

Connecticut Network for Children and Youth, Inc.

Financial Statements

June 30, 2023 and 2022

Independent Auditors' Report

Board of Directors
Connecticut Network for Children and Youth, Inc.

Opinion

We have audited the accompanying financial statements of Connecticut Network for Children and Youth, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 1, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP
December 5, 2023

Connecticut Network for Children and Youth, Inc.

Statement of Financial Position
 June 30, 2023
 (with comparative amounts at June 30, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash	\$ 1,226,431	\$ 821,001
Grants receivable	17,074	293,214
Prepaid expenses	<u>9,739</u>	<u>10,042</u>
Total Current Assets	1,253,244	1,124,257
Security deposit	1,463	1,463
Intangible asset, net	4,583	21,416
Furniture and equipment	14,202	14,202
Accumulated depreciation	<u>(14,202)</u>	<u>(14,202)</u>
	<u>\$ 1,259,290</u>	<u>\$ 1,147,136</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 4,438	\$ 4,243
Accrued expenses	22,646	19,265
Deferred revenue	<u>365,902</u>	<u>191,750</u>
Total Current Liabilities	392,986	215,258
Net Assets Without Donor Restrictions		
Designated for operations	<u>866,304</u>	<u>931,878</u>
	<u>\$ 1,259,290</u>	<u>\$ 1,147,136</u>

See Notes to Financial Statements

Connecticut Network for Children and Youth, Inc.

Statement of Activities
Year Ended June 30, 2023
(with comparative totals for the year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT		
Grants and support fees	\$ 1,075,048	\$ 767,377
Conference and workshop fees	22,825	8,763
Other income	456	36,847
Forgiveness of PPP loan	-	94,760
Consulting	14,575	19,060
Contributions	<u>82,330</u>	<u>77,421</u>
Total Revenue and Support	<u>1,195,234</u>	<u>1,004,228</u>
EXPENSES		
Program services	1,144,159	690,655
Management and general	104,577	93,598
Fundraising	<u>12,072</u>	<u>19,718</u>
Total Expenses	<u>1,260,808</u>	<u>803,971</u>
Change in Net Assets	(65,574)	200,257
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning of year	<u>931,878</u>	<u>731,621</u>
End of year	<u>\$ 866,304</u>	<u>\$ 931,878</u>

See Notes to Financial Statements

Connecticut Network for Children and Youth, Inc.

Statement of Functional Expenses
Year Ended June 30, 2023
(with summarized totals for the year ended June 30, 2022)

	Program Services	Management and General	Fundraising	Total Expenses	
				2023	2022
Salaries and wages	\$ 480,253	\$ 46,865	\$ 9,004	\$ 536,122	\$ 513,662
Grants to other organizations	346,333	-	-	346,333	13,125
Payroll taxes and benefits	89,992	9,204	3,068	102,264	90,587
Training and conferences	63,313	-	-	63,313	21,615
Program contracts	58,357	-	-	58,357	48,110
Travel	31,424	668	-	32,092	5,852
Telecommunications and website	24,107	4,238	-	28,345	11,753
Occupancy	23,047	-	-	23,047	21,008
Miscellaneous	16,567	574	-	17,141	10,599
Amortization	-	16,833	-	16,833	28,667
Supplies and office expenses	7,592	5,153	-	12,745	25,690
Printing	2,544	8,371	-	10,915	97
Professional fees	-	8,400	-	8,400	8,250
Insurance	-	4,014	-	4,014	3,916
Postage	529	162	-	691	374
Dues and subscriptions	101	95	-	196	666
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 1,144,159</u>	<u>\$ 104,577</u>	<u>\$ 12,072</u>	<u>\$ 1,260,808</u>	<u>\$ 803,971</u>

Connecticut Network for Children and Youth, Inc.

Statement of Cash Flows
Year Ended June 30, 2023
(with comparative totals for the year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (65,574)	\$ 200,257
Adjustments to reconcile change in net assets to net cash from operating activities		
Amortization	16,833	28,667
Forgiveness of PPP loan	-	(94,760)
Changes in operating assets and liabilities		
Grants receivable	276,140	(293,214)
Prepaid expenses	303	(1,612)
Accounts payable	195	479
Accrued expenses	3,381	3,806
Deferred revenue	<u>174,152</u>	<u>155,245</u>
Net Cash from Operating Activities	405,430	(1,132)
 CASH		
Beginning of year	<u>821,001</u>	<u>822,133</u>
End of year	<u>\$ 1,226,431</u>	<u>\$ 821,001</u>

See Notes to Financial Statements

Connecticut Network for Children and Youth, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

1. Organization

Connecticut Network for Children and Youth, Inc., (the “Organization”) formerly named the Connecticut After School Network, Inc. (“CASN”) is a charitable nonprofit corporation incorporated in 1990. On May 12, 2022, the Organization amended their articles of incorporation to change its name effective July 1, 2022 and broadened their programs. CASN 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. Effective July 1, 2022 the Organization is the home of three initiatives; CASN, SEL4CT – the social emotional learning alliance for Connecticut, and the Connecticut Children’s Collective.

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.

Change in Accounting Policy

The Organization adopted Financial Accounting Standards Board Topic 842, Leases, using the effective date method with July 1, 2022, as the date of initial adoption, with certain practical expedients available. The Organization applies the short-term lease exemption to the office lease agreement. The standard did not have an impact on the Organization’s statements of financial position, activities and cash flows.

Connecticut Network for Children and Youth, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

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 (“FDIC”). Cash exceeds the FDIC limit by \$265,388 and \$- as of June 30, 2023 and 2022.

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, 2023 and 2022. The amount of amortization charged during the year ended June 30, 2023 and 2022 was \$16,833 and \$28,667. Accumulated amortization of these website development costs was \$81,417 and \$64,584 at June 30, 2023 and 2022. Amortization expense will be \$4,583 in 2024.

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, 2023 and 2022, 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. Deferred revenue was \$36,505 at July 1, 2021.

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. There were no donated assets or services for the year ended June 30, 2023 and 2022.

Connecticut Network for Children and Youth, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

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 21% and 27% of total grant revenue for the years ended June 30, 2023 and 2022. 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, 2022, from which the summarized information was derived.

Connecticut Network for Children and Youth, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

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 December 5, 2023.

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 \$1,716 in addition to common area charges. Total rent expense for each of the years ended June 30, 2023 and 2022 was \$23,047 and \$21,008.

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 \$15,251 and \$13,288 during the years ended June 30, 2023 and 2022.

5. 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>2023</u>	<u>2022</u>
Cash	\$ 1,226,431	\$ 821,001
Grants receivable	<u>17,074</u>	<u>293,214</u>
	<u>\$ 1,243,505</u>	<u>\$ 1,114,215</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.