

**Connecticut Afterschool Network, Inc.**

Financial Statements

June 30, 2022 and 2021

## **Independent Auditors' Report**

**Board of Directors**  
**Connecticut Afterschool Network, Inc.**

### ***Opinion***

We have audited the accompanying financial statements of Connecticut Afterschool Network, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of June 30, 2022, 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.

### ***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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization, 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

November 1, 2022

**Connecticut Afterschool Network, Inc.**

Statement of Financial Position  
June 30, 2022  
(with comparative amounts at June 30, 2021)

	2022	2021
<b>ASSETS</b>		
Current Assets		
Cash	\$ 821,001	\$ 822,133
Grants receivable	293,214	-
Prepaid expenses	10,042	8,430
Total Current Assets	1,124,257	830,563
Security deposit	1,463	1,463
Intangible asset, net	21,416	50,083
Furniture and equipment	14,202	14,202
Accumulated depreciation	(14,202)	(14,202)
	<b>\$ 1,147,136</b>	<b>\$ 882,109</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 4,243	\$ 3,764
Accrued expenses	19,265	15,459
Deferred revenue	191,750	36,505
Current portion of note payable	-	7,895
Total Current Liabilities	215,258	63,623
Note payable	-	86,865
Total Liabilities	215,258	150,488
Net Assets Without Donor Restrictions		
Designated for operations	931,878	731,621
	<b>\$ 1,147,136</b>	<b>\$ 882,109</b>

See Notes to Financial Statements

**Connecticut Afterschool Network, Inc.**

Statement of Activities  
Year Ended June 30, 2022  
(with comparative totals for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
<b>REVENUE AND SUPPORT</b>		
Grants and support fees	\$ 767,377	\$ 1,205,716
Conference and workshop fees	8,763	15,378
Other income	36,847	1,673
Forgiveness of PPP loan	94,760	-
Consulting	19,060	9,499
Contributions	77,421	78,882
Membership fees	-	2,050
Total Revenue and Support	<u>1,004,228</u>	<u>1,313,198</u>
 <b>EXPENSES</b>		
Program services	690,655	891,045
Management and general	93,598	126,474
Fundraising	19,718	10,915
Total Expenses	<u>803,971</u>	<u>1,028,434</u>
 Change in Net Assets	200,257	284,764
 <b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Beginning of year	<u>731,621</u>	<u>446,857</u>
 End of year	<u>\$ 931,878</u>	<u>\$ 731,621</u>

See Notes to Financial Statements

**Connecticut Afterschool Network, Inc.**

Statement of Functional Expenses  
Year Ended June 30, 2022  
(with summarized totals for the year ended June 30, 2021)

	Program Services	Management and General	Fundraising	Total Expenses	
				2022	2021
Salaries and wages	\$ 451,074	\$ 45,588	\$ 17,000	\$ 513,662	\$ 462,365
Grants to other organizations	13,125	-	-	13,125	266,364
Supplies and office expenses	24,314	1,376	-	25,690	84,516
Payroll taxes and benefits	79,716	8,153	2,718	90,587	64,695
Training and conferences	21,615	-	-	21,615	30,031
Amortization	-	28,667	-	28,667	24,084
Occupancy	18,908	2,100	-	21,008	21,618
Miscellaneous	10,022	577	-	10,599	17,095
Program contracts	43,110	5,000	-	48,110	32,400
Professional fees	8,250	-	-	8,250	8,782
Telecommunications and website	10,360	1,393	-	11,753	9,698
Insurance	3,916	-	-	3,916	3,813
Dues and subscriptions	567	99	-	666	2,592
Postage	240	134	-	374	243
Travel	5,341	511	-	5,852	138
Printing	97	-	-	97	-
<b>Total Expenses</b>	<b>\$ 690,655</b>	<b>\$ 93,598</b>	<b>\$ 19,718</b>	<b>\$ 803,971</b>	<b>\$ 1,028,434</b>

**Connecticut Afterschool Network, Inc.**

Statement of Cash Flows  
Year Ended June 30, 2022  
(with comparative totals for the year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 200,257	\$ 284,764
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization	28,667	24,084
Forgiveness of PPP loan	(94,760)	-
Changes in operating assets and liabilities		
Grants receivable	(293,214)	-
Prepaid expenses	(1,612)	(358)
Accounts payable	479	3,764
Accrued expenses	3,806	507
Deferred revenue	<u>155,245</u>	<u>(78,916)</u>
Net Cash from Operating Activities	(1,132)	233,845
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Website development costs	<u>-</u>	<u>(15,000)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from note payable	<u>-</u>	<u>583</u>
Net Change in Cash	(1,132)	219,428
 <b>CASH</b>		
Beginning of year	<u>822,133</u>	<u>602,705</u>
End of year	<u>\$ 821,001</u>	<u>\$ 822,133</u>

See Notes to Financial Statements

## Connecticut Afterschool Network, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 1. Organization

Connecticut After School Network, Inc. (the "Organization") is a charitable nonprofit corporation incorporated in 1990. The Organization was formed to provide Connecticut children with the opportunity to participate in high-quality, affordable, after school programs. The Organization provides leadership, education and advocacy for excellence in the after school field by building professionalism, strengthening program quality, and increasing availability and affordability. The Organization conducts workshops and provides resources for professionals and advocates in Connecticut to increase funding to after school programs. On May 12, 2022, the Organization amended their articles of incorporation to change the name of the Organization to Connecticut Network for Children and Youth effective July 1, 2022 and expanded its initiatives.

