

**Children's Policy Cooperative of Jefferson County  
(A Nonprofit Corporation)**

**Birmingham, Alabama**

**Financial Statements**

**December 31, 2023**

Children’s Policy Cooperative of Jefferson County  
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December 31, 2023

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## **Independent Auditor's Report**

Board of Directors  
Children's Policy Cooperative of Jefferson County  
Birmingham, Alabama

### **Opinion**

We have audited the accompanying financial statements of Children's Policy Cooperative of Jefferson County (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of December 31, 2023, the related statement of support and revenues, disbursements and expenses, and change in net assets – modified cash basis, and the statement of functional expenses – modified cash basis 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 assets, liabilities and net assets of Children's Policy Cooperative of Jefferson County as of December 31, 2023, and its support, revenue and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

### **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 Children's Policy Cooperative of Jefferson County 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.

### **Basis for Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

## **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 Children's Policy Cooperative of Jefferson County'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 Children's Policy Cooperative of Jefferson County'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.

KASSOUF & CO., INC.

A handwritten signature in black ink that reads "Kassouf & Co." in a cursive script.

CPAs and Advisors

November 8, 2024

**Children's Policy Cooperative of Jefferson County**  
**Statement of Assets, Liabilities and Net Assets - Modified Cash Basis**  
**December 31, 2023**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 169,651
Total Current Assets	<u>169,651</u>

**Property and Equipment, Net**

5,644

Total Assets

175,295

**Liabilities and Net Assets**

**Net Assets**

Net assets without donor restrictions	157,548
Net assets with donor restrictions	<u>17,747</u>
Total Net Assets	<u><u>175,295</u></u>

Total Liabilities and Net Assets

\$ 175,295

See accompanying notes.

**Children's Policy Cooperative of Jefferson County**  
**Statement of Support and Revenues, Disbursements and Expenses, and**  
**Change in Net Assets - Modified Cash Basis**  
**For the Year Ended December 31, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenues</b>			
Individual contributions	\$ 584	\$ 140	\$ 724
Agency contributions	-	5,196	5,196
Board contributions	1,149	-	1,149
Foundation grants	-	11,000	11,000
Government contributions	85,000	354,237	439,237
Amazon Smile donations	33	-	33
In-kind professional services	2,400	-	2,400
Miscellaneous income	60	-	60
Net assets released from restrictions	352,826	(352,826)	-
Total Support and Revenues	442,052	17,747	459,799
<b>Disbursements and Expenses</b>			
Program	394,486	-	394,486
General and Administrative	31,619	-	31,619
Total Disbursements and Expenses	426,105	-	426,105
Change in Total Net Assets	15,947	17,747	33,694
Net Assets - Beginning of Year	141,601	-	141,601
Net Assets - End of Year	\$ 157,548	\$ 17,747	\$ 175,295

See accompanying notes.

**Children's Policy Cooperative of Jefferson County**  
**Statement of Functional Expenses - Modified Cash Basis**  
**For the Year Ended December 31, 2023**

	<b>Program Services</b>						
	<b>Campaign 3rd Grade Reading</b>	<b>Child Trafficking Solutions</b>	<b>SAFE CARE Program</b>	<b>Evergreen Programs</b>	<b>Total Program</b>	<b>General and Administrative</b>	<b>Total</b>
Accounting fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,200	\$ 5,200
Bank and vendor charges	8	-	-	-	8	271	279
Computer and software	-	-	12,126	-	12,126	-	12,126
Depreciation expense	996	-	-	-	996	-	996
D&O insurance	-	-	2,972	1,061	4,033	212	4,245
Direct assistance	-	-	787	78	865	16	881
Dues and subscriptions	-	-	1,222	437	1,659	87	1,746
Executive services	-	-	30,665	8,084	38,749	24,251	63,000
Graphic design	50	-	73	26	149	5	154
Meeting expense	61	110	7,286	835	8,292	167	8,459
Other expense	1,633	-	2,156	199	3,988	40	4,028
Payroll	-	-	236,514	-	236,514	1,095	237,609
Payroll taxes	-	-	5,745	-	5,745	-	5,745
Payroll services	-	-	332	118	450	24	474
Postage, shipping and delivery	250	-	20,460	100	20,810	20	20,830
Professional fees	5,200	-	1,680	600	7,480	120	7,600
Program related services	-	-	22,695	-	22,695	-	22,695
Supplies	3,671	-	5,175	159	9,005	32	9,037
Telephone	-	-	4,883	-	4,883	-	4,883
Training	-	-	5,169	-	5,169	-	5,169
Travel	-	-	10,221	297	10,518	60	10,578
Website hosting and maintenance	-	-	259	93	352	19	371
Total Expenses	<u>\$ 11,869</u>	<u>\$ 110</u>	<u>\$ 370,420</u>	<u>\$ 12,087</u>	<u>\$ 394,486</u>	<u>\$ 31,619</u>	<u>\$ 426,105</u>

See accompanying notes.

