

CHILD PROTECT, INC.

**Financial Statements
for the years ended
September 30, 2021 and 2020**

CHILD PROTECT, INC.

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John P. Gill, CPA
gill@pgescpa.com

Julia L. Stevenson, CPA
stevenson@pgescpa.com

David N. Norris, CPA
dnorris@pgescpa.com



Parker, Gill, Eisen & Stevenson, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

William G. Parker, CPA
Retired

Catherine H. Eisen, CPA
(1956-2018)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Child Protect, Inc.
Montgomery, Alabama

We have audited the accompanying financial statements of Child Protect, Inc., (a nonprofit organization), which comprise the statement of financial position as of September 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.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Child Protect, Inc. as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Parker, Hill, Kiser
& Stevenson, P.C.*

Montgomery, Alabama
March 21, 2022

CHILD PROTECT, INC.

Statements of Financial Position
At September 30, 2021 and 2020

	Assets	
	2021	2020
Cash and cash equivalents		
Unrestricted	\$ 186,592	\$ 241,230
Donor restricted	7,644	7,783
	<u>194,236</u>	<u>249,013</u>
Other Current Assets		
Grants receivable	19,675	29,206
Prepaid expenses	975	-
CD, River Bank & Trust	125,436	-
Donated furniture and equipment	5,405	5,405
Program equipment	98,084	100,243
Furniture and equipment	80,164	103,918
Land and building	1,157,941	1,157,941
Less accumulated depreciation	(354,385)	(332,195)
Total assets	<u>\$ 1,327,531</u>	<u>\$ 1,313,531</u>
	Liabilities and Net Assets	
Liabilities		
Accounts payable	975	2,511
Retirement payable	1,740	-
Payroll taxes payable	1,091	892
Garnishments	496	926
Capitalized lease obligation	10,715	12,628
Unearned revenue	78,036	87,577
Payroll protection program loan	-	67,800
Total liabilities	<u>93,053</u>	<u>172,334</u>
Net assets		
Net assets without Donor Restrictions	<u>1,234,478</u>	<u>1,141,197</u>
Total liabilities and net assets	<u>\$ 1,327,531</u>	<u>\$ 1,313,531</u>

See notes to financial statements.

CHILD PROTECT, INC.

Statements of Activities
At September 30, 2021 and 2020

	2021	2020
Net assets without donor restrictions		
Support and revenue		
Contributions	\$ 157,399	\$ 154,725
Grants	172,790	208,612
United Way	46,381	42,647
Special events	171,536	136,255
Interest income	776	522
Junior Executive Board	3,982	751
Other income		
Gain on sale of asset	(267)	2,911
Gain on PPP loan forgiveness	67,800	-
Total support and revenue	<u>620,397</u>	<u>546,423</u>
Net assets released from donor restrictions	<u>-</u>	<u>2,663</u>
Expenses		
Program expenses	410,787	406,731
Management and general	60,418	57,311
Fundraising	55,911	73,381
Total expenses	<u>527,116</u>	<u>537,423</u>
Increase in unrestricted net assets	<u>93,281</u>	<u>11,663</u>
Net assets with donor restrictions		
Support and revenue		
Capital Campaign	<u>-</u>	<u>2,663</u>
Net assets released from restrictions		
Capital Campaign	<u>-</u>	<u>(2,663)</u>
Increase in net assets with donor restrictions	<u>-</u>	<u>-</u>
Total net income	<u>93,281</u>	<u>11,663</u>
Net assets, beginning of year	<u>1,141,197</u>	<u>1,129,534</u>
Net assets, end of year	<u>\$ 1,234,478</u>	<u>\$ 1,141,197</u>

See notes to financial statements.

CHILD PROTECT, INC.

Statements of Cash Flows
At September 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 93,281	\$ 11,663
Adjustments to reconcile change in net assets to cash from operating activities:		
Depreciation expense	47,835	46,929
Loss (gain) on disposal of assets	267	(2,911)
Decrease (increase) in grants receivable	9,531	(19,032)
Increase in prepaid expenses	(975)	-
Decrease in pledges receivable, net of allowances	-	11,168
(Decrease) increase in accounts payable	(1,536)	1,014
Increase (decrease) in payroll taxes payable	199	(2,248)
Increase (decrease) in retirement payable	1,740	(618)
(Decrease) increase in garishments	(430)	926
(Decrease) increase in unearned revenue	(9,541)	20,766
Net cash provided by operating activities	<u>140,371</u>	<u>67,657</u>
Cash flows from investing activities		
Purchase of certificate of deposit	(125,436)	-
Purchase of furniture and equipment	-	(20,041)
Purchase of land and building	-	(3,194)
Net cash used by investing activities	<u>(125,436)</u>	<u>(23,235)</u>
Cash flows from financing activities		
Capitalized lease obligations	(1,912)	12,492
Loan proceeds (PPP loan)	-	67,800
Payments on Loan/forgiveness of PPP loan	(67,800)	(35,933)
Net cash provided (used) by financing activities	<u>(69,712)</u>	<u>44,359</u>
Net increase in cash and cash equivalents	(54,777)	88,781
Cash and cash equivalents, beginning of year	<u>249,013</u>	<u>160,232</u>
Cash and cash equivalents, end of year	<u>\$ 194,236</u>	<u>\$ 249,013</u>
Supplemental information for cash flows:		
Interest paid	<u>\$ 5</u>	<u>\$ 490</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

CHILD PROTECT, INC.

