

CENTER FOR ADVANCING DOMESTIC PEACE, INC.

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED JUNE 30, 2022
WITH INDEPENDENT AUDITOR'S REPORT**

CENTER FOR ADVANCING DOMESTIC PEACE, INC.

JUNE 30, 2022

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Independent Auditor's Report

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

Opinion

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, 2022, and the related statements of activities 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 Center For Advancing Domestic Peace, Inc. as of June 30, 2022, 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.

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 Center For Advancing Domestic Peace, 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 Center For Advancing Domestic Peace, 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 Center For Advancing Domestic Peace, 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 Center For Advancing Domestic Peace, 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 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 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 28, 2023

CENTER FOR ADVANCING DOMESTIC PEACE, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

ASSETS

Cash	\$ 214,560
Accounts receivable, net	58,511
Property and equipment, net	150,699
Operating lease right-of-use asset	13,875
Prepaid expenses	4,856
Other assets	<u>1,704</u>
 Total Assets	 \$ <u>444,205</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 11,637
Accrued payroll and taxes	23,554
Right-of -use operating lease liability	14,098
Mortgage payable	137,449
Economic Injury Disaster Loan	150,000
Accrued interest payable-EIDL	6,658
Other liabilities	<u>353</u>
 Total Liabilities	 <u>343,749</u>

Net Assets

Without donor restrictions	<u>100,456</u>
 Total Net Assets	 <u>100,456</u>
 Total Liabilities and Net Assets	 \$ <u>444,205</u>

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

CENTER FOR ADVANCING DOMESTIC PEACE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT:			
Grants and contributions	\$ 279,638	\$ -	\$ 279,638
Program revenue	321,236	-	321,236
Fundraising and events	37,652	-	37,652
In-kind contributions	39,746	-	39,746
Other revenue	478	-	478
Paycheck Protection Program proceeds	86,665	-	86,665
Net assets released from restrictions	<u>55,833</u>	<u>(55,833)</u>	<u>-</u>
 Total Revenue and Support	 <u>821,248</u>	 <u>(55,833)</u>	 <u>765,415</u>
 EXPENSES:			
Program Services	589,133	-	589,133
Management and general	116,738	-	116,738
Fundraising	<u>50,629</u>	<u>-</u>	<u>50,629</u>
 Total Expenses	 <u>756,500</u>	 <u>-</u>	 <u>756,500</u>
 Change in net assets	 64,748	 (55,833)	 8,915
Net assets, beginning of year	<u>35,708</u>	<u>55,833</u>	<u>91,541</u>
 Net assets, end of year	 <u>\$ 100,456</u>	 <u>\$ -</u>	 <u>\$ 100,456</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, 2022

Cash Flows From Operating Activities:

Change in net assets	\$ 8,915
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities:	
Depreciation and amortization	13,113
Changes in assets and liabilities:	
Decrease in accounts receivables	31,205
Decrease in prepaid expenses	648
Increase in other assets	(8)
Decrease in accounts payable	(1,985)
Increase accrued payroll	4,792
Decrease in operating lease assets and liabilities	(5,148)
Increase in accrued interest payable-EIDL	2,189
Increase in other liabilities	297
	<hr/>
Net cash provided by operating activities	54,018

Cash Flows From Investing Activities:

Purchase of property and equipment	<hr/> (12,400)
Net cash used in investing activities	<hr/> (12,400)

Cash Flows From Financing Activities:

Forgiveness from Payroll Protection Loan Program	(86,665)
Payment of mortgage principal	<hr/> (5,484)
Net cash used in investing activities	<hr/> (92,149)

Net decrease in cash (50,531)

Cash, beginning of year

265,091

Cash, end of year

\$ 214,560

SUPPLEMENTAL CASH FLOW INFORMATION

Interest Paid

\$ 12,862

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, 2022

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 no net assets with donor restrictions for the year ending June 30, 2022.

(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.

CENTER FOR ADVANCING DOMESTIC PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2022

1. Summary of Significant Accounting Policies (continued):

(f) **Revenue Recognition (continued)**

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.

(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 of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. Program and supporting expenses are allocated on the basis of estimates of time and effort. Program and fundraising expenses that are identifiable are charged directly.

CENTER FOR ADVANCING DOMESTIC PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2022

1. Summary of Significant Accounting Policies (continued):

(k) **Property and Equipment**

All acquisitions of property and equipment in excess of \$2,500 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, 2022.