**Children's Policy Cooperative of Jefferson County**  
**Notes to Financial Statements**  
**December 31, 2023**

Note 1. Summary of Significant Accounting Policies

Organization

The Children's Policy Cooperative of Jefferson County (the Cooperative) is an Alabama non-profit corporation chartered on March 2005. Its purpose is to identify unmet needs of children and work to meet those needs by convening and educating the child-serving community, by advocating for children's issues and collaborating to develop innovative projects and programs to serve children.

The Cooperative has a contract with Family Court of Jefferson County to fulfill the legislatively mandated requirements and duties of the Children's Policy Council of Jefferson County (CPC). The CPC of Jefferson County is an affiliated entity of the Alabama Children's Policy (CPC) system which originated from the Alabama Juvenile Justice Coordinating Councils and is designated to support providers of children's services as they work collaboratively in developing community service plans to address the needs of children ages 0-19 and their families. A CPC was created in each county to address the unique needs of each community. At the state level, these local needs become the driving force for children's policies.

According to Alabama Code Section 26-24-34, the Cooperative's duty is to review the needs of children in their county and how local agencies and departments can work together more efficiently and effectively to serve the children in their area. Local resource guides shall be used by the State Children's Policy Council in compiling a state resource guide which is distributed to the general public and to agencies and organizations serving children.

In addition to providing the services required of the CPC of Jefferson County through contract with Family Court of Jefferson County, the Cooperative provides a variety of additional programs, services and community engagement endeavors in keeping with its mission to build partnerships to benefit children in Jefferson County and in keeping with the priorities established by the Cooperative's Board of Directors.



**Children's Policy Cooperative of Jefferson County**  
**Notes to Financial Statements – Continued**  
**December 31, 2023**

Note 1. Summary of Significant Accounting Policies – Continued

**Basis of Accounting**

The Cooperative's policy is to prepare its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when received rather than when earned, and expenses are recognized when cash is disbursed rather than when the obligation is incurred. The basic approach is modified to recognize contributions when promised, capitalize fixed assets, record certain expenses outside the ordinary course of operations when incurred, recognize donated professional services, and payroll taxes and amounts withheld from employees. Therefore, these financial statements are not intended to present the financial position and the changes in net assets in conformity with accounting principles generally accepted in the United States of America.

**Use of Estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**Cash and Cash Equivalents**

The Cooperative considers all highly liquid, short-term investments with an initial maturity of three months or less to be cash. The cash maintained by the Cooperative may at times exceed federally insured limits. However, the Cooperative has not experienced any losses on such accounts.

**Revenue Recognition**

The expiration of donor-imposed restrictions on contributions is recognized in the period in which the restriction is satisfied and/or expires. At that time, the amounts are reclassified from net assets with donor restrictions to net assets without donor restrictions. Donor restrictions are satisfied when a stipulated time restriction ends or purpose restriction has been fulfilled.

**Children's Policy Cooperative of Jefferson County**  
**Notes to Financial Statements – Continued**  
**December 31, 2023**

Note 1. Summary of Significant Accounting Policies – Continued

Net Assets

The Cooperative reports information regarding its financial position and activities according to the two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions and net assets with donor restrictions consist of the following:

*Net Assets Without Donor Restrictions* are those currently available for use in the Cooperative's day-to-day operations under the direction of the board and those designated by the board for specific uses.

*Net Assets With Donor Restrictions* represent cash and other assets restricted by donor imposed stipulations as to time or purpose that limit the use of the assets and donor imposed mandates requiring the original principal to be invested in perpetuity.

Property – Fixed Assets

Assets are recorded at cost, or at fair market value, if donated. Upon sale or other disposition of assets, the cost and the related accumulated depreciation are removed from the accounts and the resulting gain or loss, if any, is reflected in income. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Depreciation is computed on a straight-line basis over the useful lives of furniture and equipment (five to 10 years). Maintenance and repairs are charged to expense as incurred.

Income Taxes

The Cooperative is exempt from income taxes under Internal Revenue Code Section 501(c)(3). However, any unrelated business income may be subject to taxation. Currently, the Cooperative has no obligation for any unrelated business income tax. The Cooperative believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements.

