

FOSTERCLUB, INC.
FINANCIAL STATEMENTS
Year Ended December 31, 2017



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOSTERCLUB, INC.
FINANCIAL STATEMENTS
Year Ended December 31, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
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, 2017, 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, 2017, 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 2016 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated March 20, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
June 5, 2018

FOSTERCLUB, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2017

(With Comparative Totals as of December 31, 2016)

ASSETS

	<u>2017</u>	<u>2016</u>
Cash and cash equivalents	\$ 208,683	\$ 314,451
Grants and contracts receivable	75,704	2,956
Prepaid expenses	4,849	4,254
Inventory	27,866	-
Property and equipment - net	<u>1,587</u>	<u>1,587</u>
Total assets	<u>\$ 318,689</u>	<u>\$ 323,248</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 1,791	\$ 5,434
Accrued payroll	19,479	18,300
Deferred revenue	<u>28,000</u>	<u>56,000</u>
Total liabilities	<u>49,270</u>	<u>79,734</u>
Net assets		
Unrestricted net assets		
Available for operations	151,919	178,980
Temporarily restricted	<u>117,500</u>	<u>64,534</u>
Total net assets	<u>269,419</u>	<u>243,514</u>
Total liabilities and net assets	<u>\$ 318,689</u>	<u>\$ 323,248</u>

See notes to financial statements.

FOSTERCLUB, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2017

(With Comparative Totals as of December 31, 2016)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	
			<u>2017</u>	<u>2016</u>
Revenues and other support				
Grants and foundation support	\$ 416,897	\$ 150,000	\$ 566,897	\$ 602,502
Sponsorships	168,000	-	168,000	175,000
Individual contributions	36,067	-	36,067	35,862
Corporate contributions	2,538	-	2,538	2,602
Online training and publications	48,836	-	48,836	85,081
Training events	91,006	-	91,006	93,107
Publications and royalties	67,471	-	67,471	8,665
Interest	583	-	583	497
Miscellaneous and other income	5,586	-	5,586	-
	<u>836,984</u>	<u>150,000</u>	<u>986,984</u>	<u>1,003,316</u>
Net assets released from restriction	<u>97,034</u>	<u>(97,034)</u>	<u>-</u>	<u>-</u>
Total revenues and other support	<u>934,018</u>	<u>52,966</u>	<u>986,984</u>	<u>1,003,316</u>
Expenses				
Program services				
Policy & System Change	197,756	-	197,756	240,291
Young Leaders	274,854	-	274,854	235,810
Membership & Community	118,442	-	118,442	149,720
Training & Events	183,365	-	183,365	163,503
	<u>774,417</u>	<u>-</u>	<u>774,417</u>	<u>789,324</u>
Supporting services				
Management and general	142,827	-	142,827	138,910
Fundraising	43,835	-	43,835	28,591
Total expenses	<u>961,079</u>	<u>-</u>	<u>961,079</u>	<u>956,825</u>
Change in net assets	(27,061)	52,966	25,905	46,491
Net assets, beginning of year	<u>178,980</u>	<u>64,534</u>	<u>243,514</u>	<u>197,023</u>
Net assets, end of year	<u>\$ 151,919</u>	<u>\$ 117,500</u>	<u>\$ 269,419</u>	<u>\$ 243,514</u>

See notes to financial statements.

FOSTERCLUB, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2017
(With Comparative Totals as of December 31, 2016)

