

PARENTCHILD+ INC.
FINANCIAL STATEMENTS
June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ParentChild+ Inc.
New York, New York

Opinion

We have audited the accompanying financial statements of ParentChild+ Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 ParentChild+ Inc. as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 ParentChild+ 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 ParentChild+ Inc.'s 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

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 ParentChild+ 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 ParentChild+ 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.

Report on Summarized Comparative Information

ParentChild+ Inc.'s 2021 financial statements were audited by another auditor, who expressed an unmodified opinion on those audited financial statements in their report dated December 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Wegner CPAs, LLP
New York, New York
April 14, 2023

PARENTCHILD+ INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022 with comparative totals for June 30, 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 1,045,767	\$ 1,443,770
Investments	1,594,493	1,813,970
Unconditional promises to give, net	797,613	81,400
Accounts receivable	19,517	24,247
Prepaid expenses	-	32,126
Furniture and office equipment, net	15,861	18,413
Web site development and database costs, net	174,623	231,675
Video creation costs, net	12,572	27,351
Security deposit	16,406	16,406
	<u>\$ 3,676,852</u>	<u>\$ 3,689,358</u>
LIABILITIES		
Accounts payable and accrued expenses	\$ 155,458	\$ 115,448
Grants payable	411,002	370,308
Deferred revenue	-	17,000
Paycheck Protection Program loan	-	314,515
	<u>566,460</u>	<u>817,271</u>
NET ASSETS		
Without donor restrictions		
Board designated reserves	2,175,397	2,175,397
Undesignated	136,079	146,776
	<u>2,311,476</u>	<u>2,322,173</u>
With donor restrictions	798,916	549,914
	<u>3,110,392</u>	<u>2,872,087</u>
Total liabilities and net assets	<u><u>\$ 3,676,852</u></u>	<u><u>\$ 3,689,358</u></u>

See accompanying notes.

PARENTHILD+ INC.
STATEMENT OF ACTIVITIES

Year ended June 30, 2022 with comparative totals for the year ended June 30, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES				
Contributions				
Foundations	\$ 4,303,541	\$ 771,480	\$ 5,075,021	\$ 3,754,635
Government	38,434	-	38,434	52,400
United Way	4,533	-	4,533	6,268
Individuals	590,690	-	590,690	493,655
Corporations	17,171	-	17,171	18,905
Paycheck Protection Program	314,515	-	314,515	267,915
Training and program support fees	161,600	-	161,600	157,000
Replication and material fees	59,282	-	59,282	45,609
Conference fees	21,848	-	21,848	20,711
Honoraria	11,825	-	11,825	22,050
Special events	57,687	-	57,687	60,675
Other income	21,581	-	21,581	-
Net assets released from restrictions				
Satisfaction of purpose restrictions	522,478	(522,478)	-	-
Total revenue	6,125,185	249,002	6,374,187	4,899,823
EXPENSES				
Program services	5,596,670	-	5,596,670	4,651,923
Management and general	225,100	-	225,100	218,172
Fundraising	100,870	-	100,870	36,637
Total expenses	5,922,640	-	5,922,640	4,906,732
Change in net assets before investment income (loss)	202,545	249,002	451,547	(6,909)
Investment income (loss)	(213,242)	-	(213,242)	349,795
Change in net assets	(10,697)	249,002	238,305	342,886
Net assets at beginning of year	2,322,173	549,914	2,872,087	2,529,201
Net assets at end of year	\$ 2,311,476	\$ 798,916	\$ 3,110,392	\$ 2,872,087

See accompanying notes.

