



The Children's Room

caring support for grieving children, teens, and families

**The Children's Room Center for Grieving Children & Teenagers
Financial Statement
For the Year Ended
September 30, 2021**

The Children's Room Center for Grieving Children & Teenagers

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Independent Auditor's Report

To the Board of Directors of
The Children's Room Center for Grieving Children & Teenagers
Arlington, MA

Opinion

I have audited the accompanying financial statements of The Children's Room Center for Grieving Children & Teenagers (a nonprofit Corporation, the "Organization") which comprise the statement of financial position as of September 30, 2021 and the related statement of activities, statement of functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Children's Room Center for Grieving Children & Teenagers as of September 30, 2021, and the changes in its net assets, functional expenses 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Organization and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management 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.

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 the Organizations ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

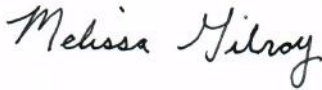
My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance 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, including omissions, 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.

Auditor's Responsibilities for the Audit of the Financial Statements - continued

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

- 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 the Organization'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



Melissa Gilroy, Certified Public Accountant
Westwood, Massachusetts
January 26, 2022

**The Children's Room Center for Grieving Children & Teenagers
Statement of Financial Position**

As of September 30,

2021

Assets

Cash and cash equivalents	\$ 1,023,201
Accounts receivable	488
Contributions receivable, current (net)	384,800
Prepaid expenses	10,667
Investments	<u>227,762</u>
Total current assets	<u>1,646,918</u>

Contribution receivable, long-term (net)	743,756
Fixed assets, net	<u>821,342</u>
Total long-term assets	<u>1,565,098</u>

Total Assets **\$ 3,212,016**

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 1,684
Accrued expenses	61,137
Mortgage, current portion	<u>14,655</u>
Total current liabilities	<u>77,476</u>

Long Term Liabilities

Mortgage	<u>501,045</u>
Total long term liabilities	<u>501,045</u>

Total liabilities **578,521**

Net Assets

Without donor restrictions	640,782
Without donor restrictions - Board designated	777,505
With donor restrictions	<u>1,215,208</u>
Total net assets	<u>2,633,495</u>

Total Liabilities and Net Assets **\$ 3,212,016**

The Children's Room Center for Grieving Children & Teenagers
Statement of Activities

For the year ended September 30,

2021

	Without donor restrictions	With donor restrictions	Total
Revenue and Support			
Contributions	\$ 763,634	414,901	1,178,535
Government grants	169,300	-	169,300
Fundraising and event income	80,841	-	80,841
Training income	2,900	-	2,900
Other income	11,251	-	11,251
Investment income	37,388	-	37,388
Net assets released from restriction	468,922	(468,922)	-
Total revenue and support	<u>1,534,236</u>	<u>(54,021)</u>	<u>1,480,215</u>
Expenses			
Program services	727,312	-	727,312
Management, general and administrative	233,549	-	233,549
Fundraising	303,665	-	303,665
Total expenses	<u>1,264,526</u>	<u>-</u>	<u>1,264,526</u>
Change in Net Assets	269,710	(54,021)	215,689
Net Assets at Beginning of Year	<u>1,148,577</u>	<u>1,269,229</u>	<u>2,417,806</u>
Net Assets at End of Year	<u>\$ 1,418,287</u>	<u>1,215,208</u>	<u>2,633,495</u>

The Children's Room Center for Grieving Children & Teenagers
Statement of Functional Expenses

For the year ended September 30,

2021

	Program	Management, General and Administrative	Fundraising	Total
Salaries	\$ 507,382	\$ 142,423	\$ 240,339	\$ 890,144
Benefits	25,452	6,914	10,849	43,215
Payroll taxes	44,523	12,498	21,090	78,111
	<u>577,357</u>	<u>161,835</u>	<u>272,278</u>	<u>1,011,470</u>
Supplies and expenses	46,075	4,919	-	50,994
Online services and other fees	24,668	20,159	-	44,827
Event expenses	-	-	17,173	17,173
Repair and maintenance	15,268	-	-	15,268
Insurance	-	5,708	-	5,708
Utilities	11,888	-	-	11,888
Professional fees	3,503	32,505	-	36,008
Depreciation	15,291	4,292	7,243	26,826
Professional development	10,693	-	-	10,693
Interest expense	14,715	4,131	6,971	25,817
Other program expenses	7,854	-	-	7,854
Total	<u>\$ 727,312</u>	<u>\$ 233,549</u>	<u>\$ 303,665</u>	<u>\$ 1,264,526</u>

