

CENTER FOR ADVANCING DOMESTIC PEACE, INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2021
WITH INDEPENDENT AUDITOR'S REPORT**

CENTER FOR ADVANCING DOMESTIC PEACE, INC.

JUNE 30, 2021

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Independent Auditor's Report

To the Board of Directors of
Center For Advancing Domestic Peace, Inc.

We have audited the accompanying financial statements of Center For Advancing Domestic Peace, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Center For Advancing Domestic Peace, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Functional Expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Alexander Mannes & Company, P.C.

Matteson, Illinois

April 4, 2022

CENTER FOR ADVANCING DOMESTIC PEACE, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS

	Without Donor Restrictions	With Donor Restrictions	Total
Cash	\$ 209,258	\$ 55,833	\$ 265,091
Accounts receivable	89,716	-	89,716
Property and equipment, net	146,041	-	146,041
Prepaid expenses	5,504	-	5,504
Other assets	1,696	-	1,696
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 452,215	\$ 55,833	\$ 508,048

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 13,622	\$ -	\$ 13,622
Accrued payroll and taxes	18,762	-	18,762
Mortgage payable	142,933	-	142,933
Economic Injury Disaster Loan	150,000	-	150,000
Paycheck Protection Program Loan	86,665	-	86,665
Accrued interest payable-EIDL	4,469	-	4,469
Other liabilities	56	-	56
	<hr/>	<hr/>	<hr/>
Total Liabilities	416,507	-	416,507

Net Assets

Without donor restrictions	35,708	-	35,708
With donor restrictions	-	55,833	55,833
	<hr/>	<hr/>	<hr/>
Total Net Assets	35,708	55,833	91,541
	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	\$ 452,215	\$ 55,833	\$ 508,048

The accompanying notes are an integral part of these financial statements.

CENTER FOR ADVANCING DOMESTIC PEACE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Grants and contributions	\$ 146,185	\$ 60,000	\$ 206,185
Program revenue	275,790	-	275,790
Fundraising and events	16,168	-	16,168
In-kind contributions	53,705	-	53,705
Other revenue	17	-	17
Economic Injury Disaster Advance	10,000	-	10,000
Paycheck Protection Program proceeds	-	66,412	66,412
Net assets released from restrictions	<u>175,330</u>	<u>(175,330)</u>	<u>-</u>
 Total revenue and support	 <u>677,195</u>	 <u>(48,918)</u>	 <u>628,277</u>
EXPENSES:			
Program Services	503,917	-	503,917
Management and general	160,701	-	160,701
Fundraising	<u>9,146</u>	<u>-</u>	<u>9,146</u>
 Total Expenses	 <u>673,764</u>	 <u>-</u>	 <u>673,764</u>
 Change in net assets	 3,431	 (48,918)	 (45,487)
Net assets, beginning of year	<u>32,277</u>	<u>104,751</u>	<u>137,028</u>
Net assets, end of year	<u>\$ 35,708</u>	<u>\$ 55,833</u>	<u>\$ 91,541</u>

The accompanying notes are an integral part of these financial statements.

CENTER FOR ADVANCING DOMESTIC PEACE, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

Cash Flows From Operating Activities:

Change in net assets	\$ (45,487)
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities:	
Depreciation	7,298
Changes in assets and liabilities:	
Increase in accounts receivables	(14,376)
Decrease in prepaid expenses	2,897
Increase in other assets	(1,696)
Increase in accounts payable	2,307
Increase in other liabilities	56
Decrease in real tax payable	(2,836)
Increase accrued payroll	3,575
Increase in accrued interest payable-EIDL	4,469
Net cash used in operating activities	<u>(43,793)</u>

Cash Flows From Investing Activities:

Purchase of property and equipment	<u>(1,545)</u>
Net cash used by investing activities	<u>(1,545)</u>

Cash Flows From Financing Activities:

Proceed from Payroll Protection Loan Program	86,665
Forgiveness from Payroll Protection Loan Program	(66,412)
Payment of mortgage principal	<u>(6,610)</u>
Net cash provided by investing activities	<u>13,643</u>

Net decrease in cash (31,695)

Cash, beginning of year 296,786

Cash, end of year \$ 265,091

SUPPLEMENTAL CASH FLOW INFORMATION

Interest Paid \$ 7,850

The accompanying notes are an integral part of these financial statements.

CENTER FOR ADVANCING DOMESTIC PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2021

1. Summary of Significant Accounting Policies:

(a) **Operations**

Center For Advancing Domestic Peace, Inc (“CADP”), is an Illinois nonprofit organization that was incorporated on November 3, 2003. CADP’s mission is to provide partner abuse intervention services in Chicago and the surrounding area. Revenue and support are derived from contributions from charitable organizations, individuals, government grants, and program fees.

(b) **Basis of Accounting**

The financial statements of CADP have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

(c) **Net Assets**

Net assets, revenues, and support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions. Net assets not subject to or are no longer subject to donor-imposed restrictions.

With Donor Restrictions. Net assets whose use is limited by donor-imposed time and/or purposes restrictions. CADP has net assets with donor restrictions for the year ending June 30, 2021.

