

FOSTERCLUB, INC.
FINANCIAL STATEMENTS
Year Ended December 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
FosterClub, Inc.
Seaside, Oregon

We have audited the accompanying financial statements of FosterClub, Inc. (a non-profit organization), which comprise the statement of financial position as of December 31, 2015, 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.

Auditors' 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 auditors' 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 FosterClub, Inc. as of December 31, 2015, 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.

Other Matters

Report on Summarized Comparative Information

We have previously audited the FosterClub, Inc.'s December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 10, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson, LLC

Portland, Oregon
June 3, 2016

FOSTERCLUB, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2015

(With Comparative Totals as of December 31, 2014)

ASSETS

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 168,550	\$ 105,419
Grants and contracts receivable	62,168	82,438
Property and equipment - net	<u>2,483</u>	<u>5,602</u>
Total assets	<u>\$ 233,201</u>	<u>\$ 193,459</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 6,938	\$ -
Accrued payroll	15,240	19,345
Deferred revenue	<u>14,000</u>	<u>7,000</u>
Total liabilities	<u>36,178</u>	<u>26,345</u>
Net assets		
Unrestricted net assets		
Available for operations	97,023	67,114
Temporarily restricted	<u>100,000</u>	<u>100,000</u>
Total net assets	<u>197,023</u>	<u>167,114</u>
Total liabilities and net assets	<u>\$ 233,201</u>	<u>\$ 193,459</u>

See notes to financial statements.

FOSTERCLUB, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

(With Comparative Totals as of December 31, 2014)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2015</u>	<u>2014</u>
Revenues and other support				
Grants and foundation support	\$ 756,584	\$ 200,000	\$ 956,584	\$ 983,283
Sponsorships	161,000	-	161,000	186,000
Individual contributions	10,290	-	10,290	8,483
Product sales revenue	2,671	-	2,671	2,509
Royalties	19,781	-	19,781	28,967
Miscellaneous and other income	12,000	-	12,000	8,618
	<u>962,326</u>	<u>200,000</u>	<u>1,162,326</u>	<u>1,217,860</u>
Net assets released from restriction	<u>200,000</u>	<u>(200,000)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>1,162,326</u>	<u>-</u>	<u>1,162,326</u>	<u>1,217,860</u>
Expenses				
Program services				
Policy & system change	259,583	-	259,583	368,053
Young leaders	259,431	-	259,431	385,003
Membership & community	208,294	-	208,294	256,036
Training & events	206,883	-	206,883	153,917
	<u>934,191</u>	<u>-</u>	<u>934,191</u>	<u>1,163,009</u>
Supporting services				
Management and general	168,600	-	168,600	106,101
Fundraising	29,626	-	29,626	29,506
Total expenses	<u>1,132,417</u>	<u>-</u>	<u>1,132,417</u>	<u>1,298,616</u>
Change in net assets	29,909	-	29,909	(80,756)
Net assets, beginning of year	<u>67,114</u>	<u>100,000</u>	<u>167,114</u>	<u>247,870</u>
Net assets, end of year	<u>\$ 97,023</u>	<u>\$ 100,000</u>	<u>\$ 197,023</u>	<u>\$ 167,114</u>

See notes to financial statements.

FOSTERCLUB, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2015

(With Comparative Totals as of December 31, 2014)

	PROGRAM SERVICES					SUPPORTING SERVICES		Total	
	Policy & System Change	Young Leaders	Membership & Community	Training & Events	Total	Management and General	Fund-Raising	2015	2014
Salaries and wages	\$ 93,120	\$ 93,120	\$ 93,120	\$ 93,120	\$ 372,480	\$ 69,840	\$ 23,280	\$ 465,600	\$ 482,596
Payroll taxes	9,398	9,398	9,398	9,398	37,592	7,049	2,350	46,991	43,708
Contract services	6,500	1,497	150	1,575	9,722	15,984	-	25,706	50,737
Staff travel	24,571	4,727	21,529	13,643	64,470	11,659	437	76,566	74,076
Occupancy	9,754	36,498	6,779	5,789	58,820	4,334	1,445	64,599	72,344
Youth travel and per diems	113,454	105,340	64,036	77,068	359,898	2,099	208	362,205	435,589
Conferences, conventions and meetings	1,041	680	2,360	884	4,965	1,041	-	6,006	25,735
Supplies	1,179	4,642	8,744	1,596	16,161	10,253	80	26,494	49,116
Postage and shipping	131	1,757	772	453	3,113	2,082	435	5,630	5,642
Insurance	-	-	-	-	-	6,676	-	6,676	5,623
Advertising	-	-	-	-	-	925	-	925	288
Website and technology	-	207	53	-	260	8,552	-	8,812	14,093
Repairs and maintenance	-	-	-	-	-	4,467	-	4,467	5,798
Legal and professional	-	-	-	-	-	10,450	-	10,450	11,050
Printing and publications	420	1,565	1,006	3,357	6,348	7,002	1,195	14,545	5,636
Miscellaneous	15	-	347	-	362	3,068	196	3,626	7,665
Depreciation	-	-	-	-	-	3,119	-	3,119	8,920
	\$ 259,583	\$ 259,431	\$ 208,294	\$ 206,883	\$ 934,191	\$ 168,600	\$ 29,626	\$ 1,132,417	\$ 1,298,616

See notes to financial statements.

