

FOSTER KINSHIP
FINANCIAL STATEMENTS
DECEMBER 31, 2019

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Independent Auditor's Report

To the Board of Directors
Foster Kinship

We have audited the accompanying financial statements of Foster Kinship (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, 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 Foster Kinship as of December 31, 2019, 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.

Ellsworth & Stout, LLC

Las Vegas, Nevada
February 13, 2020



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**FOSTER KINSHIP
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019**

ASSETS

Current Assets:

Cash	\$	183,458
Grants receivable, net		75,334
Prepaid expenses		<u>10,725</u>
Total Assets	\$	<u><u>269,517</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued expenses	\$	<u>12,625</u>
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Net Assets:

Without donor restrictions		232,557
With donor restrictions		<u>24,335</u>
Total net assets		<u><u>256,892</u></u>
Total Liabilities and Net Assets	\$	<u><u>269,517</u></u>

See accompanying notes to the financial statements.

**FOSTER KINSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019**

Net Assets without Donor Restrictions

Revenue and other support:

Grants	\$ 391,561
In-kind donations	121,989
Contributions	76,824
Interest income	79
Net assets released from donor restrictions	23,965
	<u>614,418</u>

Expenses:

Program services	517,626
Supporting services:	
Management and general	38,160
	<u>555,786</u>

Increase in net assets without donor restrictions 58,632

Net Assets with Donor Restrictions

Contributions	48,300
Net assets released from donor restrictions	(23,965)
Increase in net assets with donor restrictions	<u>24,335</u>

Increase in Net Assets	82,967
Net Assets, Beginning of Year	<u>173,925</u>
Net Assets, End of Year	<u>\$ 256,892</u>

See accompanying notes to the financial statements.

FOSTER KINSHIP
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	<u>Programs</u>	<u>Management and General</u>	<u>Total</u>
Advertising	\$ -	\$ 2,266	\$ 2,266
Computer expenses	8,773	763	9,536
Insurance	5,079	442	5,521
Office expense and miscellaneous	12,832	1,116	13,948
Professional services	-	3,500	3,500
Program expenses	145,089	-	145,089
Rent	28,456	2,474	30,930
Salaries, wages and related	314,304	27,331	341,635
Travel	1,531	133	1,664
Utilities	1,561	136	1,697
	<u>\$ 517,626</u>	<u>\$ 38,160</u>	<u>\$ 555,786</u>

See accompanying notes to the financial statements.

**FOSTER KINSHIP
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019**

Cash Flows from Operating Activities

Increase in net assets	\$	82,967
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivable		(11,194)
(Increase) decrease in prepaid expenses		(5,474)
Increase (decrease) in accrued expenses		5,055
Net cash provided by operating activities		<u>71,354</u>
Net Change in Cash		71,354
Cash, Beginning of Year		<u>112,104</u>
Cash, End of Year	\$	<u><u>183,458</u></u>

See accompanying notes to the financial statements.

**FOSTER KINSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Foster Kinship (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The financial statements and notes are representations of the Organization’s management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Organization is a non-profit corporation established under the laws of the state of Nevada on December 19, 2011. The purpose of the Organization is to strengthen kinship caregivers’ capacity to provide safe, permanent, and nurturing homes for children. The Organization meets these goals through its Kinship Navigator and Child Welfare Training programs.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization presents a classified statement of financial position with additional qualitative information about the availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations, principally Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under ASC 958 (as amended by Accounting Standards Update (ASU) 2016-14), the Organization is required to report information regarding its financial position and changes in financial position according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released from donor restriction by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other event specified by donors.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2019 was \$2,266.

**FOSTER KINSHIP
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization is supported primarily through grants and contributions.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Contributed Materials and Services

Generally, donated materials, if significant in amount, are recorded at their fair value, provided the Organization has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded. Donated professional services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in program expenses. The Organization recognized the following in-kind donations during the fiscal year:

Materials and supplies	\$ 100,828
Professional services	<u>21,161</u>
	<u>\$ 121,989</u>

Unpaid volunteers have donated their time to the Organization's programs. The value of such services are not reflected in the accompanying financial statements since these services do not meet the criteria for recognition as contributed services.

Allocation Methodology

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on management's estimate of time and effort, except for advertising and professional services which are fully allocated to management and general and program expenses which is fully allocated to program services on the accompanying statement of functional expenses.

Grants Receivable

The Organization's grant revenues are related to reimbursable grants. Grants receivable consists of amounts expended in the current year but not yet reimbursed as of year-end. The Organization does not anticipate any collection losses with respect to the receivable balance. As of December 31, 2019, no allowance for uncollectible accounts was deemed necessary.

FOSTER KINSHIP
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization received notification from the Internal Revenue Service that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity under Section 170(b)(1)(A)(vi). Therefore, no provision for income taxes is made in the accompanying financial statements.

As defined by ASC Topic 740, Income Taxes, no provision or liability for materially uncertain tax positions was deemed necessary by management. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

As of December 31, 2019, the tax years that remain subject to potential examination by taxing authorities begin with 2016.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Company has \$234,457 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of \$159,123 of cash and \$75,334 of grants receivable. Donor imposed restrictions are not available for general expenditure. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. As of December 31, 2019, net assets with donor restrictions consist of \$24,335 of cash and are restricted specifically for the Kinship Navigator program.

NOTE 4 – CONCENTRATIONS

For the year ended December 31, 2019, approximately 68% of total revenue, excluding in-kind donations, consisted of two reimbursable grants. Both grants have been renewed through June 30, 2020. The current level of the Organization's operations and program services could be impacted if funding for these grants were not renewed in future years.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through February 13, 2020, which is the date the financial statements were available to be issued.