

SAINT JOSEPH PARENTING CENTER, INC.

**FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

For the Years Ended December 31, 2019 and 2018

Saint Joseph Parenting Center, Inc.

Table of Contents

	<u>Page</u>
Report of Independent Certified Public Accountants.....	2-3
Statements of Financial Position.....	4
Statements of Activities.....	5
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8-13

FRANK E. MALARA, CPA, P.C.

CERTIFIED PUBLIC ACCOUNTANT

84 BUSINESS PARK DRIVE, SUITE 211

ARMONK, NEW YORK 10504

PHONE 914-219-5660 FAX 914-219-5656

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors of
Saint Joseph Parenting Center, Inc.

Report on the Financial Statements

We have audited the accompanying statement of financial position of Saint Joseph Parenting Center, Inc. as of December 31, 2019 and the related statements of activities, functional expenses and cash flows for the year then ended, and related notes to the financial statements. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 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.

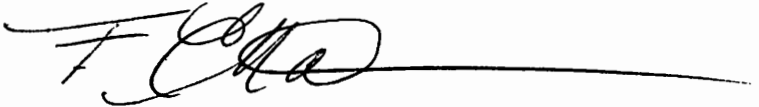
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 Saint Joseph Parenting Center, Inc. as of December 31, 2019, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The financial statements of Saint Joseph Parenting Center, Inc. for the year ended December 31, 2018, were audited by other auditors whose report dated June 19, 2019, expressed an unqualified opinion on those statements.

A handwritten signature in black ink, appearing to read 'F. Malara', with a long horizontal line extending to the right.

Frank E. Malara, CPA, P.C.
Armonk, New York
November 12, 2020

Saint Joseph Parenting Center, Inc.
 Statements of Financial Position
 December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$135,196	\$276,636
Accounts receivable, net of reserve for doubtful accounts - \$310 (2019) and \$6,820 (2018)	4,154	5,827
Pledges receivable	4,293	33,767
Other assets	<u>2,122</u>	<u>11,098</u>
Total current assets	<u>145,765</u>	<u>327,328</u>
 Furniture and equipment, net of accumulated depreciation of \$32,357 (2019) and \$27,798 (2018)	 <u>13,590</u>	 <u>16,230</u>
 Total Assets	 <u><u>\$159,355</u></u>	 <u><u>\$343,558</u></u>
 Liabilities and Net Assets		
Current liabilities - Accounts payable and accrued expenses	<u>\$12,399</u>	<u>\$5,147</u>
 Commitments and Contingencies		
 Net Assets:		
Without donor restrictions	146,956	288,311
With donor restrictions	<u>-</u>	<u>50,100</u>
Total net assets	<u>146,956</u>	<u>338,411</u>
 Total Liabilities and Net Assets	 <u><u>\$159,355</u></u>	 <u><u>\$343,558</u></u>

The notes to these financial statements are an integral part of these statements

Saint Joseph Parenting Center, Inc.
 Statements of Activities
 For the Years Ended December 31, 2019 and 2018

	Without Donor	With Donor	Totals	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2019</u>	<u>2018</u>
Revenue:				
Service revenue	\$18,414	\$ -	\$18,414	\$39,982
Contributions	80,955	-	80,955	245,924
Grants	71,149	-	71,149	149,137
Special event, net of expenses \$77,602 (2019) and \$88,819 (2018)	301,020	-	301,020	276,808
Donated services	272,727	-	272,727	195,975
Donated goods and equipment	86,226	-	86,226	94,955
Interest income	269	-	269	66
Net assets released from restrictions	50,100	(50,100)	-	-
Total revenue	<u>880,860</u>	<u>(50,100)</u>	<u>830,760</u>	<u>1,002,847</u>
Expenses:				
Programs	845,527	-	845,527	712,659
Management and general	57,117	-	57,117	65,724
Fundraising	119,571	-	119,571	116,901
Total expenses	<u>1,022,215</u>	<u>-</u>	<u>1,022,215</u>	<u>895,284</u>
Change in net assets	(141,355)	(50,100)	(191,455)	107,563
Net assets - beginning of year	<u>288,311</u>	<u>50,100</u>	<u>338,411</u>	<u>230,848</u>
Net assets - end of year	<u>\$146,956</u>	<u>\$ -</u>	<u>\$146,956</u>	<u>\$338,411</u>

The notes to the financial statements are an integral part of these statements.