FOSTERCLUB, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2015

(With Comparative Totals as of December 31, 2014)

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 29,909	\$ (80,756)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,119	8,920
Changes in assets and liabilities:		
Grants and contracts receivable	20,270	(62,392)
Accounts payable	6,938	(124)
Accrued payroll	(4,105)	4,023
Deferred revenue	7,000	7,000
Net cash provided by (used in) operating activities	<u>63,131</u>	<u>(123,329)</u>
Net change in cash	63,131	(123,329)
Cash and cash equivalents, beginning of year	<u>105,419</u>	<u>228,748</u>
Cash and cash equivalents, end of year	<u>\$ 168,550</u>	<u>\$ 105,419</u>

See notes to financial statements.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

NOTE A – DESCRIPTION OF ORGANIZATION

FosterClub, Inc. (the Organization) is the national network for young people in foster care. Our mission is to lead the efforts of young people in and from foster care to become connected, educated, inspired and represented so they can realize their personal potential and contribute to a better life for their peers. FosterClub's mantra is "Built for youth, powered by youth, changing life in foster care." For more information, please visit www.fosterclub.com. Programs include:

- **Policy & System Change** – FosterClub places young people in a position to impact the public policies that impact foster care and their own lives. FosterClub captures the pulse of young people to influence broad-based system change in topics that matter to young people. Our public policy and practice recommendations are driven by authentic youth perspective.
- **Young Leaders** – Young people with first-hand knowledge of the system is the foundation of the Organization. We place young people at the table when important conversations are taking place that deserve foster youth perspective. In addition, we facilitate young leaders in speaking and public awareness roles that bring inspiration to child welfare professionals, foster parents and caregivers, courts, and other child welfare stakeholders.
- **Membership & Community** – We build membership and community through our fosterclub.com website, and through live outreach at events across the country. We encourage young people to engage with each other, ask questions, and gain peer support. The Organization's primary communication vehicle, the website, is a hub of information relating to foster care, including articles, message boards, contests and stories. It's a resource available to youth 24 hours a day, seven days a week.
- **Training & Events** – FosterClub's training events and curriculum are presented across the country and are designed to be led by FosterClub's young leaders. Teaching through their life experiences, the young leaders facilitate discussion, serve as role-models, and lead workshops that are trauma and foster-informed. The FosterClub All-Stars and staff travel the nation frequently holding meetings, conferences and events with youth in foster care and the adult groups who support them.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Classifications of net assets and support are based on the existence or absence of donor imposed restrictions.

Expenses are reported as a decrease in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The Organization prepares its financial statements on the accrual basis of accounting; consequently, certain revenues are reflected in the accounts in the period in which they are considered earned, rather than received, and expenses are recorded when incurred, rather than when paid. Assets and liabilities are presented on the basis of historical cost rather than estimated current values and amounts.

Grants and Contracts Receivable

Grants and contracts receivable are uncollateralized and are recorded monthly as the related services are provided and billed. Management periodically assesses the need for an allowance for doubtful accounts based on historical experience and existing conditions affecting probable collection. Receivables are considered impaired if unpaid balances are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivables will not be collected. Management has determined that an allowance for doubtful accounts was not necessary as of December 31, 2015. There were no grants and contracts receivable older than 90 days as of December 31, 2015.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and receivables.

The Organization places its cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Amounts in excess of FDIC coverage are not insured.

Contracts receivable consist primarily of unsecured billings to other organizations for training events and conferences. Management has not experienced any losses on these accounts. There were no accounts receivable older than 90 days as of December 31, 2015.

Cash and Cash Equivalents

For purposes of these financial statements, all short-term, highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization has been approved as a tax-exempt organization under the Internal Revenue Code 501(c)(3) and applicable state laws. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Organization does not believe it has unrelated trade or business income in excess of \$1,000.

The Organization's federal exempt organization information returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized at cost if purchased or at fair market value at the date received as a donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, which range from three to five years. Expenditures for maintenance and repairs are charged to expense as incurred.

Allocation of Functional Expenses

The cost of providing the various programs and other activities has been summarized in the Statement of Activities. Certain costs, including salaries and administrative operating expenses, have been allocated among the programs and supporting services benefited.

Reclassifications

Certain prior-year amounts have been reclassified to conform with the current year's presentation.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

Vehicles	\$	17,769
Equipment		<u>11,495</u>
		29,264
Less accumulated depreciation		<u>(26,781)</u>
	\$	<u><u>2,483</u></u>

NOTE D – RELATED PARTY TRANSACTIONS

The Organization rents a duplex facility on a month-to-month basis from a Board member for use in its residence program. Total rent paid for the year ended December 31, 2015 was \$24,850. This Board member also leases office space to the Organization on a month-to-month basis. Total rent paid for the office space for the year ended December 31, 2015 was \$15,950.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2015

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2015 represents funding from the Stuart Foundation restricted for a Child Welfare program.

NOTE F – CONCENTRATION OF REVENUE

During the year ended December 31, 2015, the Organization received about \$476,700, representing 50% of its total revenues, from two funders.

NOTE G – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 3, 2016, which is the date the financial statements were available to be issued.