PREVENT CHILD ABUSE NEW YORK, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Prevent Child Abuse New York, Inc.
Troy, NY

Opinions

We have audited the accompanying financial statements of Prevent Child Abuse New York, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, cash flows, and functional expenses for the years 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 Prevent Child Abuse New York, Inc. as of June 30, 2021 and 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Prevent Child Abuse New York, Inc. as of June 30, 2021 and 2020 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 Prevent Child Abuse New York, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 conclusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 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 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 the purpose of expressing an opinion on the effectiveness of Prevent Child Abuse New York, Inc.'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 Prevent Child Abuse New York, Inc.'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.

Cusack & Company, CPA's LLC

CUSACK & COMPANY, CPA'S LLC

Latham, New York
April 23, 2022

ASSETS

	2021	2020
Current Assets		
Cash	$ 561,210	$ 352,240
Grants and Accounts Receivable, Net	517,216	241,841
Prepaid Expenses	31,468	17,152
Total Current Assets	1,109,894	611,233
Security Deposit	-	4,600
Furniture and Equipment, Net	8,956	13,553
Total Assets	$ 1,118,850	$ 629,386

LIABILITIES AND NET ASSETS

	2021	2020
Current Liabilities		
Current Portion of Long-Term Debt	$ 197,338	$ -
Accounts Payable	29,922	2,510
Accrued Expenses	111,064	111,547
Deferred Revenue	211,686	35,592
Total Current Liabilities	550,010	149,649
Long-Term Liabilities		
Long-Term Debt	148,059	258,100
Total Liabilities	698,069	407,749
Net Assets		
Without Donor Restrictions	420,781	221,637
Total Liabilities and Net Assets	$ 1,118,850	$ 629,386

	2021	**2020**
Revenue and Support		
Grants	$ 1,661,172	$ 1,880,034
Fees	69,535	67,006
Contributions	98,215	113,452
Other Income	231	1,044
Total Revenue and Support	1,829,153	2,061,536
Expenses		
Program Services	1,525,554	1,806,433
Management and General	88,085	115,713
Fundraising	16,370	21,782
Total Expenses	1,630,009	1,943,928
Increase in Net Assets	199,144	117,608
Net Assets, Beginning of Year	221,637	104,029
Net Assets, End of Year	$ 420,781	$ 221,637

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	$ 199,144	$ 117,608
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities		
Depreciation	7,536	9,544
PPP Loan Debt Forgiveness	(61,922)	-
Changes in Operating Assets and Liabilities		
(Increase) Decrease in:		
Grants and Accounts Receivable	(275,375)	117,428
Prepaid Expenses	(14,316)	(4,886)
Security Deposit	4,600	-
Increase (Decrease) in:		
Accounts Payable	27,412	(44,249)
Accrued Expenses	(483)	19,649
Deferred Revenue	176,094	(392,089)
Net Cash Provided By (Used In) Operating Activities	62,690	(176,995)
Cash Flows from Investing Activities		
Purchase of Furniture and Equipment	(2,939)	(8,417)
Cash Flows from Financing Activities		
Payments made on Long-Term Debt	(781)	-
Proceeds from Issuance of Long-Term Debt	150,000	258,100
Net Cash Provided By Financing Activities	149,219	258,100
Increase in Cash	208,970	72,688
Cash, Beginning of Year	352,240	279,552
Cash, End of Year	$ 561,210	$ 352,240
Supplemental Disclosures of Cash Flow Information		
Cash Paid for Interest	$ 1,142	$ -

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 1,053,774	$ 38,631	$ 12,034	$ 1,104,439
Payroll Taxes and Benefits	305,628	8,536	3,130	317,294
Professional Fees	89,025	11,300	-	100,325
Travel	1,080	8	-	1,088
Rent and Utilities	18,963	1,674	306	20,943
Office Supplies	23,228	3,638	163	27,029
Printing and Publishing	709	603	68	1,380
Conferences	18,620	1,178	-	19,798
Telephone	6,947	390	-	7,337
Bank Fees	-	-	524	524
Postage	1,809	214	103	2,126
Dues, Fees and Subscriptions	-	3,895	-	3,895
Information Technology	5,771	537	42	6,350
Insurance	-	5,464	-	5,464
Maintenance and Repairs	-	3,339	-	3,339
Interest Expense	-	1,142	-	1,142
Depreciation	-	7,536	-	7,536
Total	$ 1,525,554	$ 88,085	$ 16,370	$ 1,630,009

