FOSTER KINSHIP

FINANCIAL STATEMENTS

DECEMBER 31, 2020

ELLSWORTH • STOUT
CPAs and Consultants

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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, 2020, 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, 2020, 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
May 26, 2021

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FOSTER KINSHIP
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS		
Current Assets:		
Cash	$	383,389
Grants receivable, net		129,434
Prepaid expenses		7,389
Total current assets		520,212
Other Assets:		
Deposits		2,331
Total Assets	$	522,543
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accrued expenses	$	18,644
Net Assets:		
Without donor restrictions		319,392
With donor restrictions		184,507
Total net assets		503,899
Total Liabilities and Net Assets	$	522,543

See accompanying notes to the financial statements.

FOSTER KINSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

Net Assets without Donor Restrictions	
Revenue and other support:	
Grants	$ 446,566
In-kind donations	288,343
Contributions	264,969
Interest income	76
Net assets released from donor restrictions	44,828
	1,044,782
Expenses:	
Program services	895,532
Supporting services:	
Management and general	62,415
	957,947
Increase in net assets without donor restrictions	86,835
Net Assets with Donor Restrictions	
Contributions	205,000
Net assets released from donor restrictions	(44,828)
Increase in net assets with donor restrictions	160,172
Increase in Net Assets	247,007
Net Assets, Beginning of Year	256,892
Net Assets, End of Year	$ 503,899

See accompanying notes to the financial statements.

FOSTER KINSHIP
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Programs	Management and General	Total
Advertising	$ -	$ 3,438	$ 3,438
Computer expenses	4,407	383	4,790
Insurance	5,834	507	6,341
Office expense and miscellaneous	14,550	1,265	15,815
Professional services	-	15,065	15,065
Program expenses	390,548	-	390,548
Rent	45,849	3,987	49,836
Repairs and maintenance	1,518	132	1,650
Salaries, wages and related	424,295	36,895	461,190
Travel	5,104	444	5,548
Utilities	3,428	298	3,726
	$ 895,532	$ 62,415	$ 957,947

See accompanying notes to the financial statements.

FOSTER KINSHIP
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating Activities		
Increase in net assets	$	247,007
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		(54,100)
(Increase) decrease in prepaid expenses		3,336
(Increase) decrease in deposits		(2,331)
Increase (decrease) in accrued expenses		6,019
Net cash provided by operating activities		199,931
Net Change in Cash		199,931
Cash, Beginning of Year		183,458
Cash, End of Year	$	383,389

See accompanying notes to the financial statements.

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, 2020 was $3,438.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

In August 2015 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09 (Topic 606) pertaining to revenue from contracts with customers. This pronouncement was amended by ASU 2020-05 to extend the effective date of this pronouncement for non-public companies to become effective for fiscal years beginning after December 15, 2019, with early adoption permitted. The Organization adopted Topic 606 at the beginning of the year ended December 31, 2020 using the modified retrospective method. The Organization's financial statements were not impacted by the adoption of Topic 606.

All 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.

Contributions may be considered conditional or non-conditional. A conditional contract exists if a) one or more barrier exists and b) the right to receive or retain payment or delivery of the promised asset depends on meeting those barriers. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Non-conditional contributions are recognized when received or right to receive is obtained through documentation.

Grant revenue may be considered a contribution, entirely an exchange, or a combination of the two. If a grant is considered a contribution, it is recognized as described in the above paragraph. If a grant is considered an exchange, it falls under the guidance of Topic 606 and additional steps are taken to ensure correct recording of revenue. The performance obligation is satisfied when the services outlined in the grant contract are rendered. As of December 31, 2020, all exchange grant revenue was recognized at a point in time when services are performed.

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	$ 238,171
Professional services	50,172
	$ 288,343

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Grants receivable represent unreimbursed costs related to a grant awarded to the Organization and drawn for. It is the Organization's policy to charge off uncollectible receivables when management determines that receivables will not be collected. As of December 31, 2020, no allowance for uncollectible accounts was deemed necessary.

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, 2020, the tax years that remain subject to potential examination by taxing authorities begin with 2017.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02 (Topic 842) pertaining to Leases. Due to the pandemic, ASU 2020-05 was issued that gives an extension of implementation of ASU 2016-02 for certain entities that have not yet issued their financial statements reflecting the adoption of Leases by June 2020. Therefore, under the amendment, Leases is effective for non-public entities for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application continues to be permitted. Management has not yet evaluated the effects of this standard on the Organization's financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has $328,316 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of $198,882 of cash and $129,434 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 – LEASE AGREEMENTS

The Organization leases space in a building under a non-cancelable operating lease agreement expiring in August 2023. Total rent expense for the year ended December 31, 2020 was $48,100.

Future minimum lease payments are as follows for the year ending December 31:

2021	$ 26,632
2022	27,431
2023	18,649
	$ 72,712

NOTE 4 – 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, 2020, net assets with donor restrictions consist of $184,507 of cash and are restricted specifically for the Kinship Navigator program.

NOTE 5 – PAYCHECK PROTECTION PROGRAM (PPP)

In May 2020, the Organization was granted a loan from a financial institution in the aggregate amount of $50,000, pursuant to the PPP under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The loan matures in May 2022 and bears interest at a fixed rate of 1% per annum, payable monthly. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. The Organization is taking the stance that the loan represents in substance, a grant, and was therefore accounted for under ASC 958-605 as a conditional contribution. In December 2020, the Organization applied for full forgiveness which was granted in December 2020 by the Small Business Administration.

NOTE 6 – CONTINGENCIES

Management is currently responding to the existing effects of the global pandemic and planning for the potential future effects that the pandemic may have on the Organization’s operations, including the overall health of the economy and consumer spending. At the current time, management is unable to quantify the potential effects of this pandemic on the Organization’s future financial statements.

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 26, 2021, which is the date the financial statements were available to be issued.