Saint Joseph Parenting Center, Inc.
 Statements of Functional Expenses
 For the Years Ended December 31, 2019 and 2018

	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>	
				<u>2019</u>	<u>2018</u>
Personnel:					
Donated services	\$233,321	\$16,006	\$23,400	\$272,727	\$195,975
Salaries	400,470	28,098	50,186	478,754	461,725
Payroll taxes and benefits	49,698	3,487	6,228	59,413	35,320
 Total personnel costs	 <u>683,489</u>	 <u>47,591</u>	 <u>79,814</u>	 <u>810,894</u>	 <u>693,020</u>
Expenses:					
Donated goods	59,121	-	27,105	86,226	94,955
Curriculum and incentives	14,318	-	-	14,318	14,375
Bad debt expense	310	-	-	310	6,892
Depreciation	3,647	410	502	4,559	4,604
Insurance	6,419	722	883	8,024	6,057
Marketing and advertising	948	-	3,791	4,739	2,943
Meetings and conferences	1,426	160	196	1,782	849
Office expenses	5,976	1,108	559	7,643	9,454
Professional fees	27,039	3,042	3,916	33,997	19,775
Rent and occupancy	27,494	1,527	1,527	30,548	30,498
Staff development	6,044	1,511	-	7,555	-
Telecommunications	9,296	1,046	1,278	11,620	11,862
 Total expenses	 <u><u>\$845,527</u></u>	 <u><u>\$57,117</u></u>	 <u><u>\$119,571</u></u>	 <u><u>\$1,022,215</u></u>	 <u><u>\$895,284</u></u>

Saint Joseph Parenting Center, Inc.
 Statements of Cash Flows
 For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	(\$191,455)	\$107,563
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	4,559	4,604
Bad debt expense	310	6,892
Changes in operating assets and liabilities		
Accounts receivable	1,363	(1,719)
Pledge receivable	29,474	(30,222)
Other assets	8,976	(5,312)
Accounts payable and accrued expenses	7,252	2,091
Net cash provided by (used in) operating activities	(139,521)	83,897
Cash flows from investing activities:		
Acquisition of furniture and equipment	(1,919)	(968)
Net change in cash and cash equivalents	(141,440)	82,929
Cash and cash equivalents - beginning of year	276,636	193,707
Cash and cash equivalents - end of year	\$135,196	\$276,636
 Supplemental disclosure of cash flow information:		
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

The notes to the financial statements are an integral part of these statements.

Saint Joseph Parenting Center, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

Note 1 - Organization and Taxation

Saint Joseph Parenting Center, Inc. (“SJPC”), located in Stamford, CT, was incorporated in the State of Connecticut on June 30, 2009 as a nonsectarian not-for-profit organization. The mission of SJPC is to strengthen families that are at risk of child abuse and neglect by providing education and support in an effort to break the cycle of child abuse. SJPC provides free parenting education to help parents create safe, healthy and positive home environments for their children through age 12. Parents referred from the Department of Children and Families or other organizations are enrolled in a 28 class program offered in English or Spanish. Weekly parenting education classes are taught by trained volunteer professionals. Half of the classes in the program are specific to children’s development and behavioral needs, and the other half equips the clients with the tools to handle the stresses in their lives and to become more productive people in their communities. In 2013, SJPC redefined and expanded their parenting education classes for dads, that originated in 2010, by adding the National Fatherhood Initiative’s 24/7 Dad™ program. The addition of the 24/7 Dad™ program was prompted by a request from the CT Department of Children & Families. This is a 12 week program exclusively for dads with the purpose of increasing positive involvement and interaction between fathers and their children. In 2016, SJPC partnered with Inspirica, an organization whose mission is to end the cycle of homelessness. SJPC provides an abbreviated version of our curriculum (23 classes) at Inspirica’s homeless shelter. This is part of Inspirica’s Early Childhood Parenting Program (ECPP). SJPC and Inspirica concluded their partnership in June 2018. Clients at SJPC are offered a hot meal during class and receive a free bag of groceries after each class. After completion of 10 classes, clients are eligible for an incentive gift for the benefit of their child or children, such as age appropriate series of books. Clients who successfully complete 20 classes are eligible for a larger incentive gift. Examples of the 20 class incentive gifts are toddler bed, cribs, strollers or computer desk. For the year ended December 2019, there were 194 registered clients, 258 parenting classes and 803 children who benefited from the program.

