

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

**CONSOLIDATED
FINANCIAL STATEMENTS**

DECEMBER 31, 2023

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Independent Auditors' Report

Board of Directors
America's Kids Belong, Inc. and Subsidiaries
Loveland, 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, 2023, 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, 2023, 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 activities are 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

Greenwood Village, Colorado
August 9, 2024

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

December 31,	2023
<u>Assets</u>	
Cash and cash equivalents	\$ 1,773,411
Accounts receivable	10,582
Prepaid expenses	12,350
Property and equipment, net	<u>28,100</u>
Total Assets	<u>\$ 1,824,443</u>
<u>Liabilities and Net Assets</u>	
<u>Liabilities</u>	
Accounts payable and accrued expenses	<u>\$ 119,171</u>
<u>Net assets</u>	
Without donor restriction	1,285,123
With donor restriction	<u>420,149</u>
Total net assets	<u>1,705,272</u>
Total Liabilities and Net Assets	<u>\$ 1,824,443</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,

2023

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
<u>Support, Revenues, and Other Gains</u>			
Contributions	\$ 1,603,182	\$ 779,849	\$ 2,383,031
Special event revenue, net of \$90,313 of expenses	26,359	-	26,359
Contributed non-financial assets	104,672	-	104,672
Other income	422,546	-	422,546
Net assets released from restrictions	820,405	(820,405)	-
Total support, revenues, and other gains	<u>2,977,164</u>	<u>(40,556)</u>	<u>2,936,608</u>
<u>Expenses</u>			
Program services	<u>1,631,814</u>		<u>1,631,814</u>
Supporting services			
General and administrative	777,016		777,016
Fundraising	<u>255,468</u>		<u>255,468</u>
Total supporting services	<u>1,032,484</u>		<u>1,032,484</u>
Total expenses	<u>2,664,298</u>		<u>2,664,298</u>
Changes in net assets	312,866	(40,556)	272,310
Net assets - beginning of year	<u>972,257</u>	<u>460,705</u>	<u>1,432,962</u>
Net assets - end of year	<u><u>\$ 1,285,123</u></u>	<u><u>\$ 420,149</u></u>	<u><u>\$ 1,705,272</u></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,

2023

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>I Belong Project</u>	<u>Collective Impact</u>	<u>Total Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salaries	\$ 434,280	\$ 815,877	\$ 1,250,157	\$ 272,588	\$ 173,566	\$ 1,696,311
Taxes	32,457	54,390	86,847	33,418	11,983	132,248
Benefits	-	-	-	14,353	-	14,353
Total personnel	<u>466,737</u>	<u>870,267</u>	<u>1,337,004</u>	<u>320,359</u>	<u>185,549</u>	<u>1,842,912</u>
Direct cost of program	164,595	4,348	168,943	8,745	15,175	192,863
Contract work	-	1,700	1,700	-	-	1,700
Travel	19,533	17,758	37,291	15,868	14,729	67,888
Office	2,831	7,947	10,778	160,410	8,517	179,705
Volunteer and staff related	10,371	1,556	11,927	14,939	12,046	38,912
Dues and subscriptions	1,865	1,474	3,339	5,537	-	8,876
Marketing and promotional	7,185	30,764	37,949	47,311	3,092	88,352
Legal and professional	20	15,700	15,720	170,869	13,530	200,119
Merchants fees	102	150	252	27,276	1,235	28,763
Meals and entertainment	2,390	2,401	4,791	4,637	1,495	10,923
Conferences	-	2,120	2,120	1,065	100	3,285
Total Expenses	<u>\$ 675,629</u>	<u>\$ 956,185</u>	<u>\$ 1,631,814</u>	<u>\$ 777,016</u>	<u>\$ 255,468</u>	<u>\$ 2,664,298</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,	2023
Cash flows from operating activities	
Received from contributions	\$ 2,501,231
Interest and dividends received	2,884
Employee retention credit receipts	419,662
Other receipts	116,672
Cash paid to suppliers and employees	<u>(2,670,387)</u>
Net cash provided by operating activities	<u>370,062</u>
Cash flows from investing activities	
Purchase of capital assets	<u>(23,500)</u>
Net cash used by investing activities	(23,500)
Net increase in cash and cash equivalents	346,562
Cash and cash equivalents - beginning of year	<u>1,426,849</u>
Cash and cash equivalents - end of year	<u>\$ 1,773,411</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, 2023

NOTE 1 – DESCRIPTION OF THE ORGANIZATION

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, 2023, 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. 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.

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets (Continued)

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 and Cash Equivalents

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents. The Organization has determined that current operational cash needs will occasionally result in cash balances in excess of FDIC limits. The Organization does not believe it is exposed to any significant credit risk on these balances and has not experienced any losses on such accounts.

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, 2023, there were no allowances on promises to give.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on historical collection rates, experience, and other circumstances. It is the Organization's policy to write off uncollectible receivables when management determines the receivable will not be collected. As of December 31, 2023, there were no allowance on outstanding receivables.

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.

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

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.

Major Donors

Contributions and grants are predominantly from foundations, businesses, and individuals in the United States. For the year ended December 31, 2023, 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, 2023.

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 has been classified as publicly supported organization which is not a private foundation under Section 509(a) of the Code. The Organization did not have any material unrelated business income tax liability for the year ended December 31, 2023. 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 2020.