**The Children's Room Center for Grieving Children & Teenagers
Statement of Cash Flows**

For the year ended September 30,

2021

Cash Flows from Operating Activities

Change in Net Assets	\$ 215,689
Adjustments to reconcile change in net assets to cash provided by operations	
Depreciation and amortization	27,255
Paycheck protection program loan forgiveness	(169,300)
Investment income reinvested	(33,469)
Decrease (increase) in assets	
Contribution receivables, net	143,239
Accounts receivable	(488)
Prepaid expenses	2,492
Increase (decrease) in liabilities	
Accrued expenses	(30,939)
Accounts payable	(6,451)
Net Cash Provided by (Used in) Operating Activities	<u>148,028</u>

Cash Flows from Investing Activities

Purchase of fixed assets	(47,335)
Purchase of investments	(24,667)
Sale of investments	24,659
Net Cash (Used in) Provided by Investing Activities	<u>(47,343)</u>

Cash Flows from Financing Activities

Mortgage repayment	(13,675)
Net Cash Provided by (Used in) Financing Activities	<u>(13,675)</u>

Net (Decrease) Increase in Cash and Cash Equivalents 87,010

Cash and Cash Equivalents - Beginning 936,191

Cash and Cash Equivalents - Ending \$ 1,023,201

Supplement Disclosure of Cash Flow Information

Cash paid during the year for interest \$ 25,386

The Children's Room Center for Grieving Children & Teenagers

Notes to Financial Statements

1. Nature of the Business

The Children's Room Center for Grieving Children & Teenagers (the "Organization") is a private, not-for-profit Massachusetts corporation that operates a publicly accessible site in Arlington, Massachusetts for grieving children, teenagers, and their caregivers and families. The Organization provides a setting and support for interaction of grieving children in various age groups from toddler through teenagers. The Organization also educates the public and community at large regarding the needs of and services available to grieving children and their families. The Organization was incorporated under the provision of the General Laws of Massachusetts, Chapter 180 and qualifies as a tax exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements is in conformity with generally accepted accounting principles in the United States of America ("GAAP") which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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 differ from those estimates.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis with net assets, revenues, expenses, gains, and losses classified in two categories based on the existence or absence of externally imposed restrictions. Operating revenues consist of those monies received and contributions attributable to the Organization's ongoing efforts. The net assets of the Organization are classified and defined as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations are considered unrestricted. The governing board has designated from net assets without restrictions, net assets for an operating reserve as well as for long-term purposes which is presented in the accompanying financial statements.

Net Assets With Donor Restrictions

Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less, when acquired, to be cash equivalents.

The Children's Room Center for Grieving Children & Teenagers

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members and foundations supportive of our mission. Investment performance is monitored by the Organization and its Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Accounts Receivable

Accounts receivable consists primarily of noninterest-bearing amounts due for training fees. We determine the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivables are written off when deemed uncollectable. As of September 30, 2021, management has determined that no allowance is required.

Contribution Receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At September 30, 2021, the allowance was \$31,395.

Property and Equipment

Property and equipment are stated at cost at the time of acquisition or fair market value at the time of donation. Expenditures for maintenance and repairs are charged to expense as incurred; betterments are capitalized. The Organization capitalizes amounts greater than \$5,000. When assets are sold or retired, the related costs and accumulated depreciation are removed from the respective accounts and any resulting gain and loss is credited or charged to operations. Depreciation is recorded on a straight-line basis based over the related assets estimated useful lives.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. We have determined that no long-lived assets were impaired during the year ended September 30, 2021.

Contribution Revenue

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Consequently, at September 30, 2021, contributions of approximately \$33,000 have not been recognized in the accompanying statement of activities because the condition on which it depends has not been met.

The Children's Room Center for Grieving Children & Teenagers

Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The Organization recognizes revenue from training fees during the year in which the related services are provided. The performance obligation of delivering training / educational services is simultaneously received and consumed; therefore, the revenue is recognized as services are delivered.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the year ended September 30, 2021.

Investments

We record investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Functional expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Organization is a tax-exempt entity under Code Section 501(c)(3) of the Internal Revenue Code (the "Code"). Accordingly, no provision for income taxes is included in these financial statements.

The Organization complies with the provisions of GAAP related to the accounting for the uncertainty in income taxes. As required, the Organization has evaluated its tax positions, applying a "more likely than not" threshold and believes that there would be no material changes to the results of its operation or financial position as a result of an audit by the applicable taxing authorities, federal or state. The Organization has filed all of its known and required tax returns in a timely manner, including as permitted, allowed extensions.

The Children's Room Center for Grieving Children & Teenagers

Notes to the Financial Statements

3. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded, and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Inputs that reflect unadjusted quoted market prices in active markets for identical assets or liabilities that the Union has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability either directly or indirectly, including inputs in markets that are considered active.

Level 3: Inputs that are unobservable for the asset or liability and that include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimates.

