

The Children's House
Financial Statements
Year Ended December 31, 2023

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Accountants' Compilation Report

To the Board of Directors of
The Children's House
81 State Street, Suite 501
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Management is responsible for the accompanying financial statements of The Children's House (a nonprofit organization), which comprise the statement of assets and net assets - modified cash basis as of December 31, 2023, and the related statements of revenues, expenses, and changes in net assets - modified cash basis, functional expenses - modified cash basis, and cash flows - modified cash basis for the year then ended, and the related notes to the financial statements in accordance with the modified cash basis of accounting, and for determining that the modified cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

We have previously compiled The Children's House's December 31, 2022 financial statements, and issued an accountants' compilation report dated June 30, 2023 on those compiled financial statements. We are not aware of any modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2022, for it to be consistent with the compiled financial statements from which it has been derived.

Mondorf & Fenwick PLLC

Mondorf & Fenwick, PLLC
June 20, 2024

The Children's House
Statements of Assets and Net Assets - Modified Cash Basis
As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 240,424	\$ 194,003
Total Current Assets	<u>240,424</u>	<u>194,003</u>
Property and Equipment, Net	43,137	40,345
Total Assets	<u><u>\$ 283,561</u></u>	<u><u>\$ 234,348</u></u>
Net Assets		
Net Assets		
Without Donor Restrictions	\$ 283,561	\$ 234,348
With Donor Restrictions	-	-
Total Net Assets	<u><u>\$ 283,561</u></u>	<u><u>\$ 234,348</u></u>

See accompanying notes and accountants' compilation report.

The Children's House
Statement of Revenues, Expenses, and Changes in Net Assets - Modified Cash Basis
For the Year Ended December 31, 2023
(With Summarized Comparative Information For 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenue, Gains, and Support				
Contributions, Grants, and Support	\$ 127,803	\$ -	\$ 127,803	\$ 91,235
Governmental Support	238,398	-	238,398	272,733
Special Events (Net of Expenses of \$19,079 and \$4,941)	34,847	-	34,847	8,724
Interest Income	1,055	-	1,055	433
Total Revenue, Gains, and Support	<u>402,103</u>	<u>-</u>	<u>402,103</u>	<u>373,125</u>
Expenses				
Program Services	275,766	-	275,766	324,896
General	69,505	-	69,505	85,119
Fundraising	7,619	-	7,619	9,856
Total Expenses	<u>352,890</u>	<u>-</u>	<u>352,890</u>	<u>419,871</u>
Change in Net Assets	49,213	-	49,213	(46,746)
Net Assets - Beginning of Year	<u>234,348</u>	<u>-</u>	<u>234,348</u>	<u>281,094</u>
Net Assets - End of Year	<u><u>\$ 283,561</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 283,561</u></u>	<u><u>\$ 234,348</u></u>

See accompanying notes and accountants' compilation report.

The Children's House
Statement of Functional Expenses - Modified Cash Basis
For the Year Ended December 31, 2023
(With Summarized Comparative Information For 2022)

	<u>Program</u>	<u>General</u>	<u>Fundraising</u>	<u>2023 Total</u>	<u>2022 Total</u>
Employee Wages and Benefits	\$ 237,489	\$ 49,523	\$ 7,619	\$ 294,631	\$ 357,877
Professional Fees	-	6,152	-	6,152	9,857
Office	10,230	2,557	-	12,787	14,879
Occupancy	7,358	1,840	-	9,198	10,717
Travel	-	4,391	-	4,391	1,782
Insurance	6,874	1,718	-	8,592	7,528
Postage	-	248	-	248	135
Dues and Subscriptions	4,407	1,102	-	5,509	3,049
Repairs and Maintenance	528	132	-	660	1,292
Program Services	1,514	-	-	1,514	3,843
Total Expenses Before Depreciation	268,400	67,663	7,619	343,682	410,959
Depreciation Expense	7,366	1,842	-	9,208	8,912
Total Expenses	<u>\$ 275,766</u>	<u>\$ 69,505</u>	<u>\$ 7,619</u>	<u>\$ 352,890</u>	<u>\$ 419,871</u>

See accompanying notes and accountants' compilation report.

The Children's House
Statements of Cash Flows - Modified Cash Basis
For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ 49,213	\$ (46,746)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	9,208	8,912
Net Cash Provided (Used) by Operating Activities	<u>58,421</u>	<u>(37,834)</u>
Cash Flows From Investing Activities		
Purchase of Equipment	<u>(12,000)</u>	<u>(1,999)</u>
Net Cash Provided (Used) by Investing Activities	<u>(12,000)</u>	<u>(1,999)</u>
Net Change in Cash and Cash Equivalents	46,421	(39,833)
Cash and Cash Equivalents, Beginning of Year	<u>194,003</u>	<u>233,836</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 240,424</u></u>	<u><u>\$ 194,003</u></u>

See accompanying notes and accountants' compilation report.