Advertising Costs

Advertising costs are expensed as incurred and were \$101,352 for the year ended December 31, 2023.

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including August 9, 2024, 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	\$ 1,773,411
Accounts receivable	10,582
Less: Net assets with donor restriction	<u>(420,149)</u>
	<u>\$ 1,363,844</u>

The Organization has a goal to maintain cash on hand to meet 45 days of normal operating expenses, which are, on average, approximately \$355,000 at December 31, 2023.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of \$4,600 of land and \$23,500 of vehicles for the year ended December 31, 2023. Depreciation expense for the year ended December 31, 2023 was \$0 because the Organization placed the vehicle into service late in 2023.

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, 2023:

Colorado - general operations	\$ 232,103
South Dakota - general operations	278,085
Tennessee - general operations	32,638
Other States - general operations	<u>277,579</u>
	<u>\$ 820,405</u>

AMERICA'S KIDS BELONG, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 – NET ASSETS WITH DONOR RESTRICTION (CONTINUED)

Net assets with donor restriction are available for the following purposes as of December 31, 2023:

Colorado - general operations	\$ 205,573
South Dakota - general operations	149,513
Other States - general operations	65,063
	<u>\$ 420,149</u>

NOTE 6 – CONTRIBUTED NON-FINANCIAL ASSETS

During the year ended December 31, 2023, the Organization recognized contributed non-financial assets of:

Photography and videography services	\$ 19,242
Contributed professional services	24,135
Contributed venue rental	21,750
Contributed supplies	39,545
	<u>\$ 104,672</u>

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

NOTE 7 – EMPLOYEE RETENTION CREDIT

The Taxpayer Certainty and Disaster Tax Relief Act of 2020 allows certain eligible employers to take advantage of an employee retention credit (ERC) who chose to keep their employees on payroll despite the challenges posed by COVID-19. Employers can claim a refundable tax credit against a portion of qualified wages. The Organization applied for the ERC based on eligible payroll costs. The Organization's refund from the ERC received in 2023 was \$419,662 which is included in other income in the accompanying financial statements.

SUPPLEMENTARY INFORMATION

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

December 31,

2023

	America's Kids Belong, Inc.	Tennessee Kids Belong, Inc.	South Dakota Kids Belong, Inc.	Eliminating Entries	Total
<u>Assets</u>					
Cash	\$ 600,645	\$ 1,111,471	\$ 61,295	\$ -	\$ 1,773,411
Accounts receivable	10,582	-	-	-	10,582
Prepaid expenses	11,309	1,041	-	-	12,350
Property and equipment, net	4,600	-	23,500	-	28,100
 Total Assets	 <u>\$ 627,136</u>	 <u>\$ 1,112,512</u>	 <u>\$ 84,795</u>	 <u>\$ -</u>	 <u>\$ 1,824,443</u>
<u>Liabilities and Net Assets</u>					
<u>Liabilities</u>					
Accounts payable accrued expenses	\$ 89,360	\$ 29,688	\$ 123	\$ -	\$ 119,171
<u>Net assets</u>					
Without donor restriction	117,627	1,082,824	84,672	-	1,285,123
With donor restriction	420,149	-	-	-	420,149
 Total net assets	 <u>537,776</u>	 <u>1,082,824</u>	 <u>84,672</u>	 <u>-</u>	 <u>1,705,272</u>
 Total Liabilities and Net Assets	 <u>\$ 627,136</u>	 <u>\$ 1,112,512</u>	 <u>\$ 84,795</u>	 <u>\$ -</u>	 <u>\$ 1,824,443</u>

See independent auditors' report.

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

For the Year Ended December 31,

2023

	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	\$ 597,610	\$ 763,497	\$ 287,045	\$ (44,970)	\$ 1,603,182
Special event revenue, net of expenses	65,522	(21,881)	(17,282)	-	26,359
Contributed non-financial assets	51,046	35,501	18,125	-	104,672
Other income	270,749	135,645	16,152	-	422,546
Net assets released from restrictions	820,405	-	-	-	820,405
Total support, revenues, and other gains	<u>1,805,332</u>	<u>912,762</u>	<u>304,040</u>	<u>(44,970)</u>	<u>2,977,164</u>
<u>Expenses</u>					
Program services	779,825	689,463	184,601	(20,000)	1,633,889
Supporting services					
General and administrative	598,074	132,143	71,769	(24,970)	777,016
Fundraising	210,278	20,851	22,264	-	253,393
Total supporting services	<u>808,352</u>	<u>152,994</u>	<u>94,033</u>	<u>(24,970)</u>	<u>1,030,409</u>
Total expenses	<u>1,588,177</u>	<u>842,457</u>	<u>278,634</u>	<u>(44,970)</u>	<u>2,664,298</u>
Changes in net assets without donor restriction	<u>217,155</u>	<u>70,305</u>	<u>25,406</u>	<u>-</u>	<u>312,866</u>
Changes in net assets with donor restriction					
Contributions	779,849	-	-	-	779,849
Net assets released from restrictions	(820,405)	-	-	-	(820,405)
Changes in net assets with donor restrictions	<u>(40,556)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,556)</u>
Changes in net assets	<u>\$ 176,599</u>	<u>\$ 70,305</u>	<u>\$ 25,406</u>	<u>\$ -</u>	<u>\$ 272,310</u>

See independent auditors' report.