PARENTHILD+ INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year ended June 30, 2022 with comparative totals for the year ended June 30, 2021

	Program Services					Supporting Services		2022 Total	2021 Total
	Replication	Training	Outreach	Research	Total	Management and General	Fundraising		
Replication grants	\$ 3,150,878	\$ -	\$ -	\$ -	\$ 3,150,878	\$ -	\$ -	\$ 3,150,878	\$ 2,342,292
Salaries	551,129	138,429	719,190	235,640	1,644,388	117,758	87,512	1,849,658	1,666,581
Payroll taxes and benefits	82,273	22,251	92,798	29,987	227,309	58,007	8,787	294,103	229,573
Professional fees	13,759	-	130,412	55,332	199,503	22,586	-	222,089	304,763
Rent	28,784	7,230	37,562	12,307	85,883	6,150	4,571	96,604	92,822
Professional development	3,100	3,100	3,100	3,910	13,210	-	-	13,210	-
Communications	-	-	27,693	154	27,847	-	-	27,847	61,335
Telephone and website fees	-	-	1,188	63	1,251	4,785	-	6,036	5,033
Supplies and office expenses	22,789	1,277	1,101	4,730	29,897	2,717	-	32,614	2,419
Technology	9,151	9,728	5,086	12,572	36,537	4,456	-	40,993	30,845
Donor management system	-	-	7,422	-	7,422	-	-	7,422	3,999
Dues and subscriptions	-	-	1,204	-	1,204	404	-	1,608	1,034
Depreciation and amortization	96,575	-	24,178	-	120,753	1,499	-	122,252	123,884
Training institute expenses	-	5,149	-	-	5,149	-	-	5,149	2,902
Research participant expenses	-	-	-	9,520	9,520	-	-	9,520	-
State charitable registration fees	-	-	3,184	-	3,184	-	-	3,184	6,834
Travel	-	-	651	458	1,109	-	-	1,109	-
Other	109	-	-	-	109	6,738	-	6,847	749
Management Information System	31,517	-	-	-	31,517	-	-	31,517	31,667
Total expenses	\$ 3,990,064	\$ 187,164	\$ 1,054,769	\$ 364,673	\$ 5,596,670	\$ 225,100	\$ 100,870	\$ 5,922,640	\$ 4,906,732

See accompanying notes.

PARENTCHILD+ INC.
STATEMENT OF CASH FLOWS
Year ended June 30, 2022 with comparative totals for the year ended June 30, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 238,305	342,886
Adjustments to reconcile change in net assets to change in net cash flows from operating activities		
Depreciation and amortization	122,252	123,884
Realized and unrealized investment gains	214,271	(337,554)
Paycheck Protection Program loan forgiveness	(314,515)	(267,915)
Discount on long term promises to give	11,288	-
Donated securities	-	(25,161)
(Increase) decrease in assets		
Unconditional promises to give	(727,501)	-
Accounts receivable	4,730	(4,201)
Prepaid expenses	32,126	3,334
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	40,010	176,478
Grants payable	40,694	-
Deferred revenue	(17,000)	13,500
Net cash flows from operating activities	(355,340)	25,251
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	25,633	235,815
Purchase of investments	(20,427)	-
Cash paid for website development and database costs	(43,734)	(61,990)
Purchase of furniture and office equipment	(4,135)	-
Net cash flows from investing activities activities	(42,663)	173,825
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	314,515
Net change in cash	(398,003)	513,591
Cash at beginning of year	1,443,770	930,179
Cash at end of year	\$ 1,045,767	\$ 1,443,770

See accompanying notes.

PARENTCHILD+ INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 with comparative totals for June 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

ParentChild+ Inc. (the Organization) was incorporated under Section 402 of the Not-For-Profit Corporation law of New York State in November 1978. The Organization was formerly known as Parent-Child Home Program, Inc. before changing its name in July 2019. The Organization is exempt from tax under Section 501(c)(3) of the Internal Revenue Code. The Organization engages early in life, using education to help young children and their parents access a path to possibility. The Organization provides not only early literacy and school readiness supports, but most importantly early opportunity. Working with families living in underserved and historically marginalized communities, the Organization focuses on closing the equity gap and utilizing education to provide opportunities.

