

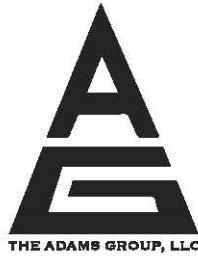
**AMERICA'S KIDS BELONG, INC.
AND SUBSIDIARIES**

**CONSOLIDATED
FINANCIAL STATEMENTS**

DECEMBER 31, 2022

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
America's Kids Belong, Inc. and Subsidiaries
Windsor, Colorado

Opinion

We have audited the accompanying consolidated financial statements of America's Kids Belong, Inc., and Subsidiaries (the "Organization"), a nonprofit organization, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated 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 present fairly, in all material respects, the financial position of America's Kids Belong, Inc. as of December 31, 2022, and the changes in its net assets, functional expenses, and 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of America's Kids Belong, Inc. 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 the 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 whether there are conditions or events, considered in the aggregate, that raise substantial doubt about America's Kids Belong, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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, including omissions, 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 America's Kids Belong, Inc.'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 America's Kids Belong, Inc.'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating schedule of financial position and the consolidating schedule of statement of activities presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The Adams Group, LLC

Denver, Colorado
November 2, 2023

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31,	2022
<u>Assets</u>	
Cash and cash equivalents	\$ 1,426,849
Accounts receivable	14,486
Prepaid expenses	11,055
Deposits	118,200
Property and equipment, net	<u>4,600</u>
Total Assets	<u>\$ 1,575,190</u>
<u>Liabilities and Net Assets</u>	
<u>Liabilities</u>	
Accounts payable and accrued expenses	<u>\$ 142,228</u>
<u>Net assets</u>	
Without donor restriction	972,257
With donor restriction	<u>460,705</u>
Total net assets	<u>1,432,962</u>
Total Liabilities and Net Assets	<u>\$ 1,575,190</u>

The accompanying notes are an integral part of these consolidated financial statements.

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31,

2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<u>Support, Revenues, and Other Gains</u>			
Contributions	\$ 1,910,412	\$ 460,725	\$ 2,371,137
Special event revenue, net of \$58,827 of expenses	11,220	0	11,220
In-kind contributions	87,585	0	87,585
Other income	1,313	0	1,313
Net assets released from restrictions	<u>604,774</u>	<u>(604,774)</u>	<u>0</u>
Total support, revenues, and other gains	<u>2,615,304</u>	<u>(144,049)</u>	<u>2,471,255</u>
 <u>Expenses</u>			
Program services	<u>2,325,872</u>		<u>2,325,872</u>
Supporting services			
General and administrative	383,174		383,174
Fundraising	<u>174,575</u>		<u>174,575</u>
Total supporting services	<u>557,749</u>		<u>557,749</u>
Total expenses	<u>2,883,621</u>		<u>2,883,621</u>
Changes in net assets	(268,317)	(144,049)	(412,366)
Net assets - beginning of year	<u>1,240,574</u>	<u>604,754</u>	<u>1,845,328</u>
Net assets - end of year	<u>\$ 972,257</u>	<u>\$ 460,705</u>	<u>\$ 1,432,962</u>

The accompanying notes are an integral part of these consolidated financial statements.

