

FOSTERCLUB, INC.

FINANCIAL STATEMENTS

Year Ended December 31, 2024



FosterClub

KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOSTERCLUB, INC.
FINANCIAL STATEMENTS
Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of FosterClub, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 FosterClub, Inc. as of December 31, 2024, and the changes in 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 FosterClub, 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 FosterClub, Inc.'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 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.

To the Board of Directors
FosterClub, Inc.

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 FosterClub, 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 FosterClub, 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.

Report on Summarized Comparative Information

We have previously audited FosterClub, Inc.'s 2023 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated September 9, 2024. In our opinion, the summarized comparative information presented herein, with consideration to the prior period restatement in Note I, as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson, LLC

Portland, Oregon
October 2, 2025

FOSTERCLUB, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2024

(With Comparative Totals as of December 31, 2023)

ASSETS

	<u>2024</u>	<u>2023</u> <u>(Restated)</u>
Cash and cash equivalents	\$ 3,303,984	\$ 3,997,033
Grants and contracts receivable	369,090	222,233
Prepaid expenses	30,185	3,727
Inventory	138,080	122,543
Investments	573,086	563,836
Right of use lease asset	<u>135,741</u>	<u>175,461</u>
Total assets	\$ <u>4,550,166</u>	\$ <u>5,084,833</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 91,427	\$ 20,631
Accrued payroll	75,344	53,283
Deferred revenue	1,920	800
Refundable advance	-	58,446
Right of use lease liability	<u>139,931</u>	<u>174,185</u>
Total liabilities	<u>308,622</u>	<u>307,345</u>
Net assets		
Without donor restrictions		
Available for operations (restated)	2,025,014	3,519,590
Board designated endowment	573,086	563,836
Board designated reserve	<u>1,557,649</u>	<u>504,517</u>
Total without donor restrictions	<u>4,155,749</u>	<u>4,587,943</u>
With donor restrictions	<u>85,795</u>	<u>189,545</u>
Total net assets	<u>4,241,544</u>	<u>4,777,488</u>
Total liabilities and net assets	\$ <u>4,550,166</u>	\$ <u>5,084,833</u>

See notes to financial statements.

FOSTERCLUB, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2024

(With Comparative Totals for the year ended December 31, 2023)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	
			<u>2024</u>	<u>2023 (Restated)</u>
Revenues and other support				
Grants and contracts	\$ 1,033,750	\$ 323,569	\$ 1,357,319	\$ 2,146,282
Sponsorships	105,000	-	105,000	153,200
Individual and corporate contributions	170,105	-	170,105	171,738
Bequest	-	-	-	3,630,000
Online training	13,213	-	13,213	14,464
Training events	714,362	-	714,362	371,806
Publications and curriculum	35,650	-	35,650	86,676
Interest	105,358	-	105,358	20,925
Merchandise	24,143	-	24,143	20,227
Miscellaneous and other income	-	-	-	3,517
	2,201,581	323,569	2,525,150	6,618,835
Net assets released from restriction	427,319	(427,319)	-	-
Total revenues and other support	2,628,900	(103,750)	2,525,150	6,618,835
Expenses				
Program services				
Youth Services	1,105,623	-	1,105,623	2,037,433
System Change	1,517,288	-	1,517,288	1,044,405
Supporting services				
Management and general	304,052	-	304,052	262,342
Fundraising	166,381	-	166,381	134,372
Total expenses	3,093,344	-	3,093,344	3,478,552
Change in net assets before changes in investments	(464,444)	(103,750)	(568,194)	3,140,283
Net investment income	26,301	-	26,301	20,999
Realized and unrealized gains (losses) on investments	5,949	-	5,949	19,873
Change in net assets	(432,194)	(103,750)	(535,944)	3,181,155
Net assets - beginning of year (restated)	4,587,943	189,545	4,777,488	1,596,333
Net assets - end of year	\$ 4,155,749	\$ 85,795	\$ 4,241,544	\$ 4,777,488

See notes to financial statements.

