

**FOSTER ANGELS OF CENTRAL TEXAS
FOUNDATION**

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

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ERICKSON DEMEL & Co., PLLC

CERTIFIED PUBLIC ACCOUNTANTS

7800 N. MOPAC, SUITE 105

AUSTIN, TEXAS 78759

Board of Directors
Foster Angels of Central Texas Foundation
Austin, Texas

Independent Auditor's Report

We have audited the accompanying financial statements of Foster Angels of Central Texas Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017 and the related statement of activities and cash flow 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.

Auditor's 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 auditor's 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.

Board of Directors
Foster Angels of Central Texas Foundation
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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 Foster Angels of Central Texas Foundation at December 31, 2017 and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

E. J. Smith & Co., PLLC

Certified Public Accountants

November 7, 2018

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

ASSETS

Cash and Cash Equivalents	\$	319,705
Contributions Receivable		35,000
Investments		105,913
Prepaid Expenses		11,871
		<hr/>
	\$	472,489
		<hr/>

LIABILITIES AND NET ASSETS

LIABILITIES

Accrued Expense	\$	12,607
		<hr/>
		12,607
		<hr/>

NET ASSETS

Unrestricted		439,882
Temporarily Restricted		20,000
		<hr/>
		459,882
		<hr/>
	\$	472,489
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See notes to financial statements

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2017

UNRESTRICTED NET ASSETS

Unrestricted Support

Contributions	\$ 458,561
Grant Income	106,500
Investment Income	3,648
Other	88,966
Total Unrestricted Support	<u>657,675</u>

Net Assets Released from Restriction	<u>65,273</u>
Total Unrestricted Support and Other Revenues	<u>722,948</u>

Expenses

Program Services	570,993
Management and General	68,340
Fund Raising	92,270
Total Expenses	<u>731,603</u>

Change in Unrestricted Net Assets	<u>(8,655)</u>
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TEMPORARILY RESTRICTED NET ASSETS

Grant Income	85,273
Net Assets Released from Restrictions	<u>(65,273)</u>
Change in Temporarily Restricted Net Assets	20,000

Change in Net Assets	11,345
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Net Assets at Beginning of Year	<u>448,537</u>
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Net Assets at End of Year	<u>\$ 459,882</u>
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See notes to financial statements

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2017

Change in Net Assets	\$ 11,345
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:	
Realized Loss on Investments	410
Cash Provided by (Used in) Operating Activities:	
Accounts Receivable	10,000
Prepaid Expenses	(1,831)
Accrued Expenses	1,890
Cash Provided by Operating Activities	<u>21,814</u>
Cash Provided by Investing Activities:	
Proceeds from Sale of Securities	51,210
Purchases of Securities	(51,200)
Cash Provided by Investing Activities	<u>10</u>
Net Change in Cash and Cash Equivalents	21,824
Cash and Cash Equivalents Beginning of Year	<u>297,881</u>
Cash and Cash Equivalents End of Year	<u>\$ 319,705</u>

See notes to financial statements

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Accounting

Foster Angels of Central Texas Foundation (Foundation) was organized in 2009 as a Texas non-profit corporation.

The financial statements of the Foundation have been prepared on the accrual basis, in accordance with generally accepted accounting principles in the United States of America. Such method of accounting recognizes revenue and the related receivable as earned, regardless of when cash is collected. Expenses and the related payable are recognized as incurred regardless of when the obligation is paid.

The Foundation follows FASB ASC 958, *Classification of Net Assets*. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Program Services

The Foundation's sole purpose is to enrich the lives of children in foster care in central Texas. The Foundation receives funding from grants and individual and corporate donors.

Cash Equivalents

For purposes of the statements of cash flows, the Foundation consider all highly liquid debt instruments purchased with a maturity date of three months or less to be cash equivalents.

Contribution Receivable

Contribution receivables with collectability issues are recorded net of an allowance for uncollectible accounts. At December 31, 2017, the entity had no allowance for uncollectible accounts. Receivables are written-off after all reasonable collection attempts have been exhausted. All contribution receivables are due in less than one year.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Property and Equipment

The Foundation follows the practice of capitalizing all major expenditures for property and equipment and intangible assets; the fair market value of donated assets is similarly capitalized. Depreciation and amortization is provided by the straight-line method over the estimated useful lives of the related assets. As of December 31, 2017 there was no property or equipment to capitalize.

Net Assets

Certain income received is temporarily restricted until the Foundation meets purpose or time restrictions by satisfying specified program initiatives. The Foundation considers contributions and grants donated with temporary restrictions to be unrestricted if the restrictions are fulfilled during the year.

