



A Home for Every Child

4KIDS OF SOUTH FLORIDA, INC.
and SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2023 and 2022

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, Florida

Opinion

We have audited the accompanying consolidated financial statements of 4KIDS of South Florida, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of 4KIDS of South Florida, Inc. and Subsidiaries as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Consolidated Financial Statements* section of our report. We are required to be independent of 4KIDS of South Florida, Inc. and Subsidiaries 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 4KIDS of South Florida, Inc. and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, Florida

Auditors' Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 consolidated 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 consolidated 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 consolidated 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 4KIDS of South Florida, Inc. and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 4KIDS of South Florida, Inc. and Subsidiaries' 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.

Capin Crouse LLP

Lawrenceville, Georgia
March 18, 2024

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

	June 30,	
	<u>2023</u>	<u>2022</u>
ASSETS:		
Cash and cash equivalents	\$ 4,495,125	\$ 4,885,100
Accounts and other receivables	771,963	717,068
Pledges receivable	724,375	-
Prepaid expenses and other assets	314,115	83,415
Property and equipment–net	<u>7,606,920</u>	<u>7,538,218</u>
Total Assets	<u>\$ 13,912,498</u>	<u>\$ 13,223,801</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 932,495	\$ 570,260
Mortgage note payable	<u>486,098</u>	<u>498,074</u>
Total liabilities	<u>1,418,593</u>	<u>1,068,334</u>
Net assets:		
Without donor restrictions	9,884,634	10,324,872
With donor restrictions	<u>2,609,271</u>	<u>1,830,595</u>
Total net assets	<u>12,493,905</u>	<u>12,155,467</u>
Total Liabilities and Net Assets	<u>\$ 13,912,498</u>	<u>\$ 13,223,801</u>

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 6,760,529	\$ 1,493,160	\$ 8,253,689
Special events	704,093	-	704,093
	7,464,622	1,493,160	8,957,782
Revenue:			
Government and Private funding	3,761,933	-	3,761,933
Rental	123,357	-	123,357
Program services	201,918	-	201,918
Other	241,718	-	241,718
	4,328,926	-	4,328,926
Total Support and Revenue	11,793,548	1,493,160	13,286,708
RECLASSIFICATIONS:			
Satisfaction of purpose or time restrictions	714,484	(714,484)	-
	714,484	(714,484)	-
EXPENSES:			
Program services:			
Foster care	3,490,489	-	3,490,489
EPIC Program	2,551,031	-	2,551,031
Residential foster care	898,477	-	898,477
Community Engagement	958,117	-	958,117
His Caring Place	406,465	-	406,465
TIL 2:25	516,302	-	516,302
CarePortal	273,989	-	273,989
HopeConnect	90,856	-	90,856
	9,185,726	-	9,185,726

(continued)

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

(continued)

Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:			
Supporting activities:			
General and administrative	1,507,184	-	1,507,184
Fundraising:			
Donor relations	1,757,441	-	1,757,441
Marketing	497,919	-	497,919
	2,255,360	-	2,255,360
	3,762,544	-	3,762,544
Total Expenses	12,948,270	-	12,948,270
Change in Net Assets	(440,238)	778,676	338,438
Net Assets, Beginning of Year	10,324,872	1,830,595	12,155,467
Net Assets, End of Year	\$ 9,884,634	\$ 2,609,271	\$ 12,493,905

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 5,527,180	\$ 2,592,847	\$ 8,120,027
Special events	608,386	-	608,386
	6,135,566	2,592,847	8,728,413
Revenue:			
Government funding	3,295,744	-	3,295,744
Gain on extinguishment of debt	2,225,454	-	2,225,454
Rental	81,869	-	81,869
Program services	247,114	-	247,114
Other	73,167	-	73,167
	5,923,348	-	5,923,348
Total Support and Revenue	12,058,914	2,592,847	14,651,761
RECLASSIFICATIONS:			
Satisfaction of purpose or time restrictions	1,327,465	(1,327,465)	-
	1,327,465	(1,327,465)	-
EXPENSES:			
Program services:			
Foster care	3,163,865	-	3,163,865
EPIC Program	2,107,531	-	2,107,531
Residential foster care	697,921	-	697,921
Community Engagement	597,172	-	597,172
His Caring Place	412,582	-	412,582
TIL 2:25	420,018	-	420,018
CarePortal	257,744	-	257,744
Prevention Initiative	334	-	334
	7,657,167	-	7,657,167

(continued)

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

(continued)