The following fair value hierarchy table presents information about the Union's assets measured at fair value on a recurring basis based upon the lowest level of significant input to the valuations at September 30, 2021. There were no other recurring or non-recurring assets or liabilities requiring disclosure in accordance with GAAP:

Description	Amount
Money market	\$ 734
Mutual fund	73,168
Bond funds	90,037
Exchange traded fund	63,823
Total	<u>\$ 227,762</u>

4. Fixed assets

Fixed assets consisted of the following at September 30, 2021:

Land	\$ 127,000
Furniture and Fixtures	13,268
Building and improvements	1,065,544
Less: Accumulated depreciation	<u>(384,470)</u>
Fixed assets, net	<u>\$ 821,342</u>

The Children's Room Center for Grieving Children & Teenagers
Notes to the Financial Statements

5. Contribution Receivables

Contribution receivables represent unconditional promises to give by donors. Receivables are classified as current and noncurrent. Current receivables are expected to be collected during the next year and are recorded at their net realizable value. Noncurrent contributions receivables have been discounted at risk-free rates ranging from .58% to 2.6% for fiscal year ending September 30, 2021. At September 30, 2021, contribution receivables consisted of the following:

Within one year	\$ 384,800
In one to five years	708,847
Thereafter	103,700
Less: discount	(37,396)
Less: allowance	(31,395)
Contribution receivables, net	<u>\$ 1,128,556</u>

Included in contribution receivables as of September 30, 2021 is amounts due from related parties amounting to approximately \$201,000. Additionally, a receivable balance from one donor amounted to 18% of the total net contribution receivables as of September 30, 2021.

6. Mortgage Note Payable

The Organization has a mortgage note payable in the original amount of \$626,200 which matures in January 2043 and is secured by the real estate. Monthly principal and interest payments amount to \$3,259.57. Interest on the loan is variable and adjusted every 5 years based on the Federal Home Loan Rate plus 250 basis points. At September 30, 2021, the rate on the loan was 4.75%. Debt issue costs associated with the note are being amortized using the effective method over the life of the loan and are included in interest expense. The mortgage note balance is reflected net of these issue costs in the accompanying statement of financial position. Additionally, the Organization is required to maintain a debt coverage ration of 1.25 to 1:00 which is complied with as of September 30, 2021. As of year-end the outstanding balance on the note amounted to \$520,772 net of unamortized debt issuance costs of \$5,072. Interest expense amounted to \$25,817 for the year-ended September 30, 2021.

Future maturities on the note were:

2022	\$ 14,655
2023	15,366
2024	16,112
2025	16,894
2026	17,714
Debt acquisition costs (net)	(5,072)
Thereafter	<u>440,031</u>
	<u>\$ 515,700</u>

7. Paycheck Protection Program Loan

In April 2020, the Organization received a Paycheck Protection Program (PPP) loan under the CARES Act in the amount of \$169,300. The loan was available to fund eligible payroll and related costs, utilities and rent. Loan interest of 1% was deferred for the first six months of the loan. Provided the loan was used to pay these costs, under the provisions of the CARES Act, the loan may be forgiven. In January 2021, the loan was forgiven by the Small Business Association (SBA) and has been recognized as income in the accompanying financial statements.

The Children's Room Center for Grieving Children & Teenagers

Notes to the Financial Statements

8. Net Assets With Restrictions

As of September 30, 2021, restricted net assets consist of the following:

<u>Description</u>	<u>Amount</u>
Time restrictions	\$ 1,128,557
Purpose restrictions - Marathon	86,651
	<u>\$ 1,215,208</u>

9. Related Party Donations

During fiscal 2021, the Organization received donations from related parties amounting to \$103,000.

10. Retirement plan

The Organization sponsors a Simple IRA retirement plan covering qualified employees, as defined in the plan. The Organization matches the employee's contribution up to a maximum of three percent of the eligible employee's compensation. The Organization contributed \$11,605 in matching Simple IRA contributions for the year ended September 30, 2021.

11. 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 consists of:

<u>Financial assets at year end:</u>	
Cash and cash equivalents	\$ 1,023,201
Contribution receivables, current	384,800
Accounts receivable	488
Investments	227,762
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,636,251</u>

The Organization's goal is generally to maintain financial assets to meet 4 months of operating expense, which it was able to achieve in fiscal 2021.

12. Risks and Uncertainties

In March 2020, a national emergency was declared in the United States as a result of the coronavirus epidemic. This public health crisis has had a significant and wide-ranging effect on the United States economy, global markets, supply chains, businesses and communities. During 2021, COVID-19 impacted the operations of the organization, specifically, but not limited to, special event cancellations, an increase in donations related to providing COVID-19 and an increase in program demand. The Pandemic continues to effect results of operations in fiscal 2022. Management believes it is taking appropriate actions to mitigate any negative impact COVID-19 may have on its operations.

13. Subsequent Events

The Organization has evaluated events subsequent to its year-ended September 30, 2021 and through the date of this report. Management has determined that no other subsequent events requiring disclosure have occurred as of January 26, 2022 which is the date financial statements were available to be issued.