

**FOSTER ANGELS OF CENTRAL TEXAS
FOUNDATION**

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018 AND 2017

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018 AND 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, 2018 and 2017 and the related statement of activities and cash flow for the years 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 audits. We conducted our audits 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.

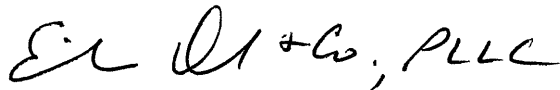
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2018 and 2017 and the changes in their net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error

As discussed in Note I to the financial statements, a certain error resulting in understatement of amounts previously reported for contributions receivables and revenues as of December 31, 2017, were discovered by management of the Foundation during the year. Accordingly, amounts reported for contributions receivable and contributions have been restated in the 2017 financial statements now presented, and an adjustment has been made to net assets as of December 31, 2017, to correct the error. Our opinion is not modified with respect to this matter.



Certified Public Accountants

July 25, 2019

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

STATEMENT OF FINANCIAL POSITION

ASSETS

	December 31,	
	2018	2017
		(Restated)
Cash and Cash Equivalents	\$ 342,925	\$ 319,705
Contributions Receivable	20,441	75,000
Investments	41,262	105,913
Prepaid Expenses	5,541	11,871
	<u>\$ 410,169</u>	<u>\$ 512,489</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 500	\$ -
Accrued Expense	2,972	12,607
	<u>3,472</u>	<u>12,607</u>

NET ASSETS

Without Donor Restrictions	396,697	479,882
With Donor Restrictions	10,000	20,000
	<u>406,697</u>	<u>499,882</u>
	<u>\$ 410,169</u>	<u>\$ 512,489</u>

See notes to financial statements

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

STATEMENT OF ACTIVITIES

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	December 31,	
	2018	2017 (Restated)
Revenues		
Contributions	\$ 457,459	\$ 498,561
Grant Income	189,500	106,500
Investment Income	(7,619)	3,648
Other	134,341	88,966
Total Revenue without Donor Restrictions	<u>773,681</u>	<u>697,675</u>
Net Assets Released from Restriction	<u>48,200</u>	<u>65,273</u>
Total Revenue and Other Support without Donor Restrictions	<u>821,881</u>	<u>762,948</u>
Expenses		
Program Services	720,625	570,993
Management and General	72,939	68,340
Fund Raising	111,502	92,270
Total Expenses	<u>905,066</u>	<u>731,603</u>
Change in Net Assets without Donor Restrictions	<u>(83,185)</u>	<u>31,345</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Grant Income	38,200	85,273
Net Assets Released from Restrictions	(48,200)	(65,273)
Change in Net Assets with Donor Restrictions	<u>(10,000)</u>	<u>20,000</u>
Change in Net Assets	<u>(93,185)</u>	<u>51,345</u>
Net Assets at Beginning of Year	<u>499,882</u>	<u>448,537</u>
Net Assets at End of Year	<u>\$ 406,697</u>	<u>\$ 499,882</u>

See notes to financial statements

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

STATEMENT OF CASH FLOWS

	December 31,	
	2018	2017 (Restated)
Change in Net Assets	\$ (93,185)	\$ 51,345
Adjustments to Reconcile Change in Net Assets to Cash Provided by Operating Activities:		
Unrealized and Realized Loss on Investments	11,393	410
Cash Provided by (Used in) Operating Activities:		
Accounts Receivable	54,559	(30,000)
Prepaid Expenses	6,330	(1,831)
Accounts Payable	500	-
Accrued Expenses	(9,635)	1,890
Cash Provided by (Used In) Operating Activities	(30,038)	21,814
Cash Provided by Investing Activities:		
Proceeds from Sale of Securities	53,258	51,210
Purchases of Securities	-	(51,200)
Cash Provided by Investing Activities	53,258	10
Net Change in Cash and Cash Equivalents	23,220	21,824
Cash and Cash Equivalents Beginning of Year	319,705	297,881
Cash and Cash Equivalents End of Year	342,925	\$ 319,705

See notes to financial statements

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2018 AND 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.

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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activity as net assets released from restrictions.

Accounting Pronouncements Adopted

The Foundation follows FASB ASC 958, *Classification of Net Assets*. The FASB issued ASU 2016-14 "Presentation of Financial Statements of Not-for-Profit Entities". The ASU amended the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net asset now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement of in the noted to the financial statements, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (d) presenting investment return net of external and direct internal investment expenses, and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

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.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS – CONTINUED

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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, 2018 and 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.

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, 2018 and 2017 there was no property or equipment to capitalize.

Net Assets

Certain income received is restricted until the Foundation meets purpose or time restrictions by satisfying specified program initiatives.

Donated Services and Goods

During the year ended December 31, 2018 and 2017, a number of volunteers donated 299 and 295 hours, respectively, 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.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS – CONTINUED

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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.