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 1,042,090	$ 55,738	$ 15,394	$ 1,113,222
Payroll Taxes and Benefits	291,112	15,855	4,208	311,175
Professional Fees	304,091	14,258	-	318,349
Travel	49,657	1,021	425	51,103
Rent and Utilities	31,663	2,441	696	34,800
Office Supplies	32,793	2,564	170	35,527
Printing and Publishing	24,173	-	-	24,173
Conferences	19,102	1,238	-	20,340
Telephone	6,354	378	-	6,732
Bank Fees	-	571	657	1,228
Postage	1,830	364	225	2,419
Dues, Fees and Subscriptions	250	2,063	-	2,313
Information Technology	3,318	479	7	3,804
Insurance	-	5,555	-	5,555
Maintenance and Repairs	-	3,464	-	3,464
Advertising	-	180	-	180
Depreciation	-	9,544	-	9,544
Total	$ 1,806,433	$ 115,713	$ 21,782	$ 1,943,928

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Founded in 1980, Prevent Child Abuse New York, Inc. ("PCANY") is the only not-for-profit agency serving all of New York State whose singular mission is to prevent child abuse in all its forms. The Organization was chartered as the state chapter of Prevent Child Abuse America (PCAA) in 1981. Through a network of affiliated organizations and individuals, it works in communities throughout the State.

PCANY's goals are to:

- Increase understanding of the problem of child abuse and its solutions;
- Provide prevention resources to families, individuals, professionals and organizations;
- Expand a statewide network to prevent child abuse and neglect;
- Advocate for expanded and improved prevention policies and programs, and
- Promote and disseminate effective prevention programs.

PCANY's programs include:

- The Prevention Information Resource Center & Parent Helpline;
- Healthy Families New York (HFNY) Training and Quality Assurance Center;
- Public Education;
- Legislative and Policy Advocacy;
- Home Visiting Coordination Initiative;
- New York State Parenting Education Partnership, and
- Enough Abuse Campaign.

Method of Accounting

The financial statements of PCANY are prepared using the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred. This basis of accounting is in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

Contributions received and unconditional promises to give are measured at their fair values and reported as an increase in net assets. PCANY reports gifts of cash and other assets as donor restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor 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 and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue from Contracts with Customers

Revenue from contracts with customers is recognized in accordance with a five-step model as follows:

- Identify the contract with the customer
- Identify the performance obligation(s) in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation(s) in the contract
- Recognize revenue when earned or as performance obligation(s) are satisfied

Contract Assets

Amounts related to services provided to customers which have not been billed and that do not meet the conditions of an unconditional right to payment at the end of the reporting period are contract assets. Contract asset balances consist primarily of services provided to customers who are still receiving services at the end of the year. There were no contract assets as of June 30, 2021 and 2020.

Contract Liabilities

Contract liabilities represent revenue that has been deferred for the funds advanced by third party payors for the Organization's contracts received related to services that have not yet been provided to customers. Contract liabilities consist of payments made by funding and other sources for the Organization's contracts for services not yet performed that are expected to be performed within the next fiscal year. Contract liabilities totaled $211,686 and $35,592 as of June 30, 2021 and 2020, respectively.

Grants and Contracts

Revenues from grants are recognized according to the specific agreement. Generally, revenues from grants are recognized in the period the grant award is expended or program milestones are achieved. Grants are subject to audit by the awarding agency. Deferred revenue represents grant funds received in advance of the period in which revenue is earned.

Cash

PCANY maintains its cash in bank and deposit accounts, which, at times may exceed federally insured limits. PCANY has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Accounts Receivable

Accounts receivable primarily include uncollateralized obligations from funding sources and customers under customary credit terms. Accounts for which no payments have been received for several months are considered delinquent and customary collection efforts are begun. PCANY records an allowance for uncollectible accounts in anticipation of future write-offs. Management has determined that an allowance for bad debts is not necessary as of June 30, 2021 and 2020.

Receivables are considered impaired if full payments are not received in accordance with the contractual terms. It is PCANY's policy to charge off uncollectible accounts receivable when management determines that receivable will not be collected. All charge-offs require approval by the Board of Directors.

