

**BRIGHTSIDE CHILD AND FAMILY ADVOCACY, INC.
SAVANNAH, GEORGIA**

**Financial Statements
for the Nine Months Ended
September 30, 2021**

*

AUDIT REPORT

*

March 22, 2022

BRIGHTSIDE CHILD AND FAMILY ADVOCACY, INC.
NINE MONTHS ENDED SEPTEMBER 30, 2021

CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1-2
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements.....	7-10

Independent Auditor's Report

To the Board of Directors
Brightside Child and Family Advocacy, Inc.
Savannah, Georgia

We have audited the accompanying financial statements of Brightside Child and Family Advocacy, Inc. (a nonprofit organization) which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the nine months 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 of 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 Brightside Child and Family Advocacy, Inc. as of September 30, 2021, and the changes in its net assets and its cash flows for the nine months then ended in accordance with accounting principles generally accepted in the United States of America.

Canady, Richburg & Associates LLP

March 22, 2022

BRIGHTSIDE CHILD AND FAMILY ADVOCACY, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021

ASSETS

Current assets

Cash and cash equivalents	411,694
Accounts receivable - grants	149,859
Prepaid expenses	<u>7,337</u>
Total current assets	<u>568,890</u>

Property and equipment

Furniture and equipment	14,570
Less - accumulated depreciation	<u>11,067</u>
Total property and equipment	<u>3,503</u>

Total Assets **572,393**

LIABILITIES

Current liabilities

Credit card payable	10,420
Accrued payroll and payroll taxes	35,276
Deferred revenue	2,250
Account payable - other	<u>1,650</u>
Total current liabilities	<u>49,596</u>

NET ASSETS

Without donor restrictions	522,797
With donor restrictions	<u>-</u>
Total net assets	<u>522,797</u>

Total Liabilities and Net Assets **572,393**

The accompanying notes are an integral part of these financial statements

BRIGHTSIDE CHILD AND FAMILY ADVOCACY, INC.
STATEMENT OF ACTIVITIES
NINE MONTHS ENDED SEPTEMBER 30, 2021

Change in Net Assets Without Donor Restrictions:

Support and Other Revenue

Contributions	115,774
Grants and government funding	311,974
Special events (less direct costs of \$19,726)	100,197
Payroll Protection Program funding	80,612
Interest income	15
Total support and other revenue	<u>608,572</u>

Expenses

Program services	362,356
Supporting services:	
Management and general	89,008
Fundraising	<u>38,025</u>
Total expenses	<u>489,389</u>

Increase in net assets	119,183
Net assets at beginning of year	<u>403,614</u>
Net assets at end of year	<u><u>522,797</u></u>

The accompanying notes are an integral part of these financial statements

BRIGHTSIDE CHILD AND FAMILY ADVOCACY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
NINE MONTHS ENDED SEPTEMBER 30, 2021

	<u>Supporting Services</u>			<u>Total Supporting Services</u>	<u>Total Functional Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>		
Salaries and wages	303,192	66,893	34,928	101,821	405,013
Activities and gifts	11,746	-	-	-	11,746
Advertising	-	4,328	1,082	5,410	5,410
Bank charges and credit card fees	-	1,044	-	1,044	1,044
Conferences	4,740	-	-	-	4,740
Dues and subscriptions	-	462	-	462	462
Equipment rental	2,219	-	-	-	2,219
Fundraising costs	-	-	560	560	560
Insurance	3,550	1,183	-	1,183	4,733
Miscellaneous expenses	4,181	-	-	-	4,181
Payroll services	-	899	-	899	899
Postage	-	655	218	873	873
Professional fees	-	9,752	-	9,752	9,752
Supplies	1,616	-	-	-	1,616
Technology	5,192	1,731	-	1,731	6,923
Telephone	4,947	2,061	1,237	3,298	8,245
Training	14,058	-	-	-	14,058
Travel and meetings	6,143	-	-	-	6,143
Total before depreciation	361,584	89,008	38,025	127,033	488,617
Depreciation	772	-	-	-	772
Total functional expenses	<u>362,356</u>	<u>89,008</u>	<u>38,025</u>	<u>127,033</u>	<u>489,389</u>

The accompanying notes are an integral part of these financial statements

BRIGHTSIDE CHILD AND FAMILY ADVOCACY, INC.
STATEMENT OF CASH FLOWS
NINE MONTHS ENDED SEPTEMBER 30, 2021

Cash flows from (for) operating activities	
Change in net assets	119,183
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	772
Net change in operating assets and liabilities:	
Accounts receivable - grants	(64,144)
Prepaid expenses	(2,675)
Accounts payable	(2,359)
Credit card payable	6,935
Deferred income	2,250
Accrued payroll and payroll taxes	34,833
Account payable - other	1,650
Net cash from operating activities	<u>96,445</u>
Net increase in cash and cash equivalents	96,445
Beginning cash and cash equivalents	<u>315,249</u>
Ending cash and cash equivalents	<u><u>411,694</u></u>
Supplemental cash flow information	
Interest paid	<u><u>-</u></u>
Income taxes paid	<u><u>-</u></u>

The accompanying notes are an integral part of these financial statements

BRIGHTSIDE CHILD AND FAMILY ADVOCACY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 1 – Nature of Activities

Brightside Child and Family Advocacy, Inc. (the Organization), formerly known as Savannah/Chatham County Court Appointed Special Advocates, Inc. was incorporated in 1993 by the State of Georgia as a nonprofit organization. The Organization's mission is to provide services to prevent child abuse and neglect by strengthening and supporting healthy family relationships. The Organization recruits and trains volunteers to advocate for the best interests of children who have experienced abuse and neglect. The Activities of the Organization are financed by government and private grants and by contributions from other organizations and individuals.