(d) **Recently Adopted Accounting Pronouncements**

In June 2018, the Financial Accounting Standard Board (FASB) issued Accounting Standard Update (ASU) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contribution Received and Contribution Made*. The FASB issued this Update to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The amendments in this Update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The adoption of ASU 2018-08 resulted in certain grants and contracts from foundations originally classified as conditional to be reclassified as unconditional due to lack of a right of return and barriers (as defined in ASU 2018-08) in the donor agreement. The amounts of these reclassifications were material to the financial statements taken as a whole. Additionally, because most government awards to CADP are on a cost-reimbursable basis, contribution revenue is triggered by incurring reimbursable cost and the timing of revenue recognition is not materially impacted by this Update. CADP has implemented ASU 2018-08 on a modified prospective basis as of July 1, 2020.

CENTER FOR ADVANCING DOMESTIC PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2021

1. Summary of Significant Accounting Policies:

(d) **Recently Adopted Accounting Pronouncements (continued)**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This guidance requires the rights and obligations of the new and existing arrangements to be recognized as assets and liabilities on the statement of financial position. The guidance will require disclosure to better inform financial statement users of the amount, timing and uncertainty of cash flows arising from leases. The primary impact of this guidance, which will be effective for periods beginning after December 15, 2021, will be to record right-of-use assets and obligations for current operating leases.

(e) **Concentration of Revenues**

The CADP receives substantially all its income from grants and program fees from charitable organizations and governments located primarily in the Chicagoland area. Any significant decreases in these incomes could negatively impact the CADP's operations.

(f) **Revenue Recognition**

Program fee revenue is recognized when control of promised services is transferred to customers, in an amount that reflects the consideration the CADP expects to be entitled to in exchange for those services.

The CADP recognizes contributions when an unconditional promise to give is received. Conditional promises to give (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 substantially met. Some grant contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is received. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, net assets with restrictions are reclassified to net assets without restrictions.

(g) **In-Kind Contributions**

Donated services are reflected in the statement of activities at their estimated fair value. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

CENTER FOR ADVANCING DOMESTIC PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2021

1. Summary of Significant Accounting Policies:

(h) **Use of Estimates**

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

(i) **Income Taxes**

The CADP is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision or liability for federal or state income taxes has been included in the accompanying financial statements.

(j) **Functional Allocation of Expenses**

The cost in providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. The expenses that are allocated included salaries, benefits, and payroll taxes, which are allocated on the basis of estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

(k) **Property and Equipment**

All acquisitions of property and equipment in excess of \$500 and all expenditures for renewals and betterments that materially prolong the useful lives of the assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed primarily using the straight-line method. Furniture, fixtures, and equipment have estimated useful lives ranging from five to 27.5 years.

(l) **Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the CADP considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2021.

CENTER FOR ADVANCING DOMESTIC PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
 (CONTINUED)
YEAR ENDED JUNE 30, 2021

2. Property and Equipment:

As of June 30, 2021, property and equipment consisted of the following:

Building	\$ 150,000
Leasehold improvements	6,745
Furniture and equipment	19,914
Software	4,937
	<u>181,596</u>
Less accumulated depreciation	35,555
Property and equipment, net	<u>\$ 146,041</u>

Depreciation expense for the year ended June 30, 2021 was \$7,298.

3. Mortgage Payable:

On May 11, 2020, CADP entered a \$150,000 mortgage payable with a seller, with an interest rate of 5.25% and a monthly amortized over seventeen years (17), secured by the building. The mortgage requires a final balloon payment of outstanding principal and interest due June 1, 2030. Monthly mortgage payments of \$1,113 began on July 1, 2020. The outstanding balance on the mortgage as of June 30, 2021 was \$142,933.

The future minimum payments are as following for the years ending June 30:

2022	\$ 5,484
2023	6,291
2024	6,629
2025	6,986
2026	7,362
Thereafter	110,181
	<u>\$ 142,933</u>

4. SBA Economic Injury Disaster Loan (“EIDL”):

On May 16, 2020, the CADP issued a promissory note (the “EIDL Loan”) for \$150,000 through the Small Business Administration established under the Small Business Act and administered by the U.S. Small Business Administration (“SBA”). The EIDL Loan is collateralized by a secured interest in the property owned by the CADP. The EIDL Loan was made through the SBA (the “Lender”), has a thirty-year term, bears interest at 2.75% per annum, and matures on May 16, 2051. Monthly principal and interest payments are deferred until thirty (30) months after the promissory note or November 16, 2022. The EIDL Loan may be prepaid at any time prior to the maturity with no prepayment penalties. Accordingly, the CADP has reflected the EIDL Loan as debt in the accompanying statement of activity.