Furniture and Equipment

Acquisitions of furniture and equipment by the Organization in excess of $500 are capitalized and recorded at cost less accumulated depreciation calculated under the straight-line method over the estimated useful lives of the assets. Contributed furniture and equipment are reported at their estimated fair market value as of the contribution date. Expenditures for construction, major renewals and replacements, and equipment costing over $500 are capitalized.

Some funding sources may require the purchase of equipment with title remaining with the program funding source. It is the policy of PCANY to capitalize these purchases, as they will have these assets for their useful lives. PCANY's experience has been that the funding sources have not reclaimed these assets.

Compensated Absences

Full and part-time employees accrue vacation leave for use once employed. Vacation time is earned and accrued each pay period. Accrued leave was $59,513 and $60,595 for the years ended June 30, 2021 and 2020, respectively, and is included in Accrued Expenses on the Statements of Financial Position.

Net Assets

Net assets and support and revenue are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of PCANY and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. These resources are available for support of PCANY's operating activities.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of PCANY and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. PCANY did not have any net assets with donor restrictions as of June 30, 2021 and 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs benefitted. Expenses that relate to a particular program or supporting service are directly charged. Indirect costs are allocated based on time-based percentages.

Tax Exempt Status

PCANY is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. Contributions are tax deductible. Also, PCANY has been designated a publicly supported organization under Section 170(b)(1)(A)(vi) of the same code. Accordingly, contributions qualify for the maximum allowed deduction under that code.

Estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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. Actual results could differ from those estimates.

Fair Value Measurements

The Accounting Standards Codification (ASC) requires expanded disclosures about fair value measurements and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the measurement date. Fair value is defined as the price that PCANY would receive upon selling an asset or pay to transfer a liability in an orderly transaction between market participants. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to measurements involving unobservable inputs (Level 3 measurements).

Accounting for Uncertainty in Income Taxes

The ASC requires entities to disclose in their financial statements the nature of any uncertainty in their tax position. PCANY has not recognized any benefits or liabilities from uncertain tax positions in 2021 and believes that they have no uncertain tax positions for which it is reasonably possible that will significantly increase or decrease net assets. Generally, federal and state authorities may examine PCANY's tax returns for three years from the date of filing; consequently, income returns for years prior to 2017 are no longer subject to examination by tax authorities.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606), as modified by ASU 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, ASU 2016-08, Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net), ASU 2016-10, Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing, ASU 2016-12, Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients, and ASU 2016-20, Technical Corrections and Improvements to Topic 606: Revenue from Contracts with Customers. The revenue recognition principle in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, new and enhanced disclosures are required. The Organization may adopt the new standard either using the full retrospective approach, a modified retrospective approach with practical expedients, or a cumulative effect upon the adoption approach. The Organization adopted the new standard on July 1, 2020, using the modified retrospective approach. The adoption of ASU 2014-09 did not have a material impact on the Organization's financial statements and related disclosures.

Subsequent Events

Management has evaluated subsequent events or transactions as to potential material impact on operations or financial position occurring through April 23, 2022, the date the financial statements were available to be issued. No events or transactions have been noted by management.

2. FURNITURE AND EQUIPMENT, NET

A summary of furniture and equipment at June 30, 2021 and 2020 follows:

	2021	2020
Furniture and Equipment	$ 36,231	$ 36,291
Less: Accumulated Depreciation	(27,275)	(22,738)
Furniture and Equipment, Net	$ 8,956	$ 13,553

Depreciation expense was $7,536 and $9,544 for the years ended June 30, 2021 and 2020, respectively.

3. LINE-OF-CREDIT

PCANY has available a $200,000 unsecured line-of-credit. The line bears interest at prime plus 1.25% (4.5% at June 30, 2021). The line-of-credit is renewable annually. There have been no advances as of June 30, 2021 and 2020.