FOSTERCLUB, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2024

(With Comparative Totals for the year ended December 31, 2023)

	PROGRAM SERVICES			SUPPORTING SERVICES		Total	
	Youth Services	System Change	Total	Management and General	Fundraising	2024	2023
Salaries and wages	\$ 554,210	\$ 720,629	\$ 1,274,839	\$ 178,980	\$ 116,179	\$ 1,569,998	\$ 1,329,533
Payroll taxes	49,924	64,916	114,840	16,123	10,466	141,429	124,604
Employee benefits	53,226	69,209	122,435	17,189	11,158	150,782	144,278
Contract services	85,850	246,782	332,632	12,922	7,049	352,603	282,961
Payments to partner agencies	-	50,000	50,000	-	-	50,000	50,000
Direct support to youth	229,888	220,940	450,828	-	4,973	455,801	1,088,776
Advertising	1,168	2,098	3,266	-	3,561	6,827	1,493
Banking fees	2,099	1,691	3,790	413	225	4,428	3,618
Board expenses	-	-	-	16,877	-	16,877	17,245
Conferences, conventions and meetings	6,724	9,469	16,193	-	-	16,193	7,652
Dues and subscriptions	2,768	3,277	6,045	801	2,013	8,859	3,396
Insurance	-	-	-	18,968	-	18,968	16,561
Legal and professional	-	-	-	17,461	-	17,461	17,263
Merchandise	6,181	6,181	12,362	-	-	12,362	16,116
Miscellaneous	39	89	128	-	-	128	4,863
Occupancy	32,135	32,212	64,347	9,765	3,255	77,367	86,132
Postage and shipping	5,453	1,654	7,107	350	1,303	8,760	12,598
Printing and stationery	655	776	1,431	190	420	2,041	3,315
Publications	16,681	-	16,681	-	-	16,681	44,388
Supplies	11,311	15,420	26,731	1,256	1,088	29,075	48,047
Taxes and licenses	-	-	-	4,720	-	4,720	4,883
Travel - staff	19,165	39,324	58,489	2,957	1,830	63,276	75,342
Website and technology	23,360	26,899	50,259	3,694	2,104	56,057	91,029
Working meetings	4,786	5,722	10,508	1,386	757	12,651	4,459
	\$ 1,105,623	\$ 1,517,288	\$ 2,622,911	\$ 304,052	\$ 166,381	\$ 3,093,344	\$ 3,478,552

See notes to financial statements.

FOSTERCLUB, INC.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2024

(With Comparative Totals for the year ended December 31, 2023)

	2024	2023 (Restated)
Cash flows from operating activities		
Change in net assets	\$ (535,944)	\$ 3,181,155
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net (gain) loss on investments	(5,949)	(19,873)
Noncash operating lease expense	5,466	-
Changes in assets and liabilities:		
Grants and contracts receivable	(146,857)	62,966
Prepaid expenses	(26,458)	673
Inventory	(15,537)	38,547
Accounts payable	70,796	6,592
Accrued payroll	22,061	(2,999)
Deferred revenue	1,120	(6,200)
Refundable advance	(58,446)	58,446
Net cash provided by (used in) operating activities	(689,748)	3,319,307
Cash flows from investing activities		
Appropriation for annual spending	23,000	21,249
Investment earnings retained in investment account	(26,301)	(20,999)
Net cash provided by (used in) investing activities	(3,301)	250
Net change in cash	(693,049)	3,319,557
Cash and cash equivalents, beginning of year	3,997,033	677,476
Cash and cash equivalents, end of year	\$ 3,303,984	\$ 3,997,033

See notes to financial statements.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2024

NOTE A – DESCRIPTION OF ORGANIZATION

FosterClub, Inc. (the Organization) is the national network for young people in foster care. While foster care provides a critical safety net in our society for children and youth, we know that being in foster care is generally a very difficult experience for a young person. This is why FosterClub exists: to improve life in foster care. We do two distinct things:

- Provide direct support to young people who experience foster care, and
- Drive change in the foster care system that is informed by their lived expertise.

Our theory of change: When young people have the support they need and opportunity to drive change in their life, they become self-determined and do better. We also believe that when the child welfare system listens to young people, it does better.

- **Youth Services Program Area:** Provides direct support to young people who experience foster care. Activities include:
 - Conduct outreach and engage young people who experience foster care.
 - Develop curriculum for young people that promotes growth across SPARK domains and conduct training. SPARK is an acronym that stands for **S**tory of Self/Personal Narrative, **P**urpose, **A**ttachment & Connectedness, **R**egulation, and **K**nowledge of System.
 - Connect young people to resources.
 - Create and hold space for young people to connect with each other for peer support and find supportive adult mentors.
 - Facilitate opportunities for young people with lived experience in foster care to lead the above activities.
- **System Change Program Area:** Drives change in the child welfare system informed by lived experience. Activities include:
 - Educate and build capacity of adult stakeholders to engage and support young people, including child welfare caseworkers, administrators, foster parents and other caregivers, court staff, and others involved in child welfare or adjacent systems.
 - Inform public policy with the collective experience of young people.
 - Assist young people and youth leadership groups to organize to achieve system change.
 - Undertake public awareness efforts and campaigns.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (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.