Statement of Functional Expenses
Year Ended September 30, 2021

	<u>Program</u>	<u>General & Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 228,759	\$ 35,700	\$ 35,591	\$ 300,050
Special events	13,320	-	13,319	26,639
Payroll taxes	19,055	2,974	2,965	24,994
Other employee benefits	19,659	3,068	3,059	25,786
Telephone	6,786	754	-	7,540
Utilities	7,281	809	-	8,090
Office expenses	19,711	2,190	-	21,901
Repairs and maintenance	7,399	822	-	8,221
Postage	525	28	-	553
Insurance	11,015	1,224	-	12,239
Depreciation	43,052	4,783	-	47,835
Professional fees	7,087	7,087	-	14,174
LPC training	4,300	-	-	4,300
Meeting expense	5,910	-	-	5,910
Mileage reimbursement	395	-	-	395
Supplies	10,250	-	-	10,250
Interest	5	-	-	5
Retirement	5,154	804	802	6,760
Junior Executive Board	1,124	175	175	1,474
Bad debt expense	-	-	-	-
	<u>\$ 410,787</u>	<u>\$ 60,418</u>	<u>\$ 55,911</u>	<u>\$ 527,116</u>

See notes to financial statements.

CHILD PROTECT, INC.

Statement of Functional Expenses
Year Ended September 30, 2020

	<u>Program</u>	<u>General & Administrative</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 212,484	\$ 34,067	\$ 54,321	\$ 300,872
Special events	9,260	-	9,260	18,520
Payroll taxes	18,146	2,909	4,639	25,694
Other employee benefits	15,625	2,505	3,994	22,124
Telephone	5,986	665	-	6,651
Utilities	8,222	914	-	9,136
Office expenses	18,041	2,005	-	20,046
Repairs and maintenance	6,661	740	-	7,401
Postage	652	34	-	686
Insurance	11,693	1,299	-	12,992
Depreciation	42,236	4,693	-	46,929
Professional fees	6,699	6,699	-	13,398
LPC training	4,300	-	-	4,300
Meeting expense	22,782	-	-	22,782
Mileage reimbursement	1,741	-	-	1,741
Supplies	9,529	-	-	9,529
Interest	441	49	-	490
Retirement	3,323	533	849	4,705
Junior Executive Board	1,241	199	318	1,758
Bad debt expense	7,669	-	-	7,669
	<u>\$ 406,731</u>	<u>\$ 57,311</u>	<u>\$ 73,381</u>	<u>\$ 537,423</u>

See notes to financial statements.

CHILD PROTECT, INC.

Notes to Financial Statements For the Years Ended September 30, 2021 and 2020

NOTE 1 - Summary of significant accounting policies

Organization

Child Protect, Inc. is a tax exempt, non-profit corporation organized to provide a warm and relaxed environment in which to interview children as well as to provide training for volunteers and professionals assigned to child abuse and neglect cases. The Organization was incorporated November 1, 1989.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations". (ASC) 958-205 was effective January 1, 2018 the Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Without donor restrictions: Those net assets and activities which represent the portion of the expendable funds available to support the operations. A portion of these net assets may be designated by the Board of Directors for specific purposes.

With donor restrictions: Net assets subject to donor-imposed restrictions that expire when the stipulated purposes for which the resource was restricted has been fulfilled or that are maintained permanently.

Income tax

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 40-18-32 of the Alabama Income Tax Law.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2016.

CHILD PROTECT, INC.

Notes to Financial Statements (continued)
For the Years Ended September 30, 2021 and 2020

NOTE 1 - Summary of significant accounting policies (continued)

Cash equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Estimates

In preparing statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Property and equipment

Fixed assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Depreciable assets are being depreciated by the straight-line method over their estimated useful lives of five to thirty-nine years. Total property and equipment netted with the accumulated depreciation account was \$987,209 in 2021 and \$1,035,312 in 2020.

Functional Expenses

The costs of providing program and other activities have been summarized on the functional basis in the statement of activities. Accordingly, certain costs have been allocated among their outreach ministry and the supporting services. Such allocations are determined by management on an equitable basis.

CHILD PROTECT, INC.