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:			
Supporting activities:			
General and administrative	1,080,861	-	1,080,861
Fundraising:			
Donor relations	1,579,126	-	1,579,126
Marketing	312,530	-	312,530
	1,891,656	-	1,891,656
	2,972,517	-	2,972,517
Total Expenses	10,629,684	-	10,629,684
Change in Net Assets	2,756,695	1,265,382	4,022,077
Net Assets, Beginning of Year	7,568,177	565,213	8,133,390
Net Assets, End of Year	\$ 10,324,872	\$ 1,830,595	\$ 12,155,467

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services								Total Program Services
	Foster Care	EPIC Program	Residential Foster Care	Community Engagement	His Caring Place	TIL 2:25	CarePortal	HopeConnect	
Compensation and benefits	\$ 2,773,129	\$ 2,031,486	\$ 490,395	\$ 738,022	\$ 244,082	\$ 245,769	\$ 266,062	\$ 33,607	\$ 6,822,552
Payments to foster parents	45,993	53	3,623	17	204	-	-	-	49,890
Professional services	238,212	136,728	11,227	92,296	496	33,180	-	39,372	551,511
Other operating expenses	126,592	312,462	76,590	68,560	16,850	39,374	7,927	2,961	651,316
Occupancy and depreciation	139,844	70,085	316,329	37,028	144,363	196,730	-	-	904,379
Community awareness	166,719	217	313	22,194	470	1,249	-	14,916	206,078
	\$ 3,490,489	\$ 2,551,031	\$ 898,477	\$ 958,117	\$ 406,465	\$ 516,302	\$ 273,989	\$ 90,856	\$ 9,185,726
	Supporting Services								
	General and Administrative	Fundraising		Total Fundraising	Total Supporting Services				Total Expenses
		Donor Relations	Marketing						
Compensation and benefits	\$ 820,397	\$ 1,168,245	\$ 213,428	\$ 1,381,673	\$ 2,202,070				\$ 9,024,622
Payments to foster parents	-	-	-	-	-				49,890
Professional services	80,379	186,010	163,049	349,059	429,438				980,949
Other operating expenses	245,433	115,163	59,125	174,288	419,721				1,071,037
Occupancy and depreciation	322,368	59,290	15,156	74,446	396,814				1,301,193
Community awareness	38,607	228,733	47,161	275,894	314,501				520,579
	\$ 1,507,184	\$ 1,757,441	\$ 497,919	\$ 2,255,360	\$ 3,762,544				\$ 12,948,270

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services								Total Program Services
	Foster Care	EPIC Program	Residential Foster Care	Community Engagement	His Caring Place	TIL 2:25	CarePortal	HopeConnect	
Compensation and benefits	\$ 2,292,244	\$ 1,472,391	\$ 425,253	\$ 437,494	\$ 275,788	\$ 226,570	\$ 245,373	\$ -	\$ 5,375,113
Payments to foster parents	147,312	-	2,117	328	740	-	-	-	150,497
Professional services	172,750	111,329	9,119	70,070	752	27,913	2,395	-	394,328
Other operating expenses	179,524	459,735	38,883	41,660	11,252	27,440	9,976	334	768,804
Occupancy and depreciation	129,293	64,008	222,549	32,956	123,354	138,095	-	-	710,255
Community awareness	242,742	68	-	14,664	696	-	-	-	258,170
	<u>\$ 3,163,865</u>	<u>\$ 2,107,531</u>	<u>\$ 697,921</u>	<u>\$ 597,172</u>	<u>\$ 412,582</u>	<u>\$ 420,018</u>	<u>\$ 257,744</u>	<u>\$ 334</u>	<u>\$ 7,657,167</u>
	Supporting Services								
	General and Administrative	Fundraising			Total Supporting Services				Total Expenses
		Donor Relations	Marketing	Total Fundraising					
Compensation and benefits	\$ 520,285	\$ 994,818	\$ 191,400	\$ 1,186,218	\$ 1,706,503				\$ 7,081,616
Payments to foster parents	500	739	-	739	1,239				151,736
Professional services	115,490	180,531	60,310	240,841	356,331				750,659
Other operating expenses	156,921	61,304	30,314	91,618	248,539				1,017,343
Occupancy and depreciation	261,250	55,184	12,923	68,107	329,357				1,039,612
Community awareness	26,415	286,550	17,583	304,133	330,548				588,718
	<u>\$ 1,080,861</u>	<u>\$ 1,579,126</u>	<u>\$ 312,530</u>	<u>\$ 1,891,656</u>	<u>\$ 2,972,517</u>				<u>\$ 10,629,684</u>