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.

Contributions Revenue

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Revenue Recognition

The Organization evaluates whether each transfer of assets is (1) an exchange reciprocal transaction in which a resource provider receives commensurate value in return for the assets transferred, or (2) a nonreciprocal transfer (a contribution or a grant), where no value is exchanged.

- *Exchange Transactions* – If the transfer of assets is determined to be an exchange transaction, the Organization recognizes revenue when or as it satisfies the required performance obligations and transfers the promised good or service to a customer, and when the customer obtains control of that good or service.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

- *Contributions and Grants* – If the transfer of assets is determined to be a contribution, the Organization evaluates whether the contribution is conditional based upon whether the agreement includes both (1) a barrier that must be overcome to be entitled to the funds and (2) either a right of return of assets transferred or a release of a promisor's obligation to transfer assets.

Contracts Receivable

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, 2024. There were no contracts receivable older than 90 days as of December 31, 2024.

Inventory

Inventory consists of an assortment of publications/curriculum, pins, and other items or merchandise that are resources to foster youth and those who serve them. Inventory is valued at the lower of cost or market.

Functional Allocation of Expenses

The statement of functional expenses presents the natural classification detail of expenses by function. Individual salaries are distributed based on each person's time spent in programs or supporting tasks. Payroll taxes and benefits are allocated on the basis of the direct salary expenses by program. Certain shared costs, including occupancy and office expenses, are allocated either on the basis of square footage or on the basis of direct salary expense by program.

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.

The Organization places most of its cash with financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). At times, cash may temporarily exceed FDIC insurance limits. At December 31, 2024, approximately \$1,015,000 of cash was not FDIC insured. These funds are invested in Fidelity Government Money Market Fund which invests in U.S. government securities.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization has been approved as a tax-exempt organization under 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.

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.

Investments and Fair Value Measurements

Investments are the only assets measured at fair value on a recurring basis. Valuation techniques used to measure fair value are prioritized into the following hierarchy:

- **Level 1** – Quoted prices in active markets for identical assets.
- **Level 2** – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates and published tables.
- **Level 3** – Unobservable inputs that reflect management's assumptions and best estimates based on available data.

Investments in equities and fixed income mutual funds are carried at fair value based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. The Organization has no assets measured under Level 2 or Level 3, as of December 31, 2024.

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset, and would benefit economically for the exercise of the right to substitute the asset, are not considered to be or contain a lease because the Organization determines it does not have the right to contract and direct the use of the identified asset.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as fixed common area and other fixed maintenance costs, in calculating the Right of Use (ROU) lease assets and lease liabilities for its office space and fixtures. Non-lease components, which primarily include payments for maintenance and utilities, are excluded from lease payments in calculating the ROU balances.

Leases result in the recognition of ROU assets and liabilities on the balance sheet. ROU lease assets represent the right to use an underlying asset for the lease term, and ROU lease liabilities represent the obligation to make payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the ROU lease liability is measured at the present value of the lease payments over the lease term. The ROU lease asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and/or lease incentives. The Organization uses the implicit rate when readily determinable. As most leases do not provide an implicit rate, the Organization uses a risk free discount rate for leased office space.

Lease expense is generally recognized on a straight-line basis over the lease term.

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 December 31, 2023, after consideration of the prior period adjustment presented in Note I, from which the summarized information was derived.

NOTE C – INVESTMENTS

Fair value assets measured on a recurring basis at December 31, 2024, were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Insured deposit accounts	\$ 891	\$ -	\$ -	\$ 891
Mutual funds	10,467	-	-	10,467
Investment grade bonds	145,915	-	-	145,915
Certificates of deposit	242,218	-	-	242,218
Exchange traded products	144,425	-	-	144,425
Municipal bonds	15,376	-	-	15,376
Federal treasury securities	13,794	-	-	13,794
	<u>\$ 573,086</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 573,086</u>

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE D – BOARD DESIGNATED NET ASSETS

The Board of Directors has established an operating reserve with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. The board reserve balance totaled \$1,557,649, at December 31, 2024.

The Organization also maintains a Quasi-Endowment (Endowment) which consists of funds that act as an investment source to meet long-term objectives of the Board of Directors. The Endowment is currently composed of net assets without donor restrictions that have been designated for endowment by the Board of Directors.