Notes to Financial Statements (continued)
For the Years Ended September 30, 2021 and 2020

NOTE 1 - Summary of significant accounting policies (continued)

Functional Expenses (continued)

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Professional fees	Time and effort
Depreciation	Square footage
Repairs and maintenance	Square footage
Insurance	Square footage
Office expense & supplies	Square footage
Postage	Time and effort
Utilities	Square footage
Special events	Time and effort
Telephone	Square footage
Security	Square footage
Internet	Square footage
Mileage reimbursement	Time and effort
Salaries	Time and effort
Payroll taxes	Time and effort
Junior executive board	Time and effort
Other employee benefits	Time and effort
Retirement	Time and effort
Meeting expense	Time and effort
LPC training	Time and effort
Interest	Square footage
Capital campaign expense	Time and effort

NOTE 2 - Concentrations

Approximately 31.31% in 2021 and 38.18% in 2020 of unrestricted support and revenue was derived from State of Alabama appropriations. In the event funding is terminated, the Organization's ability to continue would be greatly diminished.

CHILD PROTECT, INC.

Notes to Financial Statements (continued)
For the Years Ended September 30, 2021 and 2020

NOTE 3 - Grants

The Organization received allocations from the State of Alabama. Alabama Department of Economic and Community Affairs awarded Child Protect, Inc. the VOCA grant in order to provide forensic interviewers, counseling and advocacy to child abuse victims. VOCA grant revenue was \$123,061 in 2021 and \$162,118 in 2020. The Alabama Network Child Advocacy Center grant is given to help with all expenses incurred during the process of interviewing, counseling, and being an advocate for children when there are allegations of abuse. ANCAC grants received were \$49,729 in 2021 and \$46,494 in 2020.

NOTE 4 - Grants receivable

Grants receivable for 2021 are shown below:

Grant total	\$ 123,061
Grants received	<u>103,386</u>
Grants receivable	<u>\$ 19,675</u>

NOTE 5 - Pledges receivable

During 2017 the Organization started a capital campaign drive for the purpose of constructing a new building. The Organization received no new pledges in 2021 and 2020. The pledges were recorded as donor restricted when pledged. Funds are released from donor restrictions when expenses are incurred to satisfy this purpose. At the end of the 2019 fiscal year, outstanding pledges were \$17,865. Of that amount, \$6,163 was collected. Pledges are to be collected over a three-year time period ending November 30, 2019. A discounted rate of 4.25% was used in computing the present value of the estimated future cash flows. The Organization has determined that none of the remaining pledges are collectible and decided to write off the remaining pledges in the prior fiscal year.

NOTE 6 - Central Alabama Community Foundation Funds

Child Protect, Inc. receives contributions from funds established with the Central Alabama Community Foundation to carry out the charitable, educational, religious, and/or scientific purposes of the Central Alabama Community Foundation and Child Protect, Inc. The balances of the funds, which are the property of the Central Alabama Community Foundation at September 30, are \$981,179 for 2021 and \$758,920 for 2020.

CHILD PROTECT, INC.

Notes to Financial Statements (continued)
For the Years Ended September 30, 2021 and 2020

NOTE 7 - Notes payable

The Organization applied and received the SBA Payroll Protection Program funds during 2020 in the amount of \$67,800. These funds have been used toward payroll and retention of employees. The loan was forgiven in the current fiscal year and will be reported as a gain.

NOTE 8 - Capitalized leases

The Organization leases a copier under a long-term lease agreement that provides an option for purchase at the end of the lease term which is October 1, 2021. During the 2019-2020 fiscal year the Organization allowed a new leasing agent to buy out the old lease in March 2020. The following amounts are included in the equipment and accumulated depreciation accounts at September 30, 2021 which represents capitalized lease obligations:

Copier costs	\$ 13,450
less accumulated depreciation	<u>(6,994)</u>
	<u>\$ 6,456</u>

Future minimum lease payments for assets held under capitalized leases at September 30, 2021 are as follows:

2022	\$ 4,296
2023	4,296
2024	4,296
2025	<u>2,148</u>
Total minimum lease payments	15,036
less amount representing interest	<u>(4,321)</u>
Present value of net minimum lease payments	<u>\$ 10,715</u>

CHILD PROTECT, INC.

Notes to Financial Statements (continued)
For the Years Ended September 30, 2021 and 2020

NOTE 9 - Employee benefit plan

Effective January 27, 2007 the Organization established a Savings Incentive Match Plan for its employees. All employees have full eligibility in the plan. Management has elected to match each employee's salary reduction contribution up to 3% of the employee's compensation under the plan. The retirement match at September 30 was \$6,760 and \$4,705 for 2021 and 2020, respectively

NOTE 10 - Allocation of expenses

The costs of providing programs and other activities have been summarized in the statement of functional expenses. Expense allocation between program services, support services, and fundraising has been made based on determinations by management.

NOTE 11 - Related party

The Organization uses a local law firm, Ruston Stakely, where a board member is a shareholder.

NOTE 12 - Liquidity and Availability of Resource

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The financial assets available within one year of the financial position date for general expenditures are as follows:

	<u>2021</u>	<u>2020</u>
Unrestricted cash and cash equivalents	<u>\$ 186,592</u>	<u>\$ 241,230</u>

NOTE 13 - Subsequent events

Management has considered subsequent events through March 21, 2022 which is the date the financial statements are available to be issued.