**Children's Policy Cooperative of Jefferson County**  
**Notes to Financial Statements – Continued**  
**December 31, 2023**

Note 2. Liquidity and Availability of Financial Assets

For the year ended December 31, 2023, the Cooperative has \$169,651 of financial assets available within one year of the statement of assets, liabilities and net assets – modified cash basis date to meet cash needs for general expenditure consisting only of cash and cash equivalents. The Cooperative has a policy to structure its financial statements to be available as its general expenditures, liabilities, and other obligations come due.

Note 3. Property and Equipment

Property and equipment consist of the following:

Equipment	\$ 6,640
Accumulated depreciation	(996)
Property and equipment, net	<u>\$ 5,644</u>

Depreciation expense for the year ended December 31, 2023 was \$996.

Note 4. Net Assets With Donor Restrictions

Net assets with donor restrictions have been restricted for specific purposes by donors and contributors. At December 31, 2023, net assets with donor restrictions are available for the following purposes:

Campaign for 3 <sup>rd</sup> Grade Reading	\$ <u>17,747</u>
Net Assets With Donor Restrictions	<u>\$ 17,747</u>

As expenses are incurred for the Campaign for 3<sup>rd</sup> Grade Reading, the Cooperative may use these restricted funds to cover this specific program's operating expenses.

Note 5. Net Assets Released from Donor Restrictions

Net assets were released from restrictions during the year ended December 31, 2023 in satisfaction of the following purposes:

Campaign for 3 <sup>rd</sup> Grade Reading	\$ 11,869
SAFE CARE Program	340,957
Total Net Assets Released from Donor Restrictions	<u>\$ 352,826</u>

**Children's Policy Cooperative of Jefferson County**  
**Notes to Financial Statements – Continued**  
**December 31, 2023**

Note 6. Methods Used for the Allocation of Expenses from Management and General Activities

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Cooperative. Those expenses include, but are not limited to, insurance, executive services, meetings, salaries and payroll taxes, postage, professional fees, supplies and travel. Salaries, payroll taxes, and executive services are allocated based on estimates of time and effort. The other expenses are allocated based on their usage for the specific programs or supporting functions.

Note 7. Related Party Transactions – Donated/In-Kind Services

The Cooperative has a contract with Family Court of Jefferson County to fulfill legislatively mandated requirements and duties of the Children’s Policy Council of Jefferson County. The contract with the Family Court was effective from October 1, 2022 through September 30, 2023. A subsequent contract was executed that is effective from October 1, 2023 and will continue through September 30, 2024. Each party shall evaluate whether it wishes to continue to contract for these services after the period of this agreement and a separate written agreement must be executed between the parties to continue.

The Family Court provides compensation of \$85,000 in quarterly payments for each quarter year beginning October 1, 2022 and October 1, 2023.

In addition to the agreement, the Family Court has provided the Cooperative additional in-kind rent and services. The amount of rent and services provided by the Family Court to the Cooperative for the year ended December 31, 2023 was as follows:

Office Space	\$	22,323
Utilities (Power & Phone)		2,551
Copy Machine/Paper		1,594
Postage		532
IT/Internet/Tech Support		1,594
Training/Meeting Space		2,658
Total In-Kind Contributions (Expenses)	\$	31,252

The amount of in-kind rent and services is based on current market rates. The amount of services and facilities provided by the Family Court to the Cooperative is not included on the Cooperative’s Statement of Support and Revenues, Disbursements and Expenses, and Change in Net Assets – Modified Cash Basis for the year ended December 31, 2023.

**Children's Policy Cooperative of Jefferson County**  
**Notes to Financial Statements – Continued**  
**December 31, 2023**

Note 6.           Related Party Transactions – Donated/In-Kind Services – Continued

During the year ended December 31, 2023, the Cooperative received donated professional financial services. Based on current market consulting rates, the Cooperative would have paid \$2,400 for these services. The amount of professional financial services is included on the Cooperative's Statement of Support and Revenues, Disbursements and Expenses, and Change in Net Assets – Modified Cash Basis for the year ended December 31, 2023.

Note 7.           Concentration of Revenue Sources

During the year ended December 31, 2023, approximately 80% of the Cooperative's revenue was derived from the State of Alabama. During the year ended December 31, 2023, approximately 16% of the Cooperative's revenue is derived from the Jefferson County Commission which is passed through the Jefferson County Family Court. The current level of the Cooperative's operations and program services may be impacted or segments discontinued if the funding is not renewed.

Note 8.           Subsequent Events

The Cooperative has evaluated subsequent events through November 8, 2024, the date which the financial statements were available to be issued.