$0	$0
Interest paid	$3,862	$5,186

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

CHILD ABUSE PREVENTION CENTER, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 Service 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.

The Center's primary sources of revenue are government grants, contributions, and special events revenue.

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. Recently Adopted Accounting Pronouncements
Effective January 1, 2022, the Center adopted the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the consolidated statement of activities and additional qualitative and quantitative disclosures. Adoption of the standard did not have a material impact on the Center's consolidated financial statements.

Also, effective January 1, 2022 FASB issued ASU No. 2016-02, *Leases*. The ASU which became 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 consolidated statement of financial position. This standard had no material impact on these consolidated financial statements as the Center did not have any leases during 2022.

c. 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 discussed in Note 3.
- *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.

d. Revenue Recognition

The Center follows the requirements of the FASB's Accounting Standards Codification ("ASC") 958-605 for recording contributions. Contributions are recognized at the time a contribution 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. At December 31, 2022 and 2021, all pledges receivable were due within one year.

The Center's government grants are primarily conditional, non-exchange transactions and fall under FASB 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.

e. Cash and Cash Equivalents

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

f. Fair Value of Investments

Accounting standards establish a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

g. Concentration of Credit Risk

Financial instruments that potentially subject the Center to a 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.

h. Fixed Assets

Property and equipment that exceed $5,000 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.

i. In-Kind Services

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 $14,760 and $20,725 during 2022 and 2021, respectively, which have been reflected on the consolidated statement of activities and functional expenses. The value of the in-kind donated goods has been included in fundraising on the consolidated statement of functional expenses. The good are valued at the estimated fair value based on current rates for similar products.

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.

j. Advertising

All advertising costs are expensed in the year they are incurred.

k. Management Estimates

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.

l. Functional Allocation of Expenses

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.

m. Summarized Comparative Information

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, 2021, from which the summarized information was derived.

n. Accounting for Uncertainty of Income Taxes

The Center does not believe its consolidated financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2019 and later are subject to examination by applicable taxing authorities.

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 the 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:

	12/31/22	12/31/21
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	(514,744)	(465,017)
Total fixed assets, net	$1,334,608	$1,384,335

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%. At December 31, 2022, the interest rate was 8.5%, which is the minimum interest rate per the terms of the agreement. The line of credit expires December 16, 2022 and is collateralized against all of the Center's assets. This line of credit was renewed on January 31, 2023. There was $59,317 and $65,000 outstanding at December 31, 2022 and 2021, respectively. Subsequent to year-end, the total line of credit was increased to $150,000.

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 ("PPP"). Terms of the loan indicated that if certain conditions were met, that the loan, or a portion thereof, would be forgiven.

The Center accounted for the PPP proceeds as a loan payable in accordance with FASB ASC 470. Under this treatment, the proceeds from the loan remained a liability until the loan was forgiven by the SBA. During the year ended December 31, 2021 the Center was granted full forgiveness of the loan.

Note 7 - Special Event

A summary of the special event is as follows:

	12/31/22	12/31/21
Gross revenue	$275,262	$61,494
Less: expenses with a direct benefit to donors	(26,894)	(20,725)
	248,368	40,769
Less: other event expenses	(22,909)	(5,981)
Net fundraising event	$225,459	$34,788

Note 8 - Significant Concentrations

The Center received 70% and 50% of its total support and revenue from three government sources during the years ended December 31, 2022 and 2021, 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 9 - 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 10 - 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 11 - Liquidity and Availability of Financial Resources

Financial assets are available within one year of the date of the consolidated statement of financial position for general expenditure as follows:

Cash and cash equivalents	$21,949
Government grants receivable	200,209
Pledges receivable	6,050
Financial assets available to meet cash needs for general expenditures within one year	$228,208

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 line of credit totaling $150,000.

Note 12 - Affiliated Entity

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

	12/31/22	12/31/21
Assets		
Cash	$0	$838
Building, net	$433,914	$447,874
Revenue		
Interest income	$2	$2
Expense		
Depreciation	$13,960	$13,960

Note 13 - Subsequent Events

Subsequent to year end, the Center entered into a $30,000 loan agreement. Under the terms of the loan agreement, the Center is required to make principal and interest payments of $5,073 each month from April 1, 2023 through September 1, 2023.

Subsequent events have been evaluated through November 10, 2023, the date the consolidated financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.