

**CHILD ADVOCATES OF CONNECTICUT, INC.**

**FINANCIAL STATEMENTS**

Years ended June 30, 2018 and 2017

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## Capossela, Cohen, LLC

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### **Independent Accountant's Review Report**

To the Board of Directors of  
Child Advocates of Connecticut, Inc.  
Westport, Connecticut

#### **Report on the Financial Statements**

We have reviewed the accompanying financial statements of Child Advocates of Connecticut, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

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

#### **Accountant's Responsibility**

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

#### **Accountant's Conclusion**

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Capossela, Cohen, LLC*

Southport, CT  
October 4, 2018

**CHILD ADVOCATES OF CONNECTICUT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2018 and 2017

<b>Assets</b>		<b><u>2018</u></b>	<b><u>2017</u></b>
<b>Assets</b>			
Cash and cash equivalents	\$	649,520	\$ 477,435
Deposits		<u>511</u>	<u>511</u>
<b>Total assets</b>	\$	<u><u>650,031</u></u>	\$ <u><u>477,946</u></u>
<b>Net assets</b>			
<b>Net assets</b>			
Board designated fund for operations	\$	80,000	\$ 40,000
Unrestricted		520,031	437,946
Temporarily restricted		<u>50,000</u>	<u>-</u>
<b>Total net assets</b>	\$	<u><u>650,031</u></u>	\$ <u><u>477,946</u></u>

See accompanying notes and independent accountant's review report

**CHILD ADVOCATES OF CONNECTICUT, INC.**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 146,573	\$ 50,000	\$ 196,573
Program services	42,084	-	42,084
Fundraising special event	221,040	-	221,040
Less: costs of direct benefit to donors	( 30,055)	-	( 30,055)
Net fundraising special event revenue	190,985	-	190,985
Grants	96,000	-	96,000
Investment income	109	-	109
<b>Total support and revenue</b>	475,751	50,000	525,751
<b>Expenses</b>			
Program services	279,545	-	279,545
Supporting services:			
Management and general	39,909	-	39,909
Fundraising	34,212	-	34,212
<b>Total expenses</b>	353,666	-	353,666
<b>Change in net assets</b>	122,085	50,000	172,085
<b>Net assets at beginning of year</b>	477,946	-	477,946
<b>Net assets at end of year</b>	\$ 600,031	\$ 50,000	\$ 650,031

See accompanying notes and independent accountant's review report

**CHILD ADVOCATES OF CONNECTICUT, INC.**  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Support and revenue</b>			
Contributions	\$ 139,663	\$ -	\$ 139,663
Program services	46,760	-	46,760
Fundraising special event	179,771	-	179,771
Less: costs of direct benefit to donors	( 21,238)	-	( 21,238)
Net fundraising special event revenue	158,533	-	158,533
Grants	84,000	-	84,000
Investment income	118	-	118
<b>Total support and revenue</b>	429,074	-	429,074
<b>Expenses</b>			
Program services	260,733	-	260,733
Supporting services:			
Management and general	38,171	-	38,171
Fundraising	31,819	-	31,819
<b>Total expenses</b>	330,723	-	330,723
<b>Change in net assets</b>	98,351	-	98,351
<b>Net assets at beginning of year</b>	379,595	-	379,595
<b>Net assets at end of year</b>	\$ 477,946	\$ -	\$ 477,946

See accompanying notes and independent accountant's review report

**CHILD ADVOCATES OF CONNECTICUT, INC.**  
**STATEMENTS OF CASH FLOWS**  
For the years ended June 30, 2018 and 2017

**Increases (decreases) in cash**

	<u><b>2018</b></u>	<u><b>2017</b></u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 172,085	\$ 98,351
<b>Cash and cash equivalents, beginning of year</b>	<u>477,435</u>	<u>379,084</u>
<b>Cash and cash equivalents, end of year</b>	\$ <u><u>649,520</u></u>	\$ <u><u>477,435</u></u>

See accompanying notes and independent accountant's review report



**CHILD ADVOCATES OF CONNECTICUT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

**Note A - Nature of Activities and Summary of Significant Accounting Policies**

**Nature of activities**

Child Advocates of Connecticut, Inc. (the "Organization") recruits, trains and supervises court appointed volunteers who work to ensure that each abused or neglected child has a safe, loving and permanent home. The Organization is also doing business as Child Advocates of SW Connecticut.

**Financial statement presentation**

The Organization has adopted accounting standards which require the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

**Contributions**

In accordance with accounting standards contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of time or purpose restrictions.