Note 2 – Summary of Significant Accounting Policies

Accounting Method – The Organization uses the accrual method of accounting, recognizing revenue as earned and expenses as incurred.

Basis of Presentation – The Organization is required to report information regarding its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time or will remain in perpetuity.

Contributions – Contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (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.

Contributed Services – The Organization utilizes trained volunteers to fulfill its program requirements. Volunteer hours are tracked from grant reporting purposes, but the value of these services hours are not recorded in the accounts of the Organization. Other contributed services are recorded at fair market value if the services (a) create or enhance long-lived assets or (b) require specialized skills. The value of these contributed services is not reflected in the financial statements since it does not meet the criteria for recognition.

Cash and Cash Equivalents – For purpose of the Statement of Cash Flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

BRIGHTSIDE CHILD AND FAMILY ADVOCACY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk – The Organization maintains cash balances at one financial institution located in Savannah, Georgia. The Federal Deposit Insurance Corporation (FDIC) insures account balances at the institution. As of September 30, 2021, the Organization’s uninsured cash balance totaled \$164,332.

Accounts Receivable – Grants – Accounts receivable are stated at unpaid balances. No allowance for doubtful accounts has been recorded since management considers all balances collectible.

Property and Equipment – Property and equipment acquired are stated at acquisition cost, or if donated, at the approximate fair value at the date of the donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets with range from five to seven years.

Advertising – The Organization charges the cost of advertising to expense as incurred.

Income Tax – The Organization is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and has been determined by the Internal Revenue Service not to be a private foundation under Section 509(a) of the Code. Contributions to the Organization are deductible within the limitations of the Code.

As of September 30, 2021, the tax years that remain subject to examination by taxing authorities begin with 2018. Management believes that all positions taken in those years would be sustained should those years be examined.

Deferred Revenue - Deferred revenue consists of collections for events held in the subsequent year.

Note 3 – Liquidity

Financial assets available within one year of the statement of financial position date, without donor or other restrictions limiting their use, comprise the following:

Cash and cash equivalents	411,694
Accounts receivable - grants	<u>149,859</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>561,553</u>

BRIGHTSIDE CHILD AND FAMILY ADVOCACY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 4 – Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 differ from these estimates.

Note 5 – Payroll Protection Program Loan

On February 15, 2021, the Organization received a second round of loan proceeds in the amount of \$80,612 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable after twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. In order to qualify for round two of PPP, an organization must have experienced financial hardship due to the ongoing Coronavirus (COVID-19) pandemic and have a 25% decrease in any quarter’s gross receipts from 2019 to 2020.

On August 5, 2021, the entire balance of the loan was formally forgiven.

Note 6 – Operating Leases

The Organization leases office equipment with an expiration date of January 9, 2026, and non-cancellable lease terms. Lease expense for office equipment totaled \$1,406 for the nine months ending September 30, 2021.

Future minimum lease payments for the remaining lease terms are as follows:

2022	1,875
2023	1,875
2024	1,875
2025	1,875
Thereafter	<u>312</u>
	<u>7,812</u>

BRIGHTSIDE CHILD AND FAMILY ADVOCACY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

Note 7 – Office Space Agreement

Effective October 1, 2019, the Organization utilizes office space in the Chatham County Department of Family and Children Services (DFCS) building. The agreement is for a two-year term, with the option to extend for additional two-year periods thereafter. In lieu of rent, the Organization is required to provide support services to DFCS.

Note 8 – Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 9 – Concentrations

The Organization receives over one half of its funding from grants and government contracts, and as such, economic impacts could jeopardize funding. These grants awards from federal, state, and local government entities are also subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with award restrictions.

Note 10 – Retirement Plan

The Organization sponsors a SIMPLE IRA plan, which covers all employees meeting certain eligibility requirements. The Organization will match up to 3% of the compensation of participating employees. The cost of this plan was \$8,243 for the nine months ending September 30, 2021.

Note 11 – Subsequent Events

Management has evaluated subsequent events through March 22, 2022, the date the financial statements were available to be issued.

Note 12 – Change of Fiscal Year and Name

On November 17, 2020, the Board of Directors approved changing the Organization's fiscal year end to September 30 effective September 30, 2021. The financial statements for the fiscal year ending September 30, 2021, are for the nine months ending September 30, 2021. Subsequent fiscal years will be for the twelve months ending September 30.

On September 24, 2021, the Board of Directors approved a name change to Brightside Child and Family Advocacy, Inc.