Tax Exempt Status

SJPC has been granted tax-exempt status under Internal Revenue Code Section 501(c)(3). Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements. SJPC has been classified as an organization that is not a private foundation under Section 509(a) and has been designated as a publicly supported organization under Section 170(b)(1)(A)(vi). Contributions to SJPC are tax-deductible within the limitations prescribed by the Internal Revenue Code. The organization’s Form 990, *Return of Organization Exempt from Income Tax* for the years ended December 31, 2018, 2017 and 2016 are subject to examination by the IRS, generally for three years after they were filed. The organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The organization did not recognize any tax related interest and/or penalties in the accompanying financial statements but would record any such interest and/or penalties as a component of other expense.

Saint Joseph Parenting Center, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Financial Statement Presentation

Net assets and revenues, expenses and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of SJPC and changes therein are classified and reported as follows:

Net assets without donor restrictions – net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of SJPC’s management and Board of Directors.

Net assets with donor restrictions – net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of SJPC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Board of Directors and management review its statement of financial position monthly and evaluate anticipated cash expenditures to manage its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.

Contributions

SJPC reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of donated assets. Donor restricted contributions are reported as increases in net assets with donor restrictions. 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 statement of activities as net assets released from restrictions. Donor restricted contributions that are received and expended in the same year are classified as net assets without donor restrictions.

Saint Joseph Parenting Center, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies - (continued)

Contributions (continued)

Unconditional pledges of contributions evidenced by verifiable documentation are recognized as support upon the receipt of the pledge. SJPC uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promised made.

Cash and Cash Equivalents

Cash and cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Furniture and Equipment

Furniture and equipment are recorded at cost and are depreciated using the straight line method over the estimated useful lives of the respective assets. Estimated useful lives range from five to seven years. It is SJPC's policy to capitalize all furniture and equipment expenditures.

Donated Services, Facility and Goods

SJPC receives substantial donated services from trained volunteer professionals who teach SJPC's weekly parenting classes which are held twice weekly for two hours. During 2019, the tenth year of operation, volunteer professionals taught 258 parenting classes. Volunteer instructors are degreed professionals in their respective fields and include counselors, nurses, teachers and safety officers. SJPC also received donated legal, administrative and management services from volunteer professionals possessing those specialized skills. Amounts have been recorded for donated facilities for rent reduction and donated groceries, meals and supplies to the program. SJPC relies on these donations to provide for their mission and other program activities. Amounts for donated services, facility and goods in the accompanying financial statements have been included in both revenue and expenses at their estimated fair market value. Volunteer professionals donated 4,659 hours in 2019 and 2,363 hours in 2018.

Financial Accounting Standard ASC 606

The Financial Accounting Standards Board ("FASB") has issued new standards for revenue recognition for all entities conducting business in the United States of America (ASC 606). SJPC has considered ASC 606 and has determined that it is not applicable to its operations.

Saint Joseph Parenting Center, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

Note 2 - Summary of Significant Accounting Policies - (continued)

Adoption of Accounting Pronouncement

In August 2016, FASB issued ASU 2016-14, Presentation of Financial Statements for Not-For-Profit Entities, which was adopted by SJPC for the year ended December 31, 2018. ASU 2016-14 provides for several changes, including financial statement presentations and disclosures, with the goal of assisting not-for-profit entities in providing more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors and other users. ASU 2016-14 includes qualitative and quantitative requirements in the following areas: (i) net asset classifications, (ii) investments returns, (iii) expense categorizations, (iv) liquidity and availability of resources, and (v) the presentation of operating cash flows.