CENTER FOR ADVANCING DOMESTIC PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2021

4. SBA Economic Injury Disaster Loan (“EIDL”) (continued):

The future minimum payments are as following for the years ending June 30:

2023	\$ 2,041
2024	3,141
2025	3,240
2026	3,342
2027	3,447
Thereafter	<u>134,789</u>
	<u>\$ 150,000</u>

5. Paycheck Protection Program Loan

On February 17, 2021, the CADP issued an unsecured promissory note (the “PPP Loan”) for \$86,665 through the Paycheck Protection Program (“PPP”) established under the CARES Act and administered by the U.S. Small Business Administration (“SBA”). The PPP Loan is guaranteed by the by the SBA. The PPP Loan may be forgiven, in whole or in part, if the CADP was eligible for the PPP loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP Loan was disbursed (“Covered Period”), and otherwise satisfied PPP requirement. The PPP Loan was made through JPMorgan Chase Bank, N.A. (the “Lender”), has a two-year term, bears interest at 1% per annum, and matures on February 17, 2023. If the PPP Loan is not forgiven, monthly principal and interest payments are deferred until seven months after the end of the Covered Period. The PPP Loan may be prepaid at any time prior to maturity with no prepayment penalties. Accordingly, the CADP has reflected the PPP Loan as debt in the accompanying statement of financial position.

The future minimum payments are as following for the years ending June 30:

2022	\$ 35,900
2023	<u>50,765</u>
	<u>\$ 86,665</u>

CENTER FOR ADVANCING DOMESTIC PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2021

6. Net Assets Released from Restrictions:

During 2021 net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, as follows:

Paycheck Protection Program Loan	\$ 66,412
Polk Brother Foundation	25,001
Alphawood	45,000
Crown Family Philanthropies	22,917
Francis Biedler Foundation	6,000
Chicago Foundation for Women	10,000
	<u>\$ 175,330</u>

7. With Donor Restrictions:

With donor restrictions represent assets available for use in subsequent years to fulfill donors' restrictions. With donor restrictions net assets at June 30, 2021 consisted of the following:

Polk Brother Foundation	\$ 20,833
Crown Family Philanthropies	35,000
	<u>\$ 55,833</u>

8. Operating Lease:

The CADP leased copiers under an operating lease that expires on November 19, 2024 with monthly payments of \$475. Copier rent expense for the year ended June 30, 2021 totaled \$5,700.

Future minimum rental payments under the operating lease agreement are as follows:

2022	\$ 5,700
2023	5,700
2024	2,700
2025	1,425
	<u>\$ 15,525</u>

CENTER FOR ADVANCING DOMESTIC PEACE, INC
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2021

9. Liquidity and Availability of Financial Assets:

The CADP’s financial assets at June 30, 2021 consist of cash-\$265,091 and accounts receivable-\$89,716, of which \$55,833 in cash is held for restricted purposes, resulting in \$298,974 in financial assets available to support general expenditures for the come year. CADP has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next year, the CADP anticipates collecting sufficient revenue to cover general expenditures.

10. Concentration of Credit Risk:

The CADP maintains its cash balances at financial institutions located in Chicago, Illinois. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of June 30, 2021, the CADP’s uninsured cash balances totaled \$20,789.

11. Risks and Uncertainty:

Risk Related to COVID-19

Management continues to evaluate the effects of the COVID-19 matter, considering the facts and circumstances related to the impact of the virus on the CADP’s industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the CADP’s financial position and, results of its operations, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

12. In-kind contributions:

The CADP’s in-kind contributions consisted of the following:

	Program Expenses	Management and General	
	Case Management	Legal	Total
Professional fees	\$ 39,106	\$ 14,599	\$ 53,705

In-kind contributions were valued usage estimated average US process of identical or similar services using pricing data of similar services under a ‘like-kind methodology, considering the utility of the services at the time of the contribution.

13. Subsequent Event:

On February 1, 2022, the CADP received PPP Loan forgiveness of \$89,665 from the SBA.

CADP has evaluated subsequent events, occurring after the statement of financial position date through April 4, 2022, the date the financial statements were available for release. Based upon this evaluation, other than previously disclosed, CADP has determined that there are no subsequent events that have occurred which require adjustment to or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

CENTER FOR ADVANCING DOMESTIC PEACE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 328,411	\$ 89,061	\$ 5,909	\$ 423,381
Payroll taxes	26,668	6,334	333	33,335
Payroll processing fees	990	236	12	1,238
Employee recruitment	-	1,310	-	1,310
Rent	14,493	-	-	14,493
Utilities	13,104	3,064	213	16,381
Office expenses	14,036	3,292	209	17,537
Professional Fees	22,712	24,900	387	47,999
Professional Fee-In-Kind	39,106	14,599	-	53,705
Insurance	7,312	1,710	119	9,141
Bank charges and credit card merchant fees	2,231	845	36	3,112
Professional development	5,340	-	-	5,340
Program expenses	2,239	-	-	2,239
Community outreach	1,375	-	-	1,375
Special events expenses	-	-	1,113	1,113
Marketing	517	-	518	1,035
Copier lease	5,098	1,192	83	6,373
Software lease	3,750	877	61	4,688
Dues and subscriptions	419	98	7	524
Bad debt expenses	7,120	-	-	7,120
Real estate taxes	2,716	635	44	3,395
Interest expense	6,280	5,250	102	11,632
Depreciation	-	7,298	-	7,298
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 503,917</u>	<u>\$ 160,701</u>	<u>\$ 9,146</u>	<u>\$ 673,764</u>

The accompanying notes are an integral part of these financial statements