

FOSTER KINSHIP
FINANCIAL STATEMENTS
DECEMBER 31, 2021

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DECEMBER 31, 2021**

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Independent Auditor's Report

To the Board of Directors
Foster Kinship

Opinion

We have audited the accompanying financial statements of Foster Kinship (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, 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 Foster Kinship as of December 31, 2021, 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 Foster Kinship 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 these 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 where there are conditions or events, considered in aggregate, that raise substantial doubt about Foster Kinship'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 Responsibility 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.



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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 Foster Kinship'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 Foster Kinship'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.

Ellsworth & Stout, LLC

Las Vegas, Nevada
May 27, 2022

**FOSTER KINSHIP
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021**

ASSETS

Current Assets:

| | | |
|------------------------|----|----------------|
| Cash | \$ | 588,140 |
| Grants receivable, net | | 123,580 |
| Prepaid expenses | | 8,524 |
| Total current assets | | <u>720,244</u> |

Other Assets:

| | | |
|---------------------|-----------|------------------------------|
| Deposits | | <u>7,673</u> |
| Total Assets | \$ | <u><u>727,917</u></u> |

LIABILITIES AND NET ASSETS

Current Liabilities:

| | | |
|---------------------------|----|---------------|
| Accounts payable | \$ | 14,153 |
| Accrued expenses | | 35,720 |
| Total current liabilities | | <u>49,873</u> |

Net Assets:

| | | |
|---|-----------|------------------------------|
| Without donor restrictions | | 482,459 |
| With donor restrictions | | 195,585 |
| Total net assets | | <u>678,044</u> |
| Total Liabilities and Net Assets | \$ | <u><u>727,917</u></u> |

See accompanying notes to the financial statements.

**FOSTER KINSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

Net Assets without Donor Restrictions

Revenue and other support:

| | |
|---|------------|
| Grants | \$ 671,109 |
| In-kind donations | 198,744 |
| Contributions | 111,599 |
| Interest income | 122 |
| Net assets released from donor restrictions | 243,172 |

1,224,746

Expenses:

| | |
|------------------|---------|
| Program services | 938,877 |
|------------------|---------|

Supporting services:

| | |
|------------------------|---------|
| Management and general | 122,802 |
|------------------------|---------|

1,061,679

| | |
|---|----------------|
| Increase in net assets without donor restrictions | <u>163,067</u> |
|---|----------------|

Net Assets with Donor Restrictions

| | |
|---|-----------|
| Contributions | 254,250 |
| Net assets released from donor restrictions | (243,172) |

| | |
|--|---------------|
| Increase in net assets with donor restrictions | <u>11,078</u> |
|--|---------------|

Increase in Net Assets

174,145

Net Assets, Beginning of Year

503,899

Net Assets, End of Year

\$ 678,044

See accompanying notes to the financial statements.

FOSTER KINSHIP
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

| | <u>Programs</u> | <u>Management and General</u> | <u>Total</u> |
|----------------------------------|-------------------|-----------------------------------|---------------------|
| Advertising | \$ - | \$ 3,639 | \$ 3,639 |
| Computer expenses | 7,376 | 641 | 8,017 |
| Insurance | 7,423 | 646 | 8,069 |
| Office expense and miscellaneous | 17,402 | 1,513 | 18,915 |
| Professional services | - | 59,680 | 59,680 |
| Program expenses | 254,821 | - | 254,821 |
| Rent | 53,101 | 4,617 | 57,718 |
| Repairs and maintenance | 3,320 | 289 | 3,609 |
| Salaries, wages and related | 580,502 | 50,478 | 630,980 |
| Travel | 5,802 | 504 | 6,306 |
| Utilities | 9,131 | 794 | 9,925 |
| | <u>\$ 938,877</u> | <u>\$ 122,802</u> | <u>\$ 1,061,679</u> |

See accompanying notes to the financial statements.

**FOSTER KINSHIP
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

Cash Flows from Operating Activities

| | | |
|--|----|-----------------------|
| Increase in net assets | \$ | 174,145 |
| 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 | | 5,854 |
| (Increase) decrease in prepaid expenses | | (1,135) |
| (Increase) decrease in deposits | | (5,342) |
| Increase (decrease) in accounts payable | | 13,472 |
| Increase (decrease) in accrued expenses | | 17,757 |
| Net cash provided by operating activities | | <u>204,751</u> |
| Net Change in Cash | | 204,751 |
| Cash, Beginning of Year | | <u>383,389</u> |
| Cash, End of Year | \$ | <u><u>588,140</u></u> |

See accompanying notes to the financial statements.

**FOSTER KINSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 Standard 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 by donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events 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.

At various times throughout the year, the Organization maintained deposits in financial institutions which exceeded federally insured amounts. The Organization has not experienced any losses in these accounts.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2021 was \$3,639.

**FOSTER KINSHIP
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

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, 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. During 2021, all exchange grant revenue was recognized at a point in time when services were 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 | \$ 147,711 |
| Professional services | <u>51,033</u> |
| | <u>\$ 198,744</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.

FOSTER KINSHIP
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

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 grants 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, 2021, 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, 2021, the tax years that remain subject to potential examination by taxing authorities begin with 2018.

Recent 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 \$516,135 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of \$392,555 of cash and \$123,580 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.

FOSTER KINSHIP
NOTES TO THE FINANCIAL STATEMENTS – CONTINUED
DECEMBER 31, 2021

NOTE 3 – LEASE AGREEMENTS

The Organization leases space in buildings under non-cancelable operating lease agreements expiring in August 2023 and December 2024. Total rent expense for the year ended December 31, 2021 was \$57,718.

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

| | |
|------|-------------------|
| 2022 | \$ 73,650 |
| 2023 | 66,255 |
| 2024 | <u>49,034</u> |
| | <u>\$ 188,939</u> |

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, 2021, net assets with donor restrictions consisted of \$195,585 of cash and are restricted specifically for the Kinship Navigator program.

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 27, 2022, which is the date the financial statements were available to be issued.