The Organization considers the following factors in deciding to appropriate or accumulate endowment funds:

- The duration and preservation of the fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Organization.
- The investment policies of the Organization.

Endowment Investment and Spending Policies

The objective of the Organization's investment program for funds held in the Endowment is to build a fund which would enable the Organization to continue operations if cash flow is inadequate.

To meet this investment objective, the Organization's strategy is to invest in a mixture of mutual funds (including Index funds), exchange traded funds, corporate bonds/government bonds, and/or certificates of deposit. The Endowment funds will not be invested in other options without a Board vote approving such investment decisions and acceptance of a written update to the Board's Endowment Policy.

Changes to the Endowment fund balance, for the year ending December 31, 2024, are as follows:

Balance at December 31, 2023	\$ 563,836
Appropriation for expenditure	(23,000)
Interest and dividends retained in Endowment	26,301
Change in fair market value	<u>5,949</u>
Balance at December 31, 2024	<u><u>\$ 573,086</u></u>

NOTE E – DONOR RESTRICTED NET ASSETS

At December 31, 2024, the Organization's net assets with donor restrictions, consist of the following purposes:

Healthy Outcomes	\$ 31,250
Journey to Success	<u>54,545</u>
	<u><u>\$ 85,795</u></u>

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE F – LEASE ASSET AND LIABILITY

The Organization has a lease for office space that expires on May 31, 2028. The operating lease includes an escalating fee schedule of two to three percent each year. At December 31, 2024, the monthly rent payment was \$3,430.

Annual lease cost	\$ <u>41,160</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from leases	\$ <u>40,510</u>
Weighted-average remaining lease term	4 years
Weighted-average discount rate	3.94%

Future minimum lease payments and reconciliation to the statement of financial position.

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2025	\$ 42,070
2026	43,630
2027	45,190
2028	<u>19,100</u>
Total future undiscounted lease payments	149,990
Less present value discount	<u>(10,059)</u>
ROU lease liability	<u>\$ 139,931</u>

NOTE G – CONCENTRATIONS OF REVENUE

Approximately 20 percent of 2024 revenue was provided for various programs supported by one foundation.

NOTE H – EMPLOYEE LEASING AGREEMENT AND RETIREMENT PLAN

The Organization maintains a contract with a Professional Employer Organization (PEO). Using a PEO, the Organization continues to retain essential management control over work performed by employees. The PEO assumes responsibility for paying wages, benefits, and employment taxes. Additionally, the PEO sponsors a tax-deferred retirement plan under Section 401(k) of the Internal Revenue Code for the benefit of the employees. The Organization made no discretionary or matching contributions to a retirement plan during 2024.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE I – PRIOR YEAR RESTATEMENT

Refundable advances and net assets without donor restrictions as of December 31, 2023, have been restated to reflect a cost reimbursement grant that ultimately was not utilized by the Organization, and was refunded to the grantor. The cumulative effect of the restatement on beginning net assets and the effect on the financial statements for the year ended December 31, 2023, is as follows:

	Unrestricted Net Assets	Refundable Advances
As previously reported, December 31, 2023	\$ 4,646,389	\$ -
Increase to refundable advances	(58,446)	58,446
As restated, December 31, 2023	\$ 4,587,943	\$ 58,446

NOTE J – LIQUIDITY

The following table presents the Organization's financial assets available to meet cash needs for general expenditures within one year of December 31, 2024:

Financial assets at year-end:	
Cash and cash equivalents	\$ 3,303,984
Grants and contracts receivable	369,090
Investments	573,086
	4,246,160
Less those unavailable for general expenditure within one year due to:	
Board-designated endowment	(573,086)
Board-designated reserve	(1,557,649)
	(2,130,735)
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,115,425

As part of its liquidity management, the Organization's policy is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

FOSTERCLUB, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2024

NOTE K – CONDITIONAL PROMISES TO GIVE

The Organization has been promised the following awards that are subject to both a barrier, and right of return to funder, should the conditions of the awards not be met. The amounts below reflect the remaining conditional promises not yet recognized as revenue, as the conditions, primarily incurring expenses, are not yet met.

Administration for Children & Families	\$	490,903
American Academy of Pediatrics		5,000
Center for Adoption Support & Education		37,500
Portland State University		10,000
State of Nevada		67,369
State of Oregon (Connect)		553,671
State of Oregon (Dream)		205,000
State of Oregon (OTR)		<u>45,000</u>
	\$	<u><u>1,414,443</u></u>

NOTE L – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 2, 2025, which is the date the financial statements were available to be issued.