

FOSTER KINSHIP
FINANCIAL STATEMENTS
DECEMBER 31, 2018

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Table of Contents

Independent Accountant’s Review Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements.....	6-8

Independent Accountant's Review Report

To the Board of Directors
Foster Kinship

We have reviewed the accompanying financial statements of Foster Kinship (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Ellsworth & Stout, LLC

Las Vegas, Nevada
April 4, 2019



The CPA Never Underestimates The Value.

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**FOSTER KINSHIP
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018**

ASSETS

Current Assets:

Cash and cash equivalents	\$	112,104
Grants receivable		64,140
Prepaid expenses		5,251

Total Assets \$ 181,495

LIABILITIES AND NET ASSETS

Current Liabilities:

Accrued expenses	\$	7,570
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Net Assets:

Without donor restrictions		173,925
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Total Liabilities and Net Assets \$ 181,495

See accountant's report and notes to the financial statements.

**FOSTER KINSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

Net Assets without Donor Restrictions

Revenue and other support	
Grant income	\$ 189,216
Contributions	97,388
In-kind donations	92,191
Interest Income	46
	<u>378,841</u>
Expenses:	
Program service expenses	297,554
Supporting services:	
Management and general	32,571
	<u>330,125</u>
Increase in net assets without donor restrictions	<u>48,716</u>
Increase in Net Assets	48,716
Net Assets, Beginning of Year	<u>125,209</u>
Net Assets, End of Year	<u><u>\$ 173,925</u></u>

See accountant's report and notes to the financial statements.

FOSTER KINSHIP
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	<u>Programs</u>	<u>Management and General</u>	<u>Total</u>
Advertising	\$ -	\$ 983	\$ 983
Insurance	4,391	715	5,106
Office expense and miscellaneous	14,168	2,307	16,475
Program expense	103,513	-	103,513
Rent	19,672	3,202	22,874
Salaries, wages and related	155,810	25,364	181,174
	<u>\$ 297,554</u>	<u>\$ 32,571</u>	<u>\$ 330,125</u>

See accountant's report and notes to the financial statements.

**FOSTER KINSHIP
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018**

Cash Flows from Operating Activities

Increase in net assets	\$	48,716
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		(35,376)
(Increase) decrease in prepaid expenses		(1,054)
Increase (decrease) in accrued expenses		<u>(280)</u>
Net cash provided by operating activities		<u>12,006</u>
Net Change in Cash and Cash Equivalents		12,006
Cash and Cash Equivalents, Beginning of Year		<u>100,098</u>
Cash and Cash Equivalents, End of Year	\$	<u><u>112,104</u></u>

See accountant's report and notes to the financial statements.

**FOSTER KINSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the 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 Navigator and Child Welfare Training Programs.

Basis of Accounting

The accounts of the Organization are maintained, and the financial statements are prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Presentation

The accompanying financial statements have been presented in accordance with accounting principles generally in the United States of America applicable to not-for-profit organizations, principally Account 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 change 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 by 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, 2018 was \$983.

**FOSTER KINSHIP
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Organization is supported primarily through grants and contributions.

Contributions that are restricted by the donor are reported as increases in net assets without restrictions if the restrictions expire (that is, when a stipulated time restriction ends or the purpose of a 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, 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 Organization recognized the following in-kind donations during the fiscal year:

Materials and supplies	\$	65,394
Professional services		<u>26,797</u>
	\$	<u><u>92,191</u></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 which is fully allocated to management and general and program expenses which are fully allocated to program services on the accompanying statements of functional expenses.

Grants Receivable

Grant revenues are recorded as they are earned, according to the provisions of the grant. Normally, grant revenues are earned and received as the grant period progresses. The provisions of the grant determine the timing of revenue recognition. The Organization does not anticipate any collection losses with respect to the receivable balance. As of December 31, 2018, no allowance for uncollectible accounts was deemed necessary.

FOSTER KINSHIP
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2018

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, 2018, the tax years that remain subject to potential examination by taxing authorities begin with 2015.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Company has \$176,244 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of \$112,104 of cash and cash equivalents and \$64,140 of grants receivable. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. 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 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 4, 2019, which is the date the financial statements were available to be issued.