

Connecticut After School Network, Inc.

Financial Statements

June 30, 2019 and 2018

INDEPENDENT AUDITORS' REPORT

Board of Directors **Connecticut After School Network, Inc.**

We have audited the accompanying financial statements of Connecticut After School Network, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Connecticut After School Network, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Guidance

As discussed in Note 2 to the financial statements, in fiscal 2019 Connecticut After School Network, Inc. adopted ASU 2016-14 *Presentation of Financial Statements of Not for Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Connecticut After School Network, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 5, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

October 25, 2019

Connecticut After School Network, Inc.

Statement of Financial Position
June 30, 2019
(with comparative amounts at June 30, 2018)

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 279,445	\$ 226,987
Grants receivable	168,652	87,651
Prepaid expenses	<u>6,065</u>	<u>4,480</u>
Total Current Assets	454,162	319,118
Furniture and equipment	14,202	14,202
Accumulated depreciation	<u>(14,202)</u>	<u>(14,202)</u>
	 <u>\$ 454,162</u>	 <u>\$ 319,118</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 5,029	\$ 4,714
Accrued expenses	9,280	5,385
Deferred revenue	<u>208,449</u>	<u>133,650</u>
Total Current Liabilities	222,758	143,749
Net Assets Without Donor Restrictions		
Designated for operations	<u>231,404</u>	<u>175,369</u>
Total Net Assets	 <u>\$ 454,162</u>	 <u>\$ 319,118</u>

See Notes to Financial Statements

Connecticut After School Network, Inc.

Statement of Activities
Year Ended June 30, 2019
(with comparative amounts for the year ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
REVENUE AND SUPPORT		
Grants	\$ 543,170	\$ 463,290
Conference and workshop fees	32,826	28,278
Other income	503	1,678
Consulting	15,750	29,200
Contributions	2,163	3,321
Membership fees	7,546	8,088
Total Revenue and Support	<u>601,958</u>	<u>533,855</u>
 EXPENSES		
Program services	454,956	374,350
Management and general	84,314	71,828
Fundraising	6,653	18,367
Total Expenses	<u>545,923</u>	<u>464,545</u>
 Change in Net Assets	56,035	69,310
 NET ASSETS WITHOUT DONOR RESTRICTIONS		
Beginning of year	<u>175,369</u>	<u>106,059</u>
 End of year	<u>\$ 231,404</u>	<u>\$ 175,369</u>

See Notes to Financial Statements

Connecticut After School Network, Inc.

Statement of Functional Expenses
 Year Ended June 30, 2019
 (with summarized totals for the year ended June 30, 2018)

	Program Services	Management and General	Fundraising	Total Expenses	
				2019	2018
Salaries and wages	\$ 262,690	\$ 44,478	\$ 4,844	\$ 312,012	\$ 256,420
Training and conferences	78,939	1,740	-	80,679	75,884
Payroll taxes and benefits	25,845	6,891	1,723	34,459	40,564
Travel	23,804	425	-	24,229	23,588
Program contracts	30,445	-	-	30,445	18,641
Occupancy	-	11,073	-	11,073	11,073
Miscellaneous	10,199	3,499	-	13,698	9,641
Professional fees	1,288	8,441	86	9,815	9,546
Telecommunications and website	5,176	1,483	-	6,659	6,776
Supplies and expenses	7,766	750	-	8,516	4,624
Insurance	-	3,202	-	3,202	2,927
Printing	7,930	195	-	8,125	2,712
Dues and subscriptions	0	1,987	-	1,987	1,701
Postage	874	150	-	1,024	448
Total Expenses	\$ 454,956	\$ 84,314	\$ 6,653	\$ 545,923	\$ 464,545

Connecticut After School Network, Inc.

Statement of Cash Flows
Year Ended June 30, 2019
(with comparative amounts for the year ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 56,035	\$ 69,310
Adjustments to reconcile change in net assets to net cash from operating activities		
Changes in operating assets and liabilities:		
Grants receivable	(81,001)	(78,109)
Prepaid expenses	(1,585)	4,163
Accounts payable	315	(1,905)
Accrued expenses	3,895	62
Deferred revenue	<u>74,799</u>	<u>57,291</u>
Net Cash from Operating Activities	52,458	50,812
 CASH AND CASH EQUIVALENTS		
Beginning of year	<u>226,987</u>	<u>176,175</u>
 End of year	<u>\$ 279,445</u>	<u>\$ 226,987</u>

See Notes to Financial Statements

Connecticut After School Network, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

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.

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").

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose. Effective with the implementation of new guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities, net assets are reported as without donor restrictions and with donor restrictions and serve as the foundation of the accompanying financial statements. 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.

Accounting Pronouncement Adopted

The Financial Accounting Standards Board ("FASB") issued Accounting Standards Updated ("ASU") 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures, including adding the requirement of liquidity disclosures. The Organization adopted the new guidance beginning July 1, 2018 and reclassified the prior year financial statement presentation to conform with the amendment.

Connecticut After School Network, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of reporting cash flows, cash includes cash equivalents with maturities of three months or less at the time of purchase. The cash balance varies throughout the year, but is generally fully insured by the Federal Deposit Insurance Corporation.

Grants Receivable

Grants receivable are expected to be collected within one year. No allowance for doubtful accounts has been provided as management considers all receivables to be collectible.

Deferred Revenue

Grants, membership dues and contracts that pertain to the time period subsequent to year end are deferred until the next fiscal year.

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, 2019 and 2018, property and equipment of \$14,202 is fully depreciated and still in use.

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, 2019 and 2018 was valued at \$1,200 each year. Donated services for the year ended June 30, 2018 were \$1,260.

Connecticut After School Network, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

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.
- 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.

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, 2016.

Concentration of Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents. Cash and cash equivalents are 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 and cash equivalents.

One grant accounted for 42% and 52% of total grant revenue for the years ended June 30, 2019 and 2018. 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, 2018 from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2018 balances previously reported in order to conform to the 2019 presentation.

Connecticut After School Network, Inc.

Notes to Financial Statements
June 30, 2019 and 2018

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 October 25, 2019.

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, 2019 and 2018 was \$9,873.

4. Deferred Revenues

At June 30, 2019 and 2018, deferred revenues consist of unearned grant funds and membership fees paid for the next fiscal year.

5. 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 did not make any contributions during the years ended June 30, 2019 and 2018.

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 statement of financial position date, are as follows:

Cash and cash equivalents	\$	279,444
Grants receivable		<u>168,651</u>
	\$	<u><u>448,095</u></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.