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 338,438	\$ 4,022,077
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	217,984	213,286
Gain on extinguishment of debt	-	(2,225,454)
Contributions for long-term purposes	-	(503,456)
Changes in operating assets and liabilities:		
Accounts and other receivables	(54,895)	(146,736)
Pledges receivable	(724,375)	-
Prepaid expenses and other assets	(230,700)	2,572
Accounts payable and accrued expenses	362,235	(72,808)
Net Cash Provided (Used) by Operating Activities	(91,313)	1,289,481
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for property and equipment	(286,686)	(526,924)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on mortgage note payable	(11,976)	(1,926)
Contributions for long-term purposes	-	503,456
Net Cash Provided (Used) by Financing Activities	(11,976)	501,530
Net Change in Cash and Cash Equivalents	(389,975)	1,264,087
Cash and Cash Equivalents, Beginning of Year	4,885,100	3,621,013
Cash and Cash Equivalents, End of Year	\$ 4,495,125	\$ 4,885,100
SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ 19,889	\$ 3,385
NONCASH INVESTING ACTIVITIES:		
Property and equipment acquired through issuance of note payable	\$ -	\$ 500,000

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

1. NATURE OF ORGANIZATION:

4KIDS of South Florida, Inc. and Subsidiaries (collectively referred to as the Organization) is the consolidated financial reporting entity for 4KIDS of South Florida, Inc. (4KIDS South Florida) and its subsidiaries, 4KIDS of America, LLC (4KIDS America), 4KIDS Real Estate, Inc. (4KIDS Real Estate), and 4KIDS Foundation, Inc. (4KIDS Foundation).

4KIDS South Florida was incorporated in February 2002 under the laws of the state of Florida Not-For-Profit Corporation Act. 4KIDS South Florida is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), is classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Code, and is qualified for deductible contributions as provided in Section 170(b)(1)(A)(vi).

In December 2006, 4KIDS South Florida received acknowledgment by the Internal Revenue Service of its status as an integrated auxiliary of Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates (CCFL) pursuant to the changes made in the provisions of its amended Articles of Incorporation and Bylaws filed in 2003.

4KIDS America was organized in February 2014 under the laws of the state of Florida Revised Limited Liability Company Act. 4KIDS America exists to further the purposes of 4KIDS South Florida. Control of 4KIDS America by 4KIDS South Florida is complete because 4KIDS South Florida is the sole member of 4KIDS America.

4KIDS Real Estate, Inc., was organized in September 2020 under the Florida Not-For-Profit Corporation Act. It is not a private foundation with the meaning of section 509(a) of the Internal Revenue Code (the “Code”), is exempt from income taxes under section 501(c)(3) of the Code, and is qualified for deductible contributions as provided in section 170 of the Code.

4KIDS Real Estate, Inc., exists to further the purposes of 4KIDS of South Florida, Inc. and is classified as a Type 1 supporting organization under section 509(a)(3) of the Code. It is also classified as an integrated auxiliary of 4KIDS of South Florida, Inc., and is exempt from filing the annual IRS Form 990 tax return under section 6033(a)(3)(i) of the Code.

4KIDS Foundation, Inc. was organized in September 2020 under the Florida Not-For-Profit Corporation Act. It is not a private foundation with the meaning of section 509(a) of the Code, is exempt from income taxes under section 501(c)(3) of the Code, and is qualified for deductible contributions as provided in section 170 of the Code.

4KIDS Foundation, Inc., exists to further the purposes of 4KIDS of South Florida, Inc. and is classified as a Type 1 supporting organization under section 509(a)(3) of the Code. It is also classified as an integrated auxiliary of 4KIDS of South Florida, Inc., and is exempt from filing the annual IRS Form 990 tax return under section 6033(a)(3)(i) of the Code.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

1. NATURE OF ORGANIZATION, continued:

The Organization exists to serve at-risk children and families in collaboration with local and legal authorities by mobilizing and equipping the faith community to rescue, protect, and nurture children in the foster care system. The Organization accomplishes its objectives through the following program services:

Foster care—The Organization’s foster care program is dedicated to ensuring that children in the foster care system receive excellent care and quality housing. The Organization does this by ensuring their needs are met in the following four key areas: physical, emotional, social, and spiritual. The services currently provided include but are not limited to:

The services currently provided include but are not limited to:

- Recruitment of foster families
- Training and continuing education of foster families
- Licensing of foster families
- Placement of children into licensed foster homes
- Support services for biological and foster families and the children involved