The Organization supports early childhood school readiness through two models - a one-on-one home visiting model for families with two and three-year-olds and a home visiting model that works with family child care (FCC) providers who take care of groups of children in their homes. The Organization focuses on communities furthest from opportunity, where too often poverty, limited access to quality education, isolation, housing and food insecurity, and language and literacy barriers pose obstacles to educational and life success.

The Organization's intensive home visiting approach provides families with 92 visits and 46 high quality children's books and toys to support parent-child interaction and school readiness and provides FCC providers with 48 visits and learning materials for them and the families they care for. Home visitors model, for the parents/providers and children, reading, conversation, and play activities that enhance adult-child interaction and support the development of children's language, literacy, numeracy, and social-emotional skills.

The Organization's National Center was created to disseminate information, promote and support replication in communities across the US and internationally, provide training, program support, and quality assurance, and conduct research on the program.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Investment securities are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation of the current year financial statements.

PARENTHILD+ INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 with comparative totals for June 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of future cash flows. The discount on those amounts are computed using a risk-adjusted interest rate applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after their due dates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to be collected from outstanding balances. The Organization uses the allowance method to determine uncollectible promises to give and other receivables. As of June 30, 2022 and 2021, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

Fixed Assets

Furniture and office equipment are stated at cost. Costs in excess of \$500 and the value of donated property and equipment are capitalized at fair market value. Depreciation of fixed assets is computed on a straight-line basis over the estimated useful lives of the assets.

Intangible Assets

Website development, database, and video creation costs are stated at cost less accumulated amortization. Amortization is computed on the straight-line basis over the estimated useful lives of the assets acquired.

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

PARENTCHILD+ INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 with comparative totals for June 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Revenues are derived primarily from training and site replication fees. Revenues are recognized at the point in time the services are provided.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and employee benefits, rent, depreciation and amortization, and other expenses, which are allocated on the basis of estimates of time and effort and square footage. The following program services and supporting activities are included in the accompanying financial statements:

Replication - Ongoing program support for partner agencies and sites replicating both ParentChild+ models, updating and development of curriculum and other program materials, and program quality assurance and fidelity support.

Training - Training content and materials development and training implementation for new and existing staff at sites on both ParentChild+ models.

Outreach - Outreach to new audiences for both ParentChild+ program models - development of outreach content and tools (website, newsletters, social media, one-pagers), presentations, and responding to requests from prospective communities and partner agencies.

Research - Program services relating to gathering data and conducting research to track fidelity to both ParentChild+ models and support evidence-based claims of the models' efficacy.

Management and General - Includes the activities necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities, and perform other administrative functions.

Fundraising - Provides the structure necessary to encourage and secure private financial support from individuals, foundations, and others.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through April 14, 2023, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash balances at two financial institutions. Accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022 and 2021, the Organization's uninsured cash balances total approximately \$545,900 and \$970,900, respectively.

PARENTCHILD+ INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 with comparative totals for June 30, 2021

NOTE 3—INVESTMENTS

Investments consist of the following at June 30, 2022 and 2021:

	2022	2021
Mutual funds		
Equities	\$ 873,572	\$ 991,818
Bonds	446,562	474,825
Common stocks	52,530	62,244
Exchange traded funds	221,829	285,083
Total	\$ 1,594,493	\$ 1,813,970

Fair values of mutual funds are based on quoted net asset values of the shares as reported by the funds. The mutual funds held by the Organization are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. Common stocks and exchange traded funds are valued at unadjusted quoted prices reported on the active markets on which the individual securities are traded.