Liquidity and Availability of Resources

The following reflects SJPC's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$135,196	\$276,636
Accounts receivable, net	4,154	5,827
Pledges receivable	4,293	33,767
Total financial assets	<u>143,643</u>	<u>316,230</u>
Less amounts not available to be used within one year	<u>-</u>	<u>-</u>
 Financial assets available to meet general expenditures over the next year	 <u>\$143,643</u>	 <u>\$316,230</u>

Functional Allocation of Expenses

SJPC's costs of providing the various program and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs not specifically charged to a program or support service category have been allocated in reasonable ratios as determined by management.

Note 3 - Concentration of Credit Risk

SJPC maintains its cash and money market balances in various financial institutions. Certain balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution. At December 31, 2019, there were no uninsured amounts.

Saint Joseph Parenting Center, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

Note 4 - Furniture and Equipment

A summary of furniture and equipment are as follows:

	2019	2018
Furniture and equipment	\$45,947	\$44,028
Less accumulated depreciation	(32,357)	(27,798)
Furniture and equipment, net	\$13,590	\$16,230

Note 5 - Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purpose:

	2019	2018
Subject to expenditure for specified purpose:		
Program Support, SJPC Leadership & Succession	\$ -	\$ 50,000
Program Support, Staff to attend Father's Conference	-	100
Total net assets with donor restrictions	\$ -	\$ 50,100

Note 6 - Net Assets Released from Restriction

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donor.

	2019	2018
Purpose restriction accomplished:		
Program Support, SJPC Leasership & Succession	\$ 50,000	\$ -
Program Support, Staff to attend Father's Conference	100	-
Program Support, Provide Womens Circle of Care	-	30,000
Program Support, Provide 24/7 Dad Classes - Spanish Language	-	13,547
Program Support, Implementation of Client Database	-	4,388
Program Support, Client Incentives and Operations	-	1,404
Total restrictions released	\$ 50,100	\$ 49,339

Saint Joseph Parenting Center, Inc.
Notes to Financial Statements
December 31, 2019 and 2018

Note 7 - Commitments

SJPC conducts its operations from leased office space under a non-cancelable operating lease which expired on November 1, 2019 and was extended through November 1, 2022. The lease agreement is payable in monthly installments of \$2,261.50.

Future minimum rental payments under the lease is as follows for the years ending December 31:

2020	\$	27,138
2021		27,138
2022		<u>22,615</u>
	\$	<u>76,891</u>

Rent expense for the years ended December 31, 2019 and 2018 was \$27,138.

Note 8 - Reclassification of Prior Year Presentation

Certain prior year amount has been reclassified for consistency with the current year presentation. The reclassification had no effect on the reported results of operations.

Note 9 - Subsequent Events

As of the date these financial statements were issued, SJPC cannot predict the impact of Covid-19 virus will cause to its future activities, the collection of revenue, results of operations and financial position.

On April 28, 2020, SJPC was granted a loan (the "loan") from People's United Bank, N.A. in the aggregate amount of \$114,007, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan, which was in the form of a Note dated April 28, 2020 matures on April 28, 2022 and bears interest at a fixed rate of 1.0% per annum, payable monthly commencing on November 28, 2020. The loan may be prepaid prior to maturity. Funds from the loan may only be used for payroll costs, group health care costs, rent, utilities and interest on certain other outstanding debt. SJPC intends to use the entire loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The PPP loan includes events of default. Upon the occurrence of an event of default, the Lender will have the right to exercise remedies against the organization, including the right to require immediate payment of all amounts due under the PPP Note.

Management has evaluated subsequent events through November 12, 2020, the date which the financial statements were available to be issued. Management has determined that there are no other subsequent events that require disclosure in these financial statements.