Residential foster care—This program provides homes with committed families and staff members to assist children and teenagers in the process of developing, coping, and learning to trust again in a caring Christian environment through the following programs:

- KidsPlace 1&2—specialized foster homes that allow larger sibling groups to be placed together
- GirlsPlace & MercyPlace—specialized foster homes for teens that would otherwise likely be placed in group homes

Community Engagement (CE)— CE consists of the Church Engagement team as well as the Volunteer department. The Church Engagement Team is responsible for the management and stewardship of church relationships that contribute to the recruitment and ministry to foster families. The Volunteer department organizes and coordinates volunteer participation through events, service projects, program and office support, and Family Advocacy Ministry (FAM) teams that provide practical support and encouragement for our foster families.

His Caring Place (HCP)— HCP provides maternity care to pregnant and parenting young adults. HCP serves young women during their pregnancy and after they have given birth by providing physical, emotional, and spiritual support as well as case management services designed to lead them to independence.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

1. NATURE OF ORGANIZATION, continued:

Transitional Independent Living 2:25 (TIL 2:25)—TIL 2:25 exists to assist young men and women who have “aged out” of foster care. By providing comprehensive services including housing, life skills, mentoring, financial planning, etc., young adults are able to transition from foster care to independent living.

Emotions, Physical, Intellectual, Character (EPIC)—EPIC is a therapeutic program which addresses the individual needs of the children in the aspects of their emotions, physical, and intellectual well-being and development of character.

HopeConnect—This program equips parents and caregivers to instill the Hope of God’s Word into the life of their child who have experienced trauma. HopeConnect is a free, digital platform designed to create meaningful connections through Everyday moments. These expertly designed activities that allow parents to connect with their children while connecting their children to the Hope of God’s Word.

CarePortal—The implementation of the CarePortal technology platform which provides a connection point to meet the tangible and relational needs of vulnerable children and families. The intent is to connect children and families with churches to meet tangible needs, but also develop a network of support for the families to improve the well-being of the family and thereby prevent the need for children to enter foster care. The Organization facilitates training of child welfare partners to submit requests into the system and churches, businesses, and individuals to respond to those requests. The Organization provides Bible story books to participating churches, at no cost to them, to give to children served. Additionally, the CarePortal Team supports the CarePortal users by providing initial troubleshooting of issues using the system, coordinate functional meetings to help identify collective trends and issues to ensure the effective use to the system, and coordinates all community meetings and other interactive events to promote positive dialogue and relationships among partners.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of 4KIDS South Florida, 4KIDS America, 4KIDS Real Estate, and 4KIDS Foundation. All significant inter-company balances and transactions have been eliminated.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

USE OF ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and savings accounts. The Organization maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and utilizes an insured cash sweep strategy to minimize exposure. At June 30, 2023 and 2022, the Organization's cash balances exceeded federally insured limits by \$537,255 and \$3,060,425, respectively.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are reported net of any anticipated losses due to uncollectible accounts. The Organization's policy for determining when receivables are past due or delinquent is when a tenant from the TIL 2:25 program leaves with a balance. Uncollectible accounts are reported as additions to the allowance for bad debts when it is determined the amounts will become uncollectible, which is typically when the account is 90 days old. The Organization does not assess late charges on these accounts.

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions. For both years ended June 30, 2023 and 2022, management has determined that no allowance is necessary, as all balances are considered collectible.

PLEDGES RECEIVABLE

When a donor has unconditionally promised to contribute funds to the Organization in future periods, the Organization recognizes a pledge receivable. Pledges expected to be collected within one year are recorded as support and a receivable at a net realizable value. Pledges expected to be collected in future years are recorded as support and a receivable at the present value of the expected future cash flows. For the years ended June 30, 2023 and 2022, discounts on the pledges receivable are immaterial, and management has determined not to record those amounts. As of June 30, 2023 and 2022, no allowance for uncollectible pledges receivable has been recorded, as management believes that the pledges receivable are fully collectible.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Organization capitalizes all property and equipment expenditures greater than \$10,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available at the discretion of the board for use in operations or designated by the board for specific purposes and/or projects. Equity in property and equipment represents amounts invested in property and equipment, net of accumulated depreciation and related debt.

Net assets with donor restrictions are stipulated by donors for specific operating purposes, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and funding, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or funding provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. All other exchange revenue is recognized when earned.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. 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.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as reclassifications. Contributions with donor restrictions which have been fully expended for their intended purposes within the reporting period are reported as contributions without donor restrictions.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

The Organization reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization conducted several special events designed to inform supporters about its ministry and expose itself to potential new donors. Special events consist of revenue generated from the Organization's annual events. As of June 30, 2023 and 2022, special events revenue is recorded gross of special events related expense of \$152,021 and \$276,753, respectively.