NOTE 4—PAYCHECK PROTECTION PROGRAM LOANS

The Organization received loans totaling \$582,430 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loans accrue interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by the Organization during the covered period. Eligible expenses may include payroll costs, interest on mortgages, rent, and utilities. Any unforgiven portion is payable over five years. In January of 2021, the SBA preliminarily approved forgiveness of the Organization's first draw loan. On September 27, 2021, the SBA preliminarily approved forgiveness of the Organization's second draw loan. Loan forgiveness is recognized as Paycheck Protection Program revenue on the accompanying statements of activities. The Organization must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review the Organization's good-faith certification concerning the necessity of its loan request, whether the Organization calculated the loan amount correctly, whether the Organization used loan proceeds for the allowable uses specified in the CARES Act, and whether the Organization is entitled to loan forgiveness in the amount claimed on its application. If SBA determines the Organization was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 5—CONDITIONAL PROMISE TO GIVE

During the year ended June 30, 2022, the Organization received promises to give of \$200,000 that contained donor conditions upon meeting specific milestones. The conditional promise to give will be recognized as revenue when the conditions are substantially met.

PARENTCHILD+ INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 with comparative totals for June 30, 2021

NOTE 6—UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Receivable in less than one year	\$ 656,401	\$ 81,400
Receivable in one to five years	152,500	-
Unconditional promises to give	808,901	81,400
Discounts to net present value	(11,288)	-
Unconditional promises to give, net	\$ 797,613	\$ 81,400

Unconditional promises to give receivable in more than one year are discounted at a rate of 3.92%.

NOTE 7—INTANGIBLE ASSETS

Intangible assets at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Website development costs		
Public	\$ 57,765	\$ 52,965
Non-Public	26,820	26,820
Database	972,246	933,312
Video creation costs	141,134	141,134
Less accumulated amortization	(1,010,770)	(895,205)
	\$ 187,195	\$ 259,026

Amortization expense for the years ended June 30, 2022 and 2021 was \$115,564 and \$116,932, respectively.

NOTE 8 – FURNITURE AND OFFICE EQUIPMENT

Furniture and office equipment at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Furniture	\$ 79,580	\$ 79,580
Office equipment	30,910	26,774
Less accumulated depreciation	(94,629)	(87,941)
	\$ 15,861	\$ 18,413

Depreciation expense for the years ended June 30, 2022 and 2021 was \$6,688 and \$6,952, respectively.

PARENTCHILD+ INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 with comparative totals for June 30, 2021

NOTE 9—NET ASSETS

Net assets with donor restrictions at June 30, 2022 and 2021 consisted of the following:

	2022	2021
Purpose restrictions		
Site Implementation Grant 2021-2022	\$ -	\$ 506,414
Site Implementation Grant 2022-2023	307,062	-
Project/State Specific	39,354	43,500
Subsequent periods' activities	452,500	-
Net assets with donor restrictions	\$ 798,916	\$ 549,914

NOTE 10—RETIREMENT PLAN

The Organization adopted a 403(b) retirement plan on December 1, 2001, which covers all eligible employees. The employees have the option of contributing a percentage of their earnings up to a specified maximum and the Organization may contribute discretionary matching contributions to the plan. Organization contributed \$57,274 and \$47,837 to the plan for the year ended June 30, 2022 and 2021, respectively.

NOTE 11—LEASE

The Organization leased space under an operating lease that expired on November 30, 2022. After expiration a new operating lease was entered into starting December 1, 2022 which expires on October 31, 2026. Rental expenses for the lease were \$96,604 and \$92,822 for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments for the years ending June 30:

2023	\$ 76,176
2024	72,800
2025	80,784
2026	83,208
Thereafter	28,008
	\$ 340,976

PARENTHILD+ INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 with comparative totals for June 30, 2021

NOTE 12—LIQUIDITY AND AVAILABILITY

The following reflects the Organization’s financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general expenditures within one year because of donor-imposed restrictions. The financial assets available for general expenditure within one year of the statement of financial position dates includes the following:

	2022	2021
Cash	\$ 1,045,767	\$ 1,443,770
Investments	1,594,493	1,813,970
Unconditional promises to give, net	797,613	81,400
Accounts receivable	19,517	24,247
Financial assets at year-end	3,457,390	3,363,387
Less those unavailable for general expenditure within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time and purpose restrictions	(798,916)	(549,914)
Add back amounts available for general expenditures within one year:	311,288	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,969,762	\$ 2,813,473