	PROGRAM SERVICES					SUPPORTING SERVICES			Total	
	Policy & System Change	Young Leaders	Membership & Community	Training & Events	Total	Management and General	Fund- Raising	2017	2016	
	Salaries and wages	\$ 109,086	\$ 92,213	\$ 92,213	\$ 92,213	\$ 385,725	\$ 69,160	\$ 23,053	\$ 477,938	\$ 414,501
Payroll taxes	9,481	9,481	9,481	9,481	37,924	7,111	2,370	47,405	42,311	
Employee benefits	511	511	511	511	2,044	383	128	2,555	-	
Contract services	-	2,929	-	618	3,547	10,305	50	13,902	32,507	
Travel - staff	8,732	5,598	1,568	11,646	27,544	8,501	217	36,262	46,083	
Occupancy	8,238	37,235	6,291	6,291	58,055	4,718	1,573	64,346	63,929	
Direct support to youth	53,909	113,445	1,277	44,037	212,668	583	-	213,251	272,305	
Conferences, conventions and meetings	3,044	584	-	3,716	7,344	537	200	8,081	7,005	
Working meetings	-	909	-	67	976	2,168	-	3,144	-	
Supplies	4,572	11,168	6,846	11,548	34,134	2,746	2,292	39,172	29,491	
Postage and shipping	62	489	255	(1,186)	(380)	451	2,575	2,646	2,589	
Insurance	-	-	-	-	-	7,989	-	7,989	5,411	
Advertising	-	-	-	-	-	746	697	1,443	3,966	
Banking fees	-	-	-	319	319	1,335	132	1,786	1,068	
Website and technology	36	3	-	-	39	12,200	-	12,239	9,639	
Legal and professional	-	-	-	-	-	9,725	-	9,725	9,729	
Taxes and licenses	-	-	-	-	-	474	-	474	-	
Board expenses	-	-	-	-	-	1,511	-	1,511	-	
Dues and subscriptions	-	-	-	500	500	1,468	8,258	10,226	-	
Printing and publications	85	139	-	2,394	2,618	386	232	3,236	12,034	
Bad debts	-	150	-	1,210	1,360	330	-	1,690	-	
Miscellaneous	-	-	-	-	-	-	2,058	2,058	3,361	
Depreciation	-	-	-	-	-	-	-	-	896	
	<u>\$ 197,756</u>	<u>\$ 274,854</u>	<u>\$ 118,442</u>	<u>\$ 183,365</u>	<u>\$ 774,417</u>	<u>\$ 142,827</u>	<u>\$ 43,835</u>	<u>\$ 961,079</u>	<u>\$ 956,825</u>	

See notes to financial statements.

FOSTERCLUB, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2017

(With Comparative Totals as of December 31, 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 25,905	\$ 46,491
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	896
Changes in assets and liabilities:		
Grants and contracts receivable	(72,748)	59,212
Prepaid expenses	(595)	(4,254)
Inventory	(27,866)	-
Accounts payable	(3,643)	(1,504)
Accrued payroll	1,179	3,060
Deferred revenue	(28,000)	42,000
Net cash provided by (used in) operating activities	(105,768)	145,901
Net change in cash	(105,768)	145,901
Cash and cash equivalents, beginning of year	314,451	168,550
Cash and cash equivalents, end of year	\$ 208,683	\$ 314,451

See notes to financial statements.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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, 2017

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, 2017. There were no grants and contracts receivable older than 90 days as of December 31, 2017.

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.

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.

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.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Prior Year Summarized Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2016, from which the summarized information was derived.

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>(27,677)</u>
	<u>\$ 1,587</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, 2017 was \$26,400.

The president of FosterClub, Inc.'s board of directors is also an employee of one of the Organization's major funders.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2017

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of December 31, 2017 are as follows:

Fostering Health Outcomes Program	\$	90,000
PeerUP! Project		7,500
CHAMPS		<u>20,000</u>
	\$	<u>117,500</u>

NOTE F – OPERATING LEASE COMMITMENTS

In May 2018, the Organization signed a lease for office space at \$3,075 per month through May, 2023. In addition, the Organization leases residential housing under a noncancelable operating lease expiring in 2018. Additional residential space is leased on a monthly basis as needed.

Approximate minimum rental commitments are as follows:

<u>Year Ending December 31,</u>	<u>Office Building</u>	<u>Duplex</u>
2018	\$ 32,840	\$ 26,400
2019	36,900	-
2020	36,900	-
2021	36,900	-
2022	36,900	-

NOTE G – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 5, 2018, which is the date the financial statements were available to be issued.