Donated goods and services (including securities, property, rent, and equipment) are recorded at fair value at the date of the gift.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include compensation and benefits, depreciation, facilities operations, and other expenses. Depreciation is allocated based on square footage and the programmatic purpose of the asset being depreciated. Costs of other categories were allocated based on programmatic purpose of the employees directly affected by the expense.

CONCENTRATIONS

During the years ended June 30, 2023 and 2022, the Organization received 24% of total support and revenue from two donors. The Organization's operations and program services could be impacted if these relationships were to terminate and could not be replaced by new donor(s) with comparable donations.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities to achieve its mission and vision as well as the conduct of services undertaken to support those activities to be general expenditures.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

	June 30,	
	2023	2022
Financial assets, at year-end:		
Cash and cash equivalents	\$ 4,495,125	\$ 4,885,100
Accounts and other receivables	771,963	717,068
Pledges receivable	724,375	-
	5,991,463	5,602,168
Less those not available for general expenditure within one year, due to:		
Pledges receivable collectible beyond one year	(431,333)	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,560,130	\$ 5,602,168

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2023, the Organization has \$2,497,902 in net assets with donor restrictions for project support. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes or as the related time restrictions are fulfilled.

4. ACCOUNTS AND OTHER RECEIVABLES:

Accounts and other receivables consist of:

	June 30,	
	2023	2022
ChildNet	\$ 254,354	\$ 142,798
Children's Network of Southwest Florida	17,651	51,094
Citrus Family Care Network	57,682	-
Communities Connected for Kids	100,211	104,570
Department of Children and Families	125,000	62,500
Receivables due from related party	2,383	2,835
Other receivables	214,682	353,271
	\$ 771,963	\$ 717,068

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

5. PLEDGES RECEIVABLE:

Pledges receivable consist of:

	June 30,	
	2023	2022
Unconditional pledges receivable	\$ 724,375	\$ -
Amounts due in:		
Less than one year	\$ 293,167	\$ -
Two to fours years	431,208	-
	\$ 724,375	\$ -

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	June 30,	
	2023	2022
Land and improvements	\$ 1,658,732	\$ 1,658,732
Buildings and improvements	7,809,255	7,540,941
Vehicles	168,952	168,952
Furniture and fixtures	494,107	494,107
	10,131,046	9,862,732
Less accumulated depreciation	(2,562,476)	(2,330,489)
	7,568,570	7,532,243
Construction in progress	38,350	5,975
	\$ 7,606,920	\$ 7,538,218

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

7. MORTGAGE NOTES PAYABLE:

Mortgage notes payable consists of:

	June 30,	
	2023	2022
Mortgage note payable to a certain financial institution with a fixed interest rate of 4% which is subject to change at various scheduled points during the term of the note payable; requires monthly principal and interest payments in the amount of \$2,655 through maturity in April 2037; collateralized by certain real estate.	\$ 486,098	\$ 498,074
	\$ 486,098	\$ 498,074

Principal maturities of the mortgage note payable are estimated as follows:

Years Ending June 30,	Amounts
2024	\$ 12,659
2025	13,175
2026	13,712
2027	14,271
2028	14,852
Thereafter	417,429
	\$ 486,098

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions for purpose or time consist of:

	June 30,	
	2023	2022
Expansion to Southwest Florida	\$ 2,245,544	\$ 1,496,544
TIL 2:25 program	13,909	13,909
Other	293,872	320,142
EPIC program	1,000	-
CARE portal	54,946	-
	\$ 2,609,271	\$ 1,830,595

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

9. EMPLOYEE BENEFIT PLAN:

The Organization offers all eligible employees the opportunity to participate in a Section 403(b) Retirement Savings Plan (the Plan). The Plan allows voluntary employee contributions and includes employer matching contributions of 50% of employee voluntary contributions up to 3% of salary. For the years ended June 30, 2023 and 2022, the Organization made contributions of \$99,016 and \$88,489, respectively, to the Plan.

10. SUBSEQUENT EVENTS:

Effective October 2023, the Organization began leasing certain facilities under a noncancelable operating lease expiring in 2026. The lease requires monthly payments ranging from \$4,125 to \$6,035. The right of use asset and liability equaled \$160,813 at the inception of the lease.

Subsequent events have been evaluated through March 18, 2024, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.