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31,

2022

	Program Services			Supporting Services			
	I Belong Project	Dream Makers Project	Collective Impact	Total Program Services	General and Administrative	Fundraising	
Salaries	\$ 411,737	\$ 61,425	\$ 1,001,961	\$ 1,475,123	\$ 135,216	\$ 98,523	\$ 1,708,862
Taxes	29,162	4,382	67,703	101,247	20,594	6,136	127,977
Benefits	5,895	1,491	7,872	15,258	1,845	1,382	18,485
Total personnel	446,794	67,298	1,077,536	1,591,628	157,655	106,041	1,855,324
Direct cost of program	70,107	204,726	59,582	334,415	4,670	0	339,085
Contract work	42,445	0	70,385	112,830	0	2,552	115,382
Events, community involvement, and outreach	35	0	3,601	3,636	742	0	4,378
Travel	21,254	1,106	59,472	81,832	9,087	10,164	101,083
Office	5,139	4,298	13,708	23,145	99,390	5,323	127,858
Volunteer and staff related	8,507	564	18,361	27,432	10,326	2,649	40,407
Dues and subscriptions	5,505	4,980	13,785	24,270	14,677	7,695	46,642
Marketing and promotional	7,450	5,503	64,398	77,351	4,598	26,620	108,569
Legal and professional	0	0	37,252	37,252	53,774	12,320	103,346
Merchants fees	1,810	0	0	1,810	22,396	83	24,289
Meals and entertainment	1,918	1,128	3,733	6,779	5,269	759	12,807
Conferences	0	0	3,492	3,492	590	369	4,451
Total Expenses	<u>\$ 610,964</u>	<u>\$ 289,603</u>	<u>\$ 1,425,305</u>	<u>\$ 2,325,872</u>	<u>\$ 383,174</u>	<u>\$ 174,575</u>	<u>\$ 2,883,621</u>

The accompanying notes are an integral part of these consolidated financial statements.

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31,	2022
Cash flows from operating activities	
Received from contributions	\$ 2,330,803
Interest and dividends received	1,313
Other receipts	30,866
Cash paid to suppliers and employees	<u>(2,808,898)</u>
Net cash used by operating activities	<u>(445,916)</u>
 Net decrease in cash	 (445,916)
 Cash and cash equivalents - beginning of year	 <u>1,872,765</u>
 Cash and cash equivalents - end of year	 <u>\$ 1,426,849</u>

The accompanying notes are an integral part of these consolidated financial statements.

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 – DESCRIPTION OF THE ORGANIZATION

Adopt Colorado Kids, Inc. (Adopt Colorado Kids), a nonprofit corporation, was organized in the state of Colorado in 2012. Adopt Kids of America, Inc. (Adopt Kids of America), a nonprofit corporation, was organized in the state of Colorado in 2015. Adopt Kids of America merged into Adopt Colorado Kids effective December 31, 2016 and is reported as one entity in these consolidated financial statements. Adopt Colorado Kids changed its legal name to America's Kids Belong, Inc. (America's Kids Belong), effective July 24, 2017.

America's Kids Belong equips communities to dramatically improve the experiences and outcomes of kids in foster care so they find and thrive in safe, loving families, supported by Foster Friendly communities where they belong. America's Kids Belong currently operates in 10 states including: California, Colorado, Georgia, Indiana, Kansas, Kentucky, South Dakota, Tennessee, Utah and Virginia. America's Kids Belong achieves its mission in three key areas of focus: Family Recruiting, Community Engagement, and Sustainable Change.

Oklahoma's Kids Belong, Inc. (Oklahoma's Kids Belong) was incorporated on August 10, 2016 as a subsidiary of America's Kids Belong to continue the mission of America's Kids Belong in addressing the foster and adoption crisis in the state of Oklahoma. America's Kids Belong is the sole voting member of Oklahoma's Kids Belong and appoints members to the Oklahoma's Kids Belong Board of Directors. For the year ended December 31, 2022, Oklahoma's Kids Belong had no activity.

Tennessee Kids Belong, Inc. (Tennessee Kids Belong) was incorporated on February 14, 2018 as a subsidiary of America's Kids Belong to continue the mission of America's Kids Belong in addressing the foster and adoption crisis in the state of Tennessee. America's Kids Belong is the sole voting member of Tennessee Kids Belong and appoints members to the Tennessee Kids Belong Board of Directors.