2. Property and Equipment:

As of June 30, 2022, property and equipment consisted of the following:

Building	\$ 150,000
Leasehold improvements	6,745
Furniture and equipment	32,314
Software	<u>4,937</u>
	193,996
Less accumulated depreciation	<u>43,297</u>
Property and equipment, net	<u>\$ 150,699</u>

Depreciation expense for the year ended June 30, 2022 was \$7,419.

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, 2022 was \$137,449.

CENTER FOR ADVANCING DOMESTIC PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2022

3. Mortgage Payable:

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

<u>Years</u>	<u>Amount</u>
2023	\$ 6,291
2024	6,629
2025	6,986
2026	7,362
2027	7,758
Thereafter	<u>102,423</u>
	<u>\$ 137,449</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.

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 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.

CENTER FOR ADVANCING DOMESTIC PEACE, INC.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2022

5. Paycheck Protection Program Loan (continued)

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. The PPP loan was forgiven in full in February 1, 2022; as such, it is no longer shown as a loan payable and the proceeds received are included on the Statement of Activities as revenue and support for the year ending June 30, 2022, the year in which the forgiveness was granted.

6. Operating Lease:

The CADP leases copier machines under one long-term non-cancelable operating lease. The lease expires on January 28, 2025. Operating leases with a term of 12 months or less are not recorded on the statement of financial position.

The right-of-use assets and lease liabilities at June 30, 2022 are as follows:

Lease Assets-Classification in Statement of Financial Position:

Operating lease right-of-use \$ 13,875

Lease Liabilities-Classification in Statement of Financial Position

Operating lease liability \$ 14,098

Total operating lease costs for the year ended June 30, 2022 was \$ 5,697.

Future minimum lease payments required under operating lease that have remaining noncancelable lease terms in excess of one year is as follows:

<u>Years</u>	<u>Amount</u>
2023	\$ 5,697
2024	5,697
2025	<u>3,323</u>
Total lease payment	14,717
Less: imputed interest	<u>(619)</u>
Present value of liability	<u>\$ 14,098</u>

CENTER FOR ADVANCING DOMESTIC PEACE, INC
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2022

7. Net Assets Released from Restrictions:

During 2022, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, as follows:

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

8. Liquidity and Availability of Financial Assets:

The CADP's financial assets at June 30, 2022 consist of cash-\$214,560 and accounts receivable-\$58,511, resulting in \$273,071 in financial assets available to support general expenditures for the coming 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.

9. 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, 2022, the CADP's uninsured cash balances totaled \$0.

10. In-kind contributions:

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

	<u>Case Management</u>
Professional fees	<u>\$ 39,746</u>

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.

11. Subsequent Event:

CADP has evaluated subsequent events, occurring after the statement of financial position date through April 28, 2023, the date the financial statements were available for release.

SUPPLEMENTARY INFORMATION

CENTER FOR ADVANCING DOMESTIC PEACE, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 342,104	\$ 78,031	\$ 20,720	\$ 440,855
Payroll taxes	27,837	6,350	1,684	35,871
Payroll processing fees	1,211	276	74	1,561
Employee recruitment	1,884	430	114	2,428
Rent	14,804	-	-	14,804
Utilities	12,338	2,814	747	15,899
Office expenses	21,493	4,903	1,301	27,697
Professional Fees	20,248	4,619	1,227	26,094
Professional Fee-In-Kind	30,843	7,035	1,868	39,746
Insurance	5,879	1,341	355	7,575
Bank charges and credit card merchant fees	3,268	745	197	4,210
Professional development	1,722	393	104	2,219
Program expenses	907	-	-	907
Repairs and maintenance	5,632	1,285	341	7,258
Special events expenses	-	-	19,636	19,636
Marketing	752	172	46	970
Copier lease	201	46	12	259
Software lease	1,251	285	76	1,612
Dues and subscriptions	10,122	2,308	613	13,043
Bad debt expenses	61,628	-	-	61,628
Occupancy expense	4,852	1,107	294	6,253
Interest expense	9,981	2,277	604	12,862
Depreciation and amortization	10,176	2,321	616	13,113
	<u>\$ 589,133</u>	<u>\$ 116,738</u>	<u>\$ 50,629</u>	<u>\$ 756,500</u>
Total expenses	<u>\$ 589,133</u>	<u>\$ 116,738</u>	<u>\$ 50,629</u>	<u>\$ 756,500</u>

The accompanying notes are an integral part of these financial statements