### 2. Summary of Significant Accounting Policies

#### ***Basis of Presentation***

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

#### ***Net Asset Presentation***

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions. Brief definitions of the two net asset classes are presented below:

*Net assets without donor restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Organization. Net assets without donor restrictions consist of the following:

Designated for operations: Includes all resources of the Organization which are expendable for daily operations.

*Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature or satisfied by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be held in perpetuity. The Organization does not have any net assets with donor restrictions.

#### ***Use of Estimates***

The preparation of financial statements 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. Accordingly, actual results could differ from those estimates.



## Connecticut Afterschool Network, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Cash***

The cash balance varies throughout the year but is generally fully insured by the Federal Deposit Insurance Corporation.

#### ***Intangible Assets***

Intangible assets with a cost of \$5,000 or more are capitalized at cost. Amortization is computed based on the estimated useful life of the asset using the straight-line method. Intangible assets consist of website development costs being amortized over a three-year useful life with a cost of \$86,000 as of June 30, 2022 and 2021. The amount of amortization charged during the year ended June 30, 2022 and 2021 was \$28,667 and \$24,084. Accumulated amortization of these website development costs was \$64,584 and \$35,917 at June 30, 2022 and 2021. Amortization expense will be \$21,416 in 2023.

#### ***Property and Equipment***

Property and equipment with a cost of \$1,500 or more are capitalized at cost. Donated assets are capitalized at the approximate fair value at the date of donation. Depreciation is computed based on the estimated useful life of the asset using the straight-line method. As of June 30, 2022 and 2021, property and equipment of \$14,202 is fully depreciated and still in use.

#### ***Grants and Support Fees***

A portion of the Organization's revenue is derived from cost-reimbursable state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with the specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

#### ***Contributions***

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. If no donor restrictions exist or if the donor restrictions expire during the reporting period in which the support is recognized, the donation is recorded as an increase in net assets without donor restrictions. All other donor-restricted support is reported as net assets with donor restrictions. When a restriction expires the amounts are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

#### ***Donated Assets and Services***

The Organization recognizes donated assets and services if they receive or enhance nonfinancial assets or require specialized skills and would typically be purchased if not provided by donation. Branford School Age Child Care donates office space for the Organization's use. The facilities are recorded and reflected in the accompanying financial statements at their estimated fair value. Donated rent and conference space for the years ended June 30, 2022 and 2021 was valued at \$1,200 each year.

## Connecticut Afterschool Network, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Summary of Significant Accounting Policies (*continued*)

#### ***Functional Expenses***

The Organization allocates its expenses on a functional basis between its programs and support services as follows:

- Direct costs are costs that can be specifically identified with a program or activity. These are charged to the respective program or activity.
- Costs that can be specifically identified with more than one program or activity are allocated between the benefitting programs or activities based on time incurred.
- Administrative and general costs that cannot be specifically identified with a program, are allocated based on estimates made by management. Payroll, benefits and insurance costs are allocated based on time spent by employees on program and management activities.

#### ***Income Taxes***

The Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for income taxes has been made in the financial statements. The Organization has not been designated as a private foundation by the Internal Revenue Service.

The Organization recognizes the effect of income tax positions only if these positions are more likely than not to be sustained. Management believes that the Organization has no tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examination by the applicable tax jurisdictions for periods prior to June 30, 2019.

#### ***Reclassification***

Certain prior year expense items were reclassified to conform to the current year presentation. This had no effect on net assets.

#### ***Concentration of Credit Risk***

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash. Cash is maintained at high-quality financial institutions and credit exposure is not limited to any one institution. The Organization has not experienced any losses on its cash.

One grant accounted for 27% and 20% of total grant revenue for the years ended June 30, 2022 and 2021. Grants may be subject to reduction or termination in future years. Any significant reduction could have a negative impact on the Organization's program services.

#### ***Prior Year Data***

The financial statements include certain prior year summarized comparative information in total, but not by natural expense for each functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended June 30, 2021, from which the summarized information was derived.

## Connecticut Afterschool Network, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 2. Summary of Significant Accounting Policies *(continued)*

#### ***Subsequent Events***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 1, 2022.

### 3. Leases

On May 1, 2014, the Organization entered into a lease agreement for use of office space in Hartford, Connecticut for a period of five years, which ended in April 2019 and has continued on a month to month basis. The lease requires monthly rent payments in the amount of \$716 in addition to common area charges. Total rent expense for each of the years ended June 30, 2022 and 2021 was \$21,008 and \$20,418.

### 4. Retirement Plan

The Organization provides retirement benefits to its employees through a defined contribution plan covering all full-time employees. Contributions are discretionary. The Organization contributed \$13,288 and \$0 during the years ended June 30, 2022 and 2021.

### 5. Note Payable

On April 5, 2021, the Organization qualified and received a second \$94,760 Paycheck Protection Program Loan ("PPP"). The PPP Loan bears interest at a fixed rate of 1% with the first ten months of interest deferred, a term of five years, and is unsecured and guaranteed by the SBA. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest and principal through the maturity date. The Organization has elected to follow Accounting Standards Updated 2018-08, under which the proceeds are treated as a conditional grant with income recognized as conditions are met. This loan was forgiven on October 22, 2021 and is included in grant revenue on the statement of activities for the year ended June 30, 2022.

### 6. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are as follows:

	<u>2022</u>	<u>2021</u>
Cash	\$ 821,001	\$ 822,133
Grants receivable	<u>293,214</u>	<u>-</u>
	<u>\$ 1,114,215</u>	<u>\$ 822,133</u>

The Organization monitors its budget and cash flows and structures its financial assets to be available as its general expenditures and other liabilities come due.