South Dakota Kids Belong, Inc. (South Dakota Kids Belong) was incorporated on August 25, 2020 as a subsidiary of America's Kids Belong to continue the mission of America's Kids Belong in addressing the foster and adoption crisis in the state of South Dakota. America's Kids Belong is the sole voting member of South Dakota Kids Belong and appoints members to the South Dakota Kids Belong Board of Directors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of America's Kids Belong, Oklahoma's Kids Belong, Tennessee Kids Belong, and South Dakota Kids Belong, (collectively, the "Organization"). All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements of the Organization have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity. The Organization does not currently have net assets to be maintained in perpetuity.

Cash

For the year ended December 31, 2022, the Organization periodically had cash in excess of federally insured limits.

Promises to Give

Promises to give are recognized as support and revenue when the donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized only when the related conditions are met and the promises become unconditional.

Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The allowance method is used to determine uncollectible, unconditional promises to give. The allowance is based on management's analysis of specific promises to give. As of December 31, 2022, there were no allowances on promises to give.

Property and Equipment

Property and equipment acquired by the Organization are recorded at cost. Donated fixed assets are capitalized at fair value at the date of donation. Depreciation is provided utilizing the straight-line method based upon the estimated useful lives of the assets, which are approximately five years.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the period in which the gift is received are both reported as contributions without donor restrictions.

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Donors

Contributions and grants are predominantly from foundations, businesses, and individuals in the United States. For the year ended December 31, 2022, there were no individual donors that gave more than 10 percent of total contribution revenues.

Contributed Non-Financial Assets

Contributions of goods and services are recorded at their estimated fair value at the time of receipt. Donated services are only recorded if the services create or enhance a nonfinancial asset or require specialized skills that the Organization would need to otherwise purchase. Many individuals volunteer their time to perform a variety of tasks, however no amounts are reflected in the accompanying financial statements as the volunteer time does not meet the criteria for recognition under generally accepted accounting principles.

The Organization's policy related to contributed non-financial assets is to utilize the assets given to carry out its mission. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

See Note 6 for additional information regarding the contributed non-financial assets the Organization recognized during the year ended December 31, 2022.

Functional Allocation of Expenses

Expenses incurred directly for a program are charged to such program. Certain costs have been allocated between program and support services on several bases and estimates. Salaries, taxes, and benefits have been allocated based on time and effort. Other expenses are generally charged directly to the underlying purpose and do not require allocation. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3). The Organization files its Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2019.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recently Adopted Accounting Standards Update

The Organization adopted Accounting Standards Update No. 2020-07 *Not-for-Profit Entities: Presentation and Disclosures by Not-for Profit Entities for Contributed Non-Financial Assets*. This standard enhances the disclosures related to contributions of nonfinancial assets and has been applied retroactively to all periods presented.

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Organization also adopted FASB Topic 842, *Leases*, using the modified retrospective approach with January 1, 2022, as the date of initial adoption. Adoption of the new standard had no impact on the Organization's financial statements.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including November 2, 2023, which is the date the consolidated financial statements were available to be issued.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	\$ 1,426,849
Accounts receivable	14,486
Less: Net assets with donor restriction	<u>(460,705)</u>
	<u>\$ 980,630</u>

The Organization has a goal to maintain cash on hand to meet 45 days of normal operating expenses, which are, on average, approximately \$365,000 at December 31, 2022, respectively.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of \$4,600 of land for the year ended December 31, 2022. Depreciation expense for the year ended December 31, 2022 was \$0 because the Organization did not hold any depreciable assets.

NOTE 5 – NET ASSETS WITH DONOR RESTRICTION

Net assets were released from donor restriction by incurring expenses satisfying the restricted purposes specified by donors as follows for the year ended December 31, 2022:

Colorado - general operations	\$ 201,314
South Dakota - general operations	129,541
Other States - general operations	123,215
Dream Makers Project	72,818
Subject to time restrictions - promises to give	<u>77,886</u>
	<u>\$ 604,774</u>

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 – NET ASSETS WITH DONOR RESTRICTION (CONTINUED)

Net assets with donor restriction are available for the following purposes as of December 31, 2022:

Colorado - general operations	\$ 194,062
South Dakota - general operations	124,601
Tennessee - general operations	32,638
Other States - general operations	<u>109,404</u>
	<u>\$ 460,705</u>

NOTE 6 – CONTRIBUTED NON-FINANCIAL ASSETS

During the year ended December 31, 2022, the Organization recognized contributed non-financial assets of:

Photography and videography services	\$ 24,910
Contributed professional services	24,030
Contributed venue rental	8,000
Contributed supplies	<u>30,645</u>
	<u>\$ 87,585</u>

The value of the services was estimated based on rates that the vendor or third party charges to other customers.

