

**CRY – CHILD RIGHTS AND
YOU AMERICA, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



DePaola, Begg & Associates, P.C.
Certified Public Accountants

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

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DePaola, Begg & Associates, P.C.
Certified Public Accountants

220 West Main Street
Hyannis, Massachusetts 02601
508 775-7819
Fax 508 771-6637

Brian M. Carey, C.P.A.
Janet C. Feeney, C.P.A.
Frank A. Mello, C.P.A., C.F.P.
M. Christopher Murphy, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
CRY - Child Rights and You America, Inc.

We have audited the accompanying financial statements of CRY - Child Rights and You America, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows 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 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 CRY - Child Rights and You America, Inc. as of December 31, 2020 and 2019, 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.

DePaola Begg & Assoc. P.C.

Hyannis, Massachusetts
September 9, 2021

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 1,700,628	\$ 1,462,307
Accounts receivable	873	1,894
Prepaid expenses	41,551	26,510
Total Current Assets	<u>1,743,052</u>	<u>1,490,711</u>
FIXED ASSETS:		
Office equipment	4,856	4,856
Less accumulated depreciation	<u>(1,313)</u>	<u>(342)</u>
Total Property and Equipment	<u>3,543</u>	<u>4,514</u>
TOTAL ASSETS	<u>\$ 1,746,595</u>	<u>\$ 1,495,225</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,963	\$ 2,532
Grants payable	-	86,210
Accrued expenses	12,750	13,000
PPP loan payable	61,000	-
Total Current Liabilities	<u>78,713</u>	<u>101,742</u>
NET ASSETS:		
Without donor restrictions	<u>1,667,882</u>	<u>1,393,483</u>
Total Net Assets	<u>1,667,882</u>	<u>1,393,483</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,746,595</u>	<u>\$ 1,495,225</u>

See independent auditor's report and notes to financial statements

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
	<u>Without Donor</u>	<u>Without Donor</u>
	<u>Restrictions</u>	<u>Restrictions</u>
REVENUES AND SUPPORT:		
Contributions	\$ 757,849	\$ 552,638
Fundraising events		
Revenue raised	819,488	1,391,926
Expenses incurred	<u>(68,117)</u>	<u>(298,668)</u>
Net Fundraising Event Revenue	<u>751,371</u>	<u>1,093,258</u>
Interest Income	<u>274</u>	<u>186</u>
Total Revenues and Other Support	<u>1,509,494</u>	<u>1,646,082</u>
EXPENSES:		
Program/grant services	768,247	961,210
Fundraising	238,445	205,654
Administrative	<u>228,403</u>	<u>311,262</u>
Total Expenses	<u>1,235,095</u>	<u>1,478,126</u>
CHANGES IN NET ASSETS	274,399	167,956
NET ASSETS - BEGINNING OF YEAR	<u>1,393,483</u>	<u>1,225,527</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,667,882</u></u>	<u><u>\$ 1,393,483</u></u>

See independent auditor's report and notes to financial statements

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Program/Grant Expenses:		
India grant projects	\$ 698,247	\$ 886,210
US grant projects	<u>70,000</u>	<u>75,000</u>
Total Program/Grant Expenses	<u>\$ 768,247</u>	<u>\$ 961,210</u>
Fundraising Expenses:		
Payroll	\$ 131,556	\$ 118,289
Marketing	-	4,600
Service charges	62,876	49,039
Travel	-	407
Office & software	39,723	30,371
Printing & postage	2,790	2,948
Consultant	<u>1,500</u>	<u>-</u>
Total Fundraising Expenses	<u>\$ 238,445</u>	<u>\$ 205,654</u>
Administrative Expenses:		
Payroll	\$ 148,470	\$ 165,843
Professional services	41,205	70,880
Travel and seminar/conference	1,600	35,749
Rent	9,460	9,780
Insurance	4,302	7,946
License and registration fees	8,056	8,622
Service charges	3,796	1,455
Telephone and internet services	2,532	3,084
Postage	1,405	1,365
Dues	5,797	5,681
Depreciation	971	342
Electricity	524	156
Office supplies	<u>285</u>	<u>359</u>
Total Administrative Expenses	<u>\$ 228,403</u>	<u>\$ 311,262</u>

See independent auditor's report and notes to financial statements

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 274,399	\$ 167,956
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	971	342
Decrease in accounts receivable	1,021	17,388
(Increase) in prepaid expenses	(15,041)	(2,897)
Increase/(decrease) in accounts payable	2,431	(7,516)
(Decrease) in accrued expenses	(250)	-
(Decrease)in grants payable	<u>(86,210)</u>	<u>(71,238)</u>
Net Cash Provided by Operating Activities	<u>177,321</u>	<u>104,035</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipment	<u>-</u>	<u>(4,856)</u>
Net Cash Used by Investing Activities:	<u>-</u>	<u>(4,856)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP loan	<u>61,000</u>	<u>-</u>
Net Cash Provided by Financing Activities	<u>61,000</u>	<u>-</u>
NET INCREASE IN CASH	<u>238,321</u>	<u>99,179</u>
CASH - BEGINNING OF YEAR	<u>1,462,307</u>	<u>1,363,128</u>
CASH - END OF YEAR	<u>\$ 1,700,628</u>	<u>\$ 1,462,307</u>
 Supplemental disclosure:		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Taxes paid	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report and notes to financial statements

CRY – CHILD RIGHTS AND YOU AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Purpose - CRY – Child Rights and You America, Inc. (the Organization) was established in November 2002 as a Delaware Corporation, and is a not-for-profit organized under Section 501(c)(3) of the Internal Revenue Code. The mission of the Organization is to raise funds for and public awareness of the problems that face underprivileged children, with emphasis on children living in India.