**Net asset categories**

To ensure observance of limitations and restrictions that may be placed on the use of resources available, the accounts of the Organization are maintained in the following net asset categories:

**Unrestricted** - Unrestricted net assets represent available resources other than donor restricted contributions. Donor restricted contributions which are satisfied in the same reporting period when the contribution is received are treated as unrestricted contributions. Included in unrestricted net assets are grants and contracts that are earmarked for the general purpose use of the Organization.

**Temporarily restricted** - Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose or as to time of expenditure. When a donor imposed time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**Permanently restricted** - Permanently restricted net assets represent contributions that are limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. As of June 30, 2018 and 2017, the Organization had no permanently restricted net assets.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount 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.



**CHILD ADVOCATES OF CONNECTICUT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

**Note A - Nature of Activities and Summary of Significant Accounting Policies (continued)**

**Allocated expenses**

Expenses by function have been allocated among program and support services classifications on the basis of estimates made by the Organization's management.

**Income taxes**

The Organization is a Connecticut non-stock corporation that is exempt from taxes under Section 501 (a) of the Internal Revenue Code as an organization described under Section 501(c) (3) of the code. A ruling from the Internal Revenue Service has determined that the Organization will be treated as a publicly supported organization, and not a private foundation. This qualifies the Organization for the 50% charitable contribution deduction for individual donors. Consequently, the accompanying financial statements do not include any provision for income taxes.

The Organization recognizes the effect of tax positions only when they are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition. Tax years dating back to 2014 are open for audit by federal and state authorities.

**Cash equivalents**

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

**Concentration of credit risk**

The Organization maintains cash balances in several financial institutions located in Connecticut. The balances may from time to time exceed the amount insured by the Federal Deposit Insurance Corporation.

**Contributed services**

A portion of the Organization's functions and activities related to fundraising events are conducted by unpaid volunteers and officers of the Organization. The value of these services is not recorded in the statement of activities because they do not meet the criteria for recognition. Also, the Organization recruits, trains and supervises court appointed volunteers. There were 69 and 68 court appointed volunteers during the years ended June 30, 2018 and 2017, respectively.

**Note B - Temporarily Restricted Net Assets**

Temporarily restricted net assets as of June 30, 2018 totaled \$50,000. The funds are time restricted for use during the 2019 fiscal year.

**Note C - Operating Leases**

The Organization leases its facility on a month-to-month basis. Rent expense for the years ended June 30, 2018 and 2017 totaled \$7,302 and \$7,891, respectively.

**CHILD ADVOCATES OF CONNECTICUT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2018 and 2017

**Note D - Program, Management and General, and Fundraising Expenses**

Program, management and general and fundraising expenses consist of the following:

June 30, 2018	% of Total Expenses	Total	Salaries and related taxes	Professional fees	Insurance	Rent	Other
Program Services	79%	\$ 279,545	\$ 247,756	\$ -	\$ 4,283	\$ 7,302	\$ 20,204
Management and General	11%	39,909	31,518	4,350	-	-	4,041
Fundraising	10%	34,212	31,519	-	-	-	2,693
<b>Total</b>	<b>100%</b>	<b>\$ 353,666</b>	<b>\$ 310,793</b>	<b>\$ 4,350</b>	<b>\$ 4,283</b>	<b>\$ 7,302</b>	<b>\$ 26,938</b>

June 30, 2017	% of Total Expenses	Total	Salaries and related taxes	Professional fees	Insurance	Rent	Other
Program Services	80%	\$ 260,733	\$ 229,176	\$ -	\$ 4,882	\$ 7,891	\$ 18,784
Management and General	11%	38,171	29,314	5,100	-	-	3,757
Fundraising	9%	31,819	29,314	-	-	-	2,505
<b>Total</b>	<b>100%</b>	<b>\$ 330,723</b>	<b>\$ 287,804</b>	<b>\$ 5,100</b>	<b>\$ 4,882</b>	<b>\$ 7,891</b>	<b>\$ 25,046</b>

**Note E - New Accounting Pronouncements**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 represents phase 1 of FASB's Not-for-Profit financial reporting project. ASU 2016-14 reduces the number of net asset classes; requires expense presentation by functional and natural classification; requires quantitative and qualitative information on liquidity; retains the option to present the cash flow statement on a direct or indirect method; and requires various other additional disclosure requirements. ASU 2016-14 is effective for annual reporting periods beginning after December 15, 2017 with retrospective application. Early adoption of ASU 2016-14 is permitted. The requirements of this ASU are effective for the Organization for the year ending June 30, 2019. The Organization has not evaluated the impact of this ASU on the financial statements.

**Note F- Subsequent Events**

**Date of management evaluation**

Management has evaluated subsequent events through October 4, 2018, the date on which the financial statements were available to be issued.