Donated Services and Goods

During the year ended December 31, 2017, a number of volunteers donated 295 hours to the Organization's program services and fund raising services. No amounts have been recognized in the statement of activities because the criteria for recognition of such volunteer efforts have not been satisfied. These services consisted primarily of administrative and distribution services.

Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

The Foundation is a non-profit corporation, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Foundation to concentrations of credit and market risk consist primarily of cash equivalents and promises to give. Cash equivalents are maintained at high-quality financial institutions. The Organization's balances at this financial institution may at times exceed federally insured limits; however, the Organization has not experienced any losses on its cash equivalents.

Functional Expenses

The costs of providing the various programs, fund raising and other activities have been summarized on a functional basis; accordingly, certain costs have been allocated among the programs and fund raising activities.

Fair Value Measurements

The Association follows the requirements of FASB ASC 820, *Fair Value Measurements* (ASC 820), which establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. ASC 820 also requires disclosure about how fair value is determined for assets and liabilities and establishes a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows.

Level 1 – quoted prices are available in active markets for identical assets and liabilities;

Level 2 – quoted prices are available in active markets for similar assets and liabilities, and the value of the asset or liability can be estimated using other inputs that are observable in the market; or

Level 3 – the value of the asset or liability is based on at least one unobservable input, and reflects an association's own assumptions about the market value of the asset or liability, such as discounted cash flows models or valuations.

The determination of where assets and liabilities fall within the hierarchy is based upon the lowest level of input that is significant to the fair value measurements.

The following table sets forth the characterization within the hierarchy of those assets that are required to be measured at fair value on a recurring basis as of December 31, 2017:

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2017

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair Value Measurements – Continued

	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at December 31, 2017
Marketable Equity Securities	\$ 105,913	\$ –	\$ –	\$ 105,913
	<u>\$ 105,913</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 105,913</u>

C. INTERNAL REVENUE SERVICE STATUS

The Foundation follows the provisions of FASB ASC 740, *Accounting for Uncertainty in Income Taxes*. The Foundation has analyzed the tax positions taken and has concluded that as of December 31, 2017, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the financial statements. The Foundation believes it is no longer subject to income tax examination for years prior to 2014.

D. RELATED-PARTY TRANSACTIONS

All of the investments of the Foundation are held by Herndon Plant Oakley, Ltd., which Ted Oakley is the financial advisor. Ted Oakley is the President of Foster Angels of Central Texas. During the year ended December 31, 2017 the Foundation had investment management fees of \$20.

E. TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2017 temporarily restricted net assets were available with purpose restriction for the annual luncheon in the amount of \$5,000 and educational expenses in the amount of \$15,000.

F. RENTAL COMMITMENTS

The organization has a non-cancelable lease to rent office space in Austin, TX, which ends September 30, 2018. During 2017 rental expense for the office space totaled \$8,382. Future minimum payments for 2018 total \$6,287.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS – CONTINUED

G. SUBSEQUENT EVENTS

In June 2018, the organization entered into a one year non-cancelable lease to rent office space in Austin, TX which ends May 31, 2019. Future minimum payments for these lease for 2018 and 2019 are \$3,000 and \$2,500, respectively.

Management has evaluated subsequent events for disclosure and/or recognition through the date of the *Independent Auditor's Report*, which is the date the financial statements were available to be issued.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS – CONTINUED

H. FUNCTIONAL EXPENSES

Functional expenses for the year ended December 31, 2017 consisted of the following:

	Total	Program Services	Management and General	Foundation Raising
Salaries and Related Expenses	\$ 179,960	\$ 106,095	\$ 44,365	\$ 29,500
Accounting	1,425	–	1,425	–
Adoption Assistance	13,172	13,172	–	–
Bank Charges	22	–	22	–
Caseworker Appreciation	17,418	17,418	–	–
Classy	129,611	124,985	–	4,626
Contract Labor	8,796	–	6,000	2,796
Education	45,538	45,538	–	–
Food	26,601	24,926	1,675	–
Housing/Shelter	73,132	73,132	–	–
Insurance	1,802	–	1,802	–
Internet	911	–	911	–
Luncheon	28,806	–	–	28,806
Marketing	13,390	7,427	–	5,963
Medical	11,788	11,788	–	–
Miscellaneous	433	–	113	320
Office Supplies	3,434	–	3,434	–
Postage and Delivery	1,131	–	1,131	–
Printing	1,217	–	1,217	–
Professional Development	159	–	159	–
Recreation	131,320	131,320	–	–
Rent	8,382	5,867	2,515	–
Skipathon	20,259	–	–	20,259
Telecommunications	1,875	–	1,875	–
Transportation	11,021	9,325	1,696	–
	\$ 731,603	\$ 570,993	\$ 68,340	\$ 92,270