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.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS – CONTINUED

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fair Value Measurements – Continued

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, 2018:

	Quoted Market Prices in Active Markets (Level 1)	Significant Other Observable inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value at December 31, 2018
Marketable Equity Securities	\$ 41,262	\$ –	\$ –	\$ 41,262
	\$ 41,262	\$ –	\$ –	\$ 41,262

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:

	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
	\$ 105,913	\$ –	\$ –	\$ 105,913

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS – CONTINUED

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

	December 31,	
	2018	2017
Checking Accounts	\$ 205,782	\$ 189,689
Money Market Accounts	137,143	130,016
	<u>\$ 342,925</u>	<u>\$ 319,705</u>

C. LIQUIDITY AND AVAILABILITY

The Association has \$404,628 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure, consisting of cash and cash equivalents of \$342,925, accounts receivable of \$20,441 and investments of \$41,262. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year and investments consist of readily available marketable securities as discussed in Note A to the financial statements. The Association has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

D. INVESTMENTS

The cost basis, aggregate fair value, and gross unrealized holding gains are as follows:

December 31, 2018

Available-for-Sale	Cost	Gross Unrealized		Fair Value
		Gains	Losses	
Marketable Equity Securities	\$ 43,563	\$ –	\$ (2,301)	\$ 41,262

December 31, 2017

Available-for-Sale	Cost	Gross Unrealized		Fair Value
		Gains	Losses	
Marketable Equity Securities	\$ 102,502	\$ 3,411	\$ –	\$ 105,913

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS – CONTINUED

D. INVESTMENTS – Continued

Investment income is comprised of the following:

	Year Ended December 31,	
	2018	2017
Interest and Dividend Income	\$ 3,794	\$ 4,078
Realized Gain (Loss)	(5,894)	(504)
Unrealized Gain (Loss) on Investments	(5,499)	94
Investment Expense	(20)	(20)
	<u>\$ (7,619)</u>	<u>\$ 3,648</u>

E. 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, 2018, 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 2015.

F. 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 on the Board of Foster Angels of Central Texas. During the years ended December 31, 2018 and 2017 the Foundation had investment management fees of \$20. During the years ended December 31, 2018 and 2017, Ted Oakley also paid rent on behalf of the Foundation in the amounts of \$3,493 and 8,382, respectively.

G. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2018 net assets with donor restrictions were available with purpose restriction for use in Hayes County in the amount of \$10,000. At December 31, 2017 net assets with donor restrictions were available with purpose restriction for the annual luncheon in the amount of \$5,000 and educational expenses in the amount of \$15,000.

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS – CONTINUED

H. RENTAL COMMITMENTS

The organization has a non-cancelable lease to rent office space in Austin, TX, which ends May 31, 2020. During 2018 rental expense for the office space totaled \$6,493. Future minimum payments are as follow:

2019	6,000
2020	2,500
Total	<u>8,500</u>

I. RESTATEMENT

The Foundation has restated its previously issued financial statements to include an additional contributions receivable that was erroneously included in as revenue during the year ended December 31, 2018. The effect of the correction resulted in an increase in contributions receivables, contributions income and net assets without donor restrictions. The financial statements for the year ended December 31, 2017 have been adjusted as follows:

	As Originally Reported	Restatement Adjustment	As Adjusted
<i>Statement of Financial Position</i>			
Contributions Receivable	35,000	40,000	75,000
Total Assets	472,489	40,000	512,489
Net Assets without Donor Restrictions	439,882	40,000	479,882
Total Liabilities and Net Assets	472,489	40,000	512,489
<i>Statement of Activities</i>			
Contributions	458,561	40,000	498,561
Total Revenue without Donor Restrictions	657,675	40,000	697,675
Total Revenue and Other Support without Donor Restrictions	722,948	40,000	762,948
Change in Net Assets without Donor Restrictions	(8,655)	40,000	31,345
Change in Net Assets	11,345	40,000	51,345
Net Assets at End of Year	459,882	40,000	499,882
<i>Statement of Cash Flows</i>			
Change in Net Assets	11,345	40,000	51,345
Contributions Receivable	10,000	40,000	(30,000)

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS – CONTINUED

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition through July 25, 2019, which is the date the financial statements were available to be issued.

K. FUNCTIONAL EXPENSES

Functional expenses for the year ended December 31, 2018 consisted of the following:

	Total	Program Services	Management and General	Foundation Raising
Salaries and Related Expenses	\$ 214,552	\$ 129,037	\$ 44,324	\$ 41,191
Accounting	9,500	–	9,500	–
Adoption Assistance	5,136	5,136	–	–
Bank Charges	4	–	4	–
Caseworker Appreciation	12,287	12,287	–	–
Classy	156,060	147,641	–	8,419
Community Awareness	16,319	16,319	–	–
Contract Labor	10,095	–	6,000	4,095
Education	51,163	51,163	–	–
Food	44,203	41,871	2,332	–
Housing/Shelter	82,828	82,828	–	–
Insurance	2,422	–	2,422	–
Internet	821	–	821	–
Luncheon	40,481	–	–	40,481
Marketing	3,973	–	–	3,973
Medical	5,559	5,559	–	–
Office Supplies	2,770	–	2,770	–
Postage and Delivery	795	–	795	–
Printing	698	–	698	–
Professional Development	–	–	–	–
Recreation	184,351	184,351	–	–
Registration	324	–	–	324
Rent	6,493	5,194	1,299	–
Repairs	9,466	9,466	–	–
Skipathon	13,019	–	–	13,019
Telecommunications	1,873	–	1,873	–
Transportation	29,874	29,773	101	–
	\$ 905,066	\$ 720,625	\$ 72,939	\$ 111,502

FOSTER ANGELS OF CENTRAL TEXAS FOUNDATION

NOTES TO FINANCIAL STATEMENTS – CONTINUED

K. FUNCTIONAL EXPENSES – Continued

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