4. LONG-TERM DEBT

	2021	2020
Paycheck Protection Program, loan payable to Key Bank in monthly installments of $10,867, including an interest rate of 1% starting in October 2021.	$ 196,178	$ 258,100
Economic Injury Disaster Loan (EIDL) Program, loan payable to Key Bank in monthly installments of $641, including an interest rate of 2.75% starting in November 2020. The loan is collateralized by substantially all assets of the Organization.	149,219	-
Total	345,397	258,100
Less: Current Portion	(197,338)	-
Long-Term Debt, Net of Current Portion	$ 148,059	$ 258,100

Current maturities of long-term debt are as follows:

2022	$ 197,338
2023	3,547
2024	3,646
2025	3,747
2026	3,852
Thereafter	133,267
	$ 345,397

Part of the CARES Act, the Paycheck Protection Program (PPP), provides 100% federally guaranteed loans to small businesses designed to help small businesses keep workers employed amid the pandemic and economic shutdown. During April 2020, PCANY applied for a PPP loan and received $258,100. The PPP loan is subject to repayment over 24 months with interest at 1% on any amounts not forgiven.

The loan may be forgiven if the borrower maintains their payroll during the crisis or restores their payroll afterwards and uses the funds to cover payroll, certain payroll related costs, rent and utilities during a 24 week period after receiving the loan. The Organization is heavily funded by existing government grants which can significantly reduce the amount ultimately forgiven. During 2020-2021 the Organization applied for loan forgiveness and was approved for $61,922. This amount forgiven has been deducted from long-term debt and recognized as income and is included in the Grants line item in the statement of activities.

5. RENT

PCANY entered into a lease for office space effective October 1, 2020. The terms of this lease are monthly payments of $1,450 expiring July 2021. In August 2021 PCANY entered into a month to month shared office space lease, at $1,800 per month.

Rent expense was $20,943 and $34,800 for the years ended June 30, 2021 and 2020, respectively.

6. RETIREMENT PLAN

PCANY has a SIMPLE IRA plan. Employees can contribute a portion of their current salaries on a tax-deferred basis up to limits established by law. PCANY will match the employee's contributions equal to 100% of the elective deferral up to a limit of 3% of the employee's compensation. Retirement plan expense was $25,457 and $24,517 for the years ended June 30, 2021 and 2020, respectively, and is included in payroll taxes and benefits expense on the statement of functional expenses.

7. SIGNIFICANT CONCENTRATION

PCANY received approximately 89% of its revenue and other support from New York State grants for each of the years ended June 30, 2021 and 2020. Accounts receivable from New York State amounted to 100% and 88% of accounts receivable at June 30, 2021 an 2020, respectively. No other funding source accounted for more than 10% of PCANY's total revenue and support.

8. FUNDING SOURCE

PCANY is subject to audits and reviews of reimbursable costs by various governmental funding sources. The outcome of these audits and reviews may have the effect of retroactively increasing or decreasing revenue. In the event that a future audit or review determines that an adjustment is required, the amount will be recognized in the period in which it becomes fixed and determinable. Management expects such amounts, if any, to be immaterial.

PCANY receives funding from various governmental sources, generally as either a sub-recipient or a sub-contractor of the grant. PCANY makes this determination by analyzing each individual grant and consulting with the grantor if needed. If the amount of funds received as a sub-recipient exceed certain thresholds, a federal compliance audit is required. The Organization did not exceed these thresholds for the years ended June 30, 2021 and 2020, respectively.

9. LIQUIDITY

PCANY is substantially supported by government grant income generated by its program operations. In addition, some support is received from donors. The following reflects PCANY's financial assets at June 30, 2021 that are available to meet cash needs within one year of the statement of financial position date:

Financial Assets:	
Cash	$ 561,210
Accounts Receivable	517,216
Total Financial Assets Available	$ 1,078,426

PCANY has a policy to structure its financial assets to meet its obligations as they come due. PCANY's ability to meet its cash needs is highly dependent on timely billing and collection of its accounts receivable which is primarily due from government funders. Many of these arrangements require PCANY to incur costs in advance and then bill for reimbursements after the cash outlay is made. Procedures have been designed to collect from these payors as quickly as possible, however, the timeliness of these payments can sometimes be difficult to predict. Due to this factor, PCANY has a line-of-credit (see Note 3) which it can draw upon throughout the year to support short-term liquidity needs. In addition, PCANY can manage vendor relationships to extend payment terms where possible. The Organization has a goal to maintain financial assets, which consist of cash and accounts receivable on hand to meet 60 days of normal operating expenses, which are, on average, approximately $272,000.

10. UNCERTAINTY

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but is has the potential to result in a significant economic impact. The impact of this situation on PCANY and its future financial position and results of operations is not presently known.