SUPPLEMENTARY INFORMATION

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31,

2022

	America's Kids Belong, Inc.	Tennessee Kids Belong, Inc.	South Dakota Kids Belong, Inc.	Eliminating Entries	Total
<u>Assets</u>					
Cash	\$ 380,197	\$ 987,269	\$ 59,383	\$ 0	\$ 1,426,849
Accounts receivable	14,373	113	0	0	14,486
Prepaid expenses	10,006	1,049	0	0	11,055
Deposits	75,825	42,375	0	0	118,200
Property and equipment, net	4,600	0	0	0	4,600
 Total Assets	 <u>\$ 485,001</u>	 <u>\$ 1,030,806</u>	 <u>\$ 59,383</u>	 <u>\$ 0</u>	 <u>\$ 1,575,190</u>
<u>Liabilities and Net Assets</u>					
<u>Liabilities</u>					
Accounts payable accrued expenses	\$ 123,824	\$ 18,287	\$ 117	\$ 0	\$ 142,228
 <u>Net assets</u>					
Without donor restriction	(99,528)	1,012,519	59,266	0	972,257
With donor restriction	460,705	0	0	0	460,705
 Total net assets	 <u>361,177</u>	 <u>1,012,519</u>	 <u>59,266</u>	 <u>0</u>	 <u>1,432,962</u>
 Total Liabilities and Net Assets	 <u>\$ 485,001</u>	 <u>\$ 1,030,806</u>	 <u>\$ 59,383</u>	 <u>\$ 0</u>	 <u>\$ 1,575,190</u>

See independent auditors' report.

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
CONSOLIDATING SCHEDULE OF ACTIVITIES

December 31,

2022

	America's Kids Belong, Inc.	Tennessee Kids Belong, Inc.	South Dakota Kids Belong, Inc.	Eliminating Entries	Total
Changes in net assets without donor restriction					
<u>Support, revenues, and other gains</u>					
Contributions	\$ 1,034,635	\$ 673,706	\$ 295,953	\$ (93,882)	\$ 1,910,412
Special event revenue, net of \$19,029 of expenses	(1,890)	26,386	(13,276)	0	11,220
In-kind contributions	41,615	45,970	0	0	87,585
Other income	577	736	0	0	1,313
Net assets released from restrictions	579,774	25,000	0	0	604,774
 Total support, revenues, and other gains	 1,654,711	 771,798	 282,677	 (93,882)	 2,615,304
 <u>Expenses</u>					
Program services	1,622,040	559,052	149,524	0	2,330,616
Supporting services					
General and administrative	311,861	97,839	63,996	(93,882)	379,814
Fundraising	131,093	14,926	27,172	0	173,191
 Total supporting services	 442,954	 112,765	 91,168	 (93,882)	 553,005
 Total expenses	 2,064,994	 671,817	 240,692	 (93,882)	 2,883,621
 Changes in net assets without donor restriction	 (410,283)	 99,981	 41,985	 0	 (268,317)
Changes in net assets with donor restriction					
Contributions	460,725	0	0	0	460,725
Net assets released from restrictions	(579,774)	(25,000)	0	0	(604,774)
 Changes in net assets with donor restrictions	 (119,049)	 (25,000)	 0	 0	 (144,049)
 Changes in net assets	 \$ (529,332)	 \$ 74,981	 \$ 41,985	 \$ 0	 \$ (412,366)

See independent auditors' report.