The Children's House
Notes to Financial Statements
For the Year Ended December 31, 2023

Note 1 – Description and Purpose

Nature of Operations

The Children's House (the "Organization") provides a safe place for children and families to come when there are concerns about child abuse or neglect. The Organization provides victim support, family advocacy, medical exams, mental health services, and forensic interviews to children who are alleged victims of crimes. The Organization receives support from the state and local governments, foundations, and corporate and individual donors within Bradford County and the State of Pennsylvania.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Children's House uses the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, most revenue and the related assets are recognized when received rather than when earned, and most expenses are recognized when paid rather than when incurred. Consequently, the Organization has not recognized receivables from donors, accounts payable to vendors, deferred revenue, accrued expenses, or any related effects on the change in net assets in the accompanying financial statements.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets Without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets With Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted. Contributions which impose restrictions that are met in the same year they are received are reported as increases in net assets without donor restrictions. Operating results (change in net assets without donor restrictions from operating activity) in the Statement of Revenues, Expenses, and Changes in Net Assets – Modified Cash Basis, reflect all transactions that change net assets without donor restrictions. As of December 31, 2023 and 2022, the Organization did not have any net assets with donor restrictions.

When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Revenues, Expenses, and Changes in Net Assets – Modified Cash Basis as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in accordance with the basis of accounting described above 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 vary from those estimates.

Contributions

All contributions are considered to be net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increase those net asset classes. The Organization does not imply a time restriction on gifts of long-lived assets, if any.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all short-term, highly liquid investments with an original maturity of three months or less to be cash equivalents.

The Children's House
Notes to Financial Statements
For the Year Ended December 31, 2023

Property and Equipment

The Organization capitalizes all acquisition costs for property and equipment in excess of \$1,000 (if purchased) or at fair value at the date of donation (if donated). Depreciation expense has been computed using the straight-line method over the estimated useful life of the assets (generally 3 - 5 years). Upon disposal, the asset account is relieved of the cost, and the reserve for depreciation is reduced. Gain or loss is recognized upon disposal only.

Depreciation expense for the years ended December 31, 2023 and 2022 were \$9,208 and \$8,912, respectively.

A summary of property and equipment at December 31 is as follows:

	2023	2022
Computer and Office Equipment	\$ 116,697	\$ 104,697
Leasehold Improvements	9,080	9,080
Less: Accumulated Depreciation	(82,640)	(73,432)
Property and Equipment, Net	<u>\$ 43,137</u>	<u>\$ 40,345</u>

Income Taxes

The Organization is exempt from federal and state income taxes on income other than net unrelated business income under the provisions of section 501(c)(3) of the Internal Revenue Code. The Organization incurred no unrelated business income in the years ended December 31, 2023 and 2022. Accordingly, no provisions for income taxes have been recorded.

The Organization believes that it has appropriate support for any tax positions taken, and therefore does not have any uncertain tax positions that are material to the financial statements. Tax years 2021 through 2023 remain open for examination by taxing authorities.

Functional Allocation of Expenses

The costs of providing the various programs, fundraising and other management and general activities have been summarized on a functional basis in the statement of functional expenses. Most expenses are charged directly to program services, management and general, or fundraising based on specific identification. The salary of the executive director is allocated based on estimated time spent for each function. Occupancy costs are allocated based on space usage. The total cost of all fundraising activities for the years ended December 31, 2023 and 2022 were \$26,698 and \$14,797, respectively.

Advertising

The Organization expenses all advertising costs as they are incurred.

Subsequent Events

Management has evaluated subsequent events for potential recognition or disclosure through June 20, 2024, the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Compensated Absences

Employees of the Organization are entitled to paid vacation, sick days and other time off depending on job classification, length of service and other factors. Unused balances do not accumulate or vest. Compensated absences are not recorded in the accompanying modified cash basis financial statements.

Donated Services and Facilities

Significant amounts of time and service are donated to The Children's House by the Board of Directors, individuals, and various other organizations. Those volunteers have provided various services throughout the year, which are not recognized as contributions in the accompanying modified cash basis financial statements.

The Organization's facilities are leased at a cost below fair market value. The value of the donated facilities has not been recognized as contributions in the accompanying modified cash basis financial statements. Details of this lease agreement are contained in Note 3.

The Children's House
Notes to Financial Statements
For the Year Ended December 31, 2023

Note 3 – Leases

The Organization leases real estate under a year-to-year lease agreement commencing May 2019, for the amount of \$1. The agreement provides for ten (10) automatic one-year period renewals in May of each year and is cancellable without cause by either party with 30 days written notice. The amount paid under this lease for both years ended December 31, 2023 and 2022 was \$1.

Note 4 – Significant Concentrations of Risk

Cash and Cash Equivalents

The Organization maintains its cash balances at various financial institutions. The balances within a bank are insured by the Federal Deposit Insurance Corporation (FDIC). Accounts are insured up to \$250,000 per institution. At December 31, 2023 and 2022 the Organization had no uninsured cash balances.

Revenue, Gains, and Other Support

The Organization's revenue and support are derived from donors and grantors located within the operating geographic region. While the Organization is supported by a large number of donors and grantors, its two largest grantors accounted for approximately 51% of total revenue, gains and other support in 2023, and 71% of total revenue, gains and other support in 2022.

Note 5 – Liquidity and Availability of Financial Assets

Operating liquidity comes from ongoing grants and donations. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditure without donor or other restrictions limiting their use within one year of December 31, 2023 and 2022, are shown in the table below:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End	\$ 240,424	\$ 194,003
Less: Assets Unavailable for General Expenditures Within One Year	<u>-</u>	<u>-</u>
Financial Assets Available		
to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 240,424</u></u>	<u><u>\$ 194,003</u></u>

Note 6 – Summarized Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2022 from which the summarized information was derived.