Basis of Accounting - The Organization’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, certain revenues are recognized when earned rather than when cash is received and certain expenses are recognized when the obligation is incurred rather than when the cash is disbursed.

Basis of Presentation - The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 Not-for-Profit Entities dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 Not-for-Profit Entities “Presentation of Financial Statements” was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

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 objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

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

At December 31, 2020 and 2019, there were no assets with donor restrictions.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash - For the purposes of the statement of cash flows, the Organization considers checking accounts, saving accounts, money market instruments and all highly liquid debt instruments with an original maturity of three months or less to be cash and cash equivalents.

Concentration of credit risk - The Organization maintains bank accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 as of December 31, 2020 and 2019. The Organization may from time to time hold cash in one institution for more than \$250,000, but does not expect to incur any losses on these accounts and does not consider that a significant credit risk. At December 31, 2020 and 2019, the Organization had approximately \$827,749 and \$663,005, respectively, of its cash balance in excess of FDIC limits.

Accounts receivable - The Organization uses the specific write-off method for both book and tax purposes. Under this method, an allowance for doubtful accounts is not maintained, but accounts receivable are written off when they become uncollectible. Generally accepted accounting principles require an allowance for doubtful accounts receivable whenever it can be reasonably estimated and is a material amount. The effect of using the specific write-off method instead of the reserve method is not material to the financial statements taken as a whole.

Fixed Assets - Fixed assets are recorded at cost. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. Depreciation is provided for using straight-line and accelerated methods over the following estimated useful lives:

<u>Classification</u>	<u>Life</u>
Equipment	5 years

Income Taxes - The Organization is a public charity exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Organization operates in a manner consistent with its tax-exempt status at both the federal and state levels. The Organization annually files IRS Form 990 – *Return of Organization Exempt from Income Tax* reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review of the taxing authorities, generally for three years after they were filed. The federal tax returns for years 2019, 2018, and 2017 remain open for review. The Organization currently has no tax examinations in progress.

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions - All contributions (including pledges receivable) are considered available for unrestricted use, unless specifically restricted by the donor. Donations and membership dues received with donor program restrictions and/or time restrictions are recorded as net assets with restrictions. When a donor restriction expires, that is, when a stipulated time restriction applies or a purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

Marketing - The Organization expenses advertising costs as they are incurred. The total cost of advertising expenses incurred during the years ended December 31, 2020 and 2019 was \$0 and \$4,600, respectively.

Functional Allocation of Expenses - The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities and statement of functional expenses.

NOTE 2 - LICENSING AGREEMENT WITH CHILD RELIEF AND YOU, INDIA

The Organization has entered into an agreement, dated July 23, 2004, with Child Relief and You, India (CRY India), a public charity trust of India. The agreement allows the Organization to use the CRY India name, trademark and logo. This agreement also outlines services provided to the Organization by CRY India for the purpose of facilitating grants made to India-based projects. The Organization has also entered into an agreement with CRY India under which CRY India will provide grant management services for all grants made in India. During the years ended December 31, 2020 and 2019, the Organization made total grants to CRY India in the amount of \$698,247 and \$886,210, respectively. At December 31, 2020 and 2019, the balance of grants payable to CRY India amounted to \$0 and \$86,210, respectively.

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 3 - OCCUPANCY

The Organization leases office space in Braintree, Massachusetts on a month to month basis at a monthly rate of \$115 per month. The Organization also leases office space, from the president of the Organization, in New York on a month to month basis at a rate of \$700 per month. Rent expensed and paid for the years ended December 31, 2020 and 2019 was \$9,460 and \$9,780, respectively. Rent expense for the year end December 31, 2021 is expected to be \$9,780.

NOTE 4 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 1,700,628	\$ 1,462,307
Accounts receivable	873	1,894
Prepaid expenses	41,551	26,510
Total	<u>\$ 1,743,052</u>	<u>\$ 1,490,711</u>

NOTE 5 - PAYCHECK PROTECTION PROGRAM

On April 29, 2020, the Organization received loan proceeds of \$61,000 under the Paycheck Protection Program ("PPP"). The PPP, which was established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times certain average monthly payroll expenses of the qualifying business. The loan and accrued interest, or a portion thereof, may be forgiven after a 24 week period as long as the loan proceeds are used for eligible purposes including payroll, benefits, rent, mortgage interest and utilities, and maintains its payroll levels, as defined by the PPP. At least 60% of the loan proceeds must be spent on payroll costs, as defined by the PPP for the loan forgiveness.

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

NOTE 5 - PAYCHECK PROTECTION PROGRAM (CONTINUED)

The PPP loan matures two years from the date of first disbursement of proceeds to the Organization (the "PPP Loan Date") and accrues interest at a fixed rate of 1%. Payments are deferred for the first six months and payable in eighteen (18) equal consecutive monthly installments of principal and interest commencing upon expiration of the deferral period of the PPP Loan Date. The loan matures April 29, 2022.

Management believed the Organization used the proceeds for purposes consistent with the PPP loan guidelines and believed the requirements for forgiveness of the loan had been fully met. As a result, the Organization classified the loan as a current liability as of December 31, 2020, expecting that the entire loan amount would be forgiven and classified as income in the subsequent fiscal year. The Organization received confirmation that the loan had been forgiven in full in March 2021.

NOTE 6 - SUBSEQUENT EVENT – DATE OF MANAGEMENT REVIEW

The Organization has evaluated subsequent events through September 9, 2021, the date through which the financial statements were available to be issued and has determined that there are no subsequent events that require disclosure under FASB ASC Topic 855 - Subsequent Events.