

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

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022, and 2021, 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.

Basis for Opinion

We conduct our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CRY – Child Rights and You America, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CRY- Child Rights and You America Inc.'s ability to continue as a going concern within one year after the date that the financial statements were available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CRY – Child Rights and You America Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CRY – Child Rights and You America Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

DePaola Begg & Associates, P.C.

Hyannis, Massachusetts
November 1, 2023

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 2,788,338	\$ 2,113,351
Accounts receivable	1,042	499
Prepaid expenses	-	35,407
Total Current Assets	<u>2,789,380</u>	<u>2,149,257</u>
FIXED ASSETS:		
Office equipment	8,914	4,856
Less accumulated depreciation	<u>(3,910)</u>	<u>(2,285)</u>
Total Fixed Assets	<u>5,004</u>	<u>2,571</u>
TOTAL ASSETS	<u><u>\$ 2,794,384</u></u>	<u><u>\$ 2,151,828</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 7,747	\$ 9,338
Accrued expenses	13,500	13,000
Oak grants payable	319,786	-
PPP loan payable	-	55,865
Total Current Liabilities	<u>341,033</u>	<u>78,203</u>
NET ASSETS:		
Without donor restrictions	<u>2,453,351</u>	<u>2,073,625</u>
Total Net Assets	<u>2,453,351</u>	<u>2,073,625</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,794,384</u></u>	<u><u>\$ 2,151,828</u></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, 2022 AND 2021

	2022	2021
	Without Donor	Without Donor
	<u>Restrictions</u>	<u>Restrictions</u>
REVENUES AND SUPPORT:		
Contributions and grants	\$ 972,426	\$ 939,551
Fundraising events		
Revenue raised	1,285,006	866,974
Expenses incurred	<u>(215,065)</u>	<u>(40,923)</u>
Net Fundraising Event Revenue	<u>1,069,941</u>	<u>826,051</u>
PPP loan program forgiveness income	55,865	61,000
Interest income	<u>1,722</u>	<u>278</u>
Total Revenues and Other Support	<u>2,099,954</u>	<u>1,826,880</u>
EXPENSES:		
Program/grant services	1,111,065	911,486
Fundraising	299,642	269,311
Administrative	<u>309,521</u>	<u>240,340</u>
Total Expenses	<u>1,720,228</u>	<u>1,421,137</u>
CHANGES IN NET ASSETS	379,726	405,743
NET ASSETS - BEGINNING OF YEAR	<u>2,073,625</u>	<u>1,667,882</u>
NET ASSETS - END OF YEAR	<u>\$ 2,453,351</u>	<u>\$ 2,073,625</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Program/Grant Expenses:		
India grant projects	\$ 1,051,065	\$ 841,486
US grant projects	<u>60,000</u>	<u>70,000</u>
Total Program/Grant Expenses	<u>\$ 1,111,065</u>	<u>\$ 911,486</u>
Fundraising Expenses:		
Payroll	\$ 160,495	\$ 139,255
Service charges	103,192	65,794
Office & software	34,180	59,262
Consultant	-	5,000
Travel	<u>1,775</u>	<u>-</u>
Total Fundraising Expenses	<u>\$ 299,642</u>	<u>\$ 269,311</u>
Administrative Expenses:		
Payroll	\$ 200,903	\$ 161,231
Professional services	51,181	36,264
Travel and seminar/conference	12,947	218
Rent	9,680	9,205
License and registration fees	7,590	7,480
Dues	5,740	5,622
Insurance	5,390	10,299
Postage	4,669	1,012
Service charges	4,354	4,481
Office supplies	2,837	220
Telephone and internet services	2,228	2,726
Depreciation	1,625	972
Advertising	260	-
Electricity	<u>117</u>	<u>610</u>
Total Administrative Expenses	<u>\$ 309,521</u>	<u>\$ 240,340</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 379,726	\$ 405,743
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	1,625	972
PPP loan program forgiveness income	(55,865)	(61,000)
(Increase)/Decrease in accounts receivable	(543)	374
Decrease in prepaid expenses	35,407	6,144
(Decrease)/Increase in accounts payable	(1,591)	4,375
Increase in accrued expenses	500	250
Increase in grants payable	319,786	-
Net Cash Provided by Operating Activities	<u>679,045</u>	<u>356,858</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	<u>(4,058)</u>	<u>-</u>
Net Cash (Used) by Investing Activities	<u>(4,058)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP loan	<u>-</u>	<u>55,865</u>
Net Cash Provided by Financing Activities	<u>-</u>	<u>55,865</u>
NET INCREASE IN CASH	<u>674,987</u>	<u>412,723</u>
CASH - BEGINNING OF YEAR	<u>2,113,351</u>	<u>1,700,628</u>
CASH - END OF YEAR	<u>\$ 2,788,338</u>	<u>\$ 2,113,351</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, 2022 AND 2021

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, 2022 and 2021, 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, 2022 AND 2021

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, 2022 and 2021. 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, 2022 and 2021, the Organization had approximately \$1,566,155 and \$1,110,936, 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 2021, 2020, and 2019 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, 2022 AND 2021

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.

Revenue Recognition - *Contributions and grants* are recognized when received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Fundraising events revenue is primarily derived from contributions collected and fees charged for admissions at various sponsored events. This revenue is recognized when earned.

Marketing - The Organization expenses advertising costs as they are incurred.

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. Accordingly, certain costs have been allocated among program/grant services, fundraising, and administrative based upon estimates of time spent by specific employees and professional service providers at such activity.

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, 2022 and 2021, the Organization made total grants to CRY India in the amount of \$1,051,065 and \$841,486, respectively. At December 31, 2022 and 2021 there were no grants payable related to this agreement.

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 3 AGENCY LIABILITY

The Organization acts as an agency on behalf of the Oak Foundation to facilitate grants to various organizations in India. During the years ended December 31, 2022 and 2021 the Organization received \$1,337,603 and \$517,949, respectively from the Oak Foundation and spent \$1,052,117 and \$453,749, respectively on grants to organizations in India. \$78,897 and \$64,200 was recorded as contributions and grants revenue for the years ended December 31, 2022 and 2021, respectively. At December 31, 2022 and 2021 there was \$319,786 and \$0, respectively, in Oak grants payable.

NOTE 4 - 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, 2022 and 2021 was \$9,680 and \$9,205, respectively. Rent expense for the year end December 31, 2023 is expected to be \$9,780.

NOTE 5 - 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>2022</u>	<u>2021</u>
Cash	\$ 2,788,338	\$ 2,113,351
Accounts receivable	1,042	499
Prepaid expenses	-	35,407
Total	<u>\$ 2,789,380</u>	<u>\$ 2,149,257</u>

CRY - CHILD RIGHTS AND YOU AMERICA, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

NOTE 6 - 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.

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 matured 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 and was recorded as PPP loan program forgiveness income on the statement of activity for the year ended December 31, 2021.

On March 17, 2021 the Organization received a second round of PPP loan proceeds of \$55,865 with terms the same as the first round. This loan matures March 2023. During the year ended December 31, 2021 the Organization used the funds for its intended purpose and received confirmation that the loan had been forgiven in full in March 2022 and is recorded as PPP loan forgiveness income on the statement of activities. Accordingly, the loan was recorded as a current liability on the statement of financial position for the year ended December 31, 2021.

NOTE 7 - SUBSEQUENT EVENT – DATE OF MANAGEMENT REVIEW

The Organization has evaluated subsequent events through November 1, 2023, the date through which the financial statements were available to be issued and has determined that there are no other subsequent events that require disclosure under FASB ASC Topic 855 - Subsequent Events.