

**KIDS MATTER INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(With Summarized Totals for the Year Ended December 31, 2019)**

**KIDS MATTER INC.**

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## Independent Auditor's Report

Board of Directors  
Kids Matter Inc.

We have audited the accompanying financial statements of Kids Matter Inc. which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **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 Organization'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 purposes 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 Kids Matter Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Ritz Holman LLP***

*Serving business, nonprofits, individuals and trusts.*

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Board of Directors  
Kids Matter Inc.

**Report on Summarized Comparative Information**

We have previously audited Kids Matter Inc.'s December 31, 2019, financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 3, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.



RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
December 6, 2021

**KIDS MATTER INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
**(With Summarized Totals for December 31, 2019)**

ASSETS

	2020	2019
<b>CURRENT ASSETS</b>		
Cash	\$ 358,527	\$ 134,309
Grants and Accounts Receivable	158,159	188,074
Prepaid Expenses	9,618	9,221
Total Current Assets	\$ 526,304	\$ 331,604
<b>FIXED ASSETS</b>		
Furniture and Equipment	\$ 6,707	\$ 6,707
Less: Accumulated Depreciation	(6,707)	(6,707)
Net Fixed Assets	\$ ---	\$ ---
<b>TOTAL ASSETS</b>	\$ 526,304	\$ 331,604

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 40,492	\$ 2,759
Accrued Payroll Liabilities	42,096	47,275
Deferred Contract Revenue	3,680	3,680
Total Current Liabilities	\$ 86,268	\$ 53,714
<b>NET ASSETS</b>		
Without Donor Restrictions	\$ 404,036	\$ 277,890
With Donor Restrictions	36,000	---
Total Net Assets	\$ 440,036	\$ 277,890
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 526,304	\$ 331,604

The accompanying notes are an integral part of these financial statements.

**KIDS MATTER INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(With Summarized Totals for the Year Ended December 31, 2019)**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>REVENUE</b>				
Federal Grants	\$ 723,537	\$ ---	\$ 723,537	\$ 743,991
State Grants	16,052	---	16,052	10,530
Individual Contributions	60,352	---	60,352	23,261
Corporate Contributions	27,146	---	27,146	58,883
Foundation Grants	14,500	36,000	50,500	25,647
Paycheck Protection Program Revenue	118,400	---	118,400	---
Special Event Income	---	---	---	27,845
Special Event Expense	(1,914)	---	(1,914)	(10,255)
Donated Materials	96,201	---	96,201	116,450
Donated Services	395,293	---	395,293	438,045
Other Income	---	---	---	47
<b>Total Revenue</b>	<u>\$ 1,449,567</u>	<u>\$ 36,000</u>	<u>\$ 1,485,567</u>	<u>\$ 1,434,444</u>
<b>EXPENSES</b>				
Program Services	\$ 1,195,953	\$ ---	\$ 1,195,953	\$ 1,316,111
Management and General	126,488	---	126,488	38,179
Fundraising	980	---	980	---
<b>Total Expenses</b>	<u>\$ 1,323,421</u>	<u>\$ ---</u>	<u>\$ 1,323,421</u>	<u>\$ 1,354,290</u>
<b>CHANGE IN NET ASSETS</b>	\$ 126,146	\$ 36,000	\$ 162,146	\$ 80,154
Net Assets, Beginning of Year	<u>277,890</u>	<u>---</u>	<u>277,890</u>	<u>197,736</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 404,036</u>	<u>\$ 36,000</u>	<u>\$ 440,036</u>	<u>\$ 277,890</u>

The accompanying notes are an integral part of these financial statements.

**KIDS MATTER INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(With Summarized Totals for the Year Ended December 31, 2019)**

	Program Services	Management and General	Fundraising	2020 Total	2019 Total
Salaries and Wages	\$ 479,380	\$ 54,423	\$ ---	\$ 533,803	\$ 550,972
Employee Benefits	44,792	36,753	---	81,545	39,526
Payroll Taxes	40,879	4,564	---	45,443	51,552
Professional Fees	10,385	19,245	---	29,630	46,415
Supplies	13,844	752	---	14,596	9,742
Telephone	6,394	513	---	6,907	5,189
Postage	2,053	54	---	2,107	2,999
Printing	1,036	119	630	1,785	2,714
Subscriptions	2,934	357	170	3,461	3,987
Occupancy	44,872	3,878	---	48,750	48,170
Utilities	4,018	609	---	4,627	5,138
Travel	2,594	---	---	2,594	9,541
Conferences, Conventions and Meetings	3,037	---	180	3,217	8,067
Insurance	4,419	1,332	---	5,751	5,128
Membership Dues	1,985	196	---	2,181	701
Emergency Client Support	6,002	---	---	6,002	2,308
Licenses and Fees	---	10	---	10	637
Technology Expense	36,526	2,484	---	39,010	86,525
Program Supplies	---	---	---	---	497
Community Outreach	---	---	---	---	2,798
Board Development	---	---	---	---	14
Donated Materials and Services	96,201	---	---	96,201	116,450
Volunteer Expense	284,761	213	---	284,974	346,058
Advertising	101,535	100	---	101,635	295
LVC/Americorp Expense	8,300	---	---	8,300	8,611
Other Expense	6	886	---	892	256
Subtotal	<u>\$ 1,195,953</u>	<u>\$ 126,488</u>	<u>\$ 980</u>	<u>\$ 1,323,421</u>	<u>\$ 1,354,290</u>
Special Event Expenses					
Rent and Facility	\$ ---	\$ ---	\$ ---	\$ ---	\$ 2,333
Food and Beverages	---	---	---	---	3,460
Other Expenses	---	---	1,914	1,914	4,462
Total Special Events	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 1,914</u>	<u>\$ 1,914</u>	<u>\$ 10,255</u>
<b>TOTALS</b>	<u><u>\$ 1,195,953</u></u>	<u><u>\$ 126,488</u></u>	<u><u>\$ 2,894</u></u>	<u><u>\$ 1,325,335</u></u>	<u><u>\$ 1,364,545</u></u>

The accompanying notes are an integral part of these financial statements.

**KIDS MATTER INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(With Summarized Totals for the Year Ended December 31, 2019)**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 162,146	\$ 80,154
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
(Increase) Decrease in Grants and Accounts Receivable	29,915	(64,470)
(Increase) Decrease in Prepaid Expenses	(397)	(5,768)
Increase (Decrease) in Accounts Payable	37,733	(1,674)
Increase (Decrease) in Accrued Payroll Liabilities	<u>(5,179)</u>	<u>6,151</u>
Net Cash Provided by Operating Activities	<u>\$ 224,218</u>	<u>\$ 14,393</u>
Net Increase in Cash and Cash Equivalents	\$ 224,218	\$ 14,393
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>134,309</u>	<u>119,916</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 358,527</u></u>	<u><u>\$ 134,309</u></u>

The accompanying notes are an integral part of these financial statements.



**KIDS MATTER INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**KIDS MATTER INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

The mission of Kids Matter Inc. (the "Organization") is to help abused and neglected children heal and thrive, bring volunteer energy and community support to foster and kinship children, and apply lessons learned from helping children heal to prevent further child abuse.

**Accounting Method**

The financial statements of the Organization have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less at purchase.

**Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Organization capitalizes items at a value of \$5,000.

**Basis of Presentation**

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

**Contributions and Grant Revenue**

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

**KIDS MATTER INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE A - Summary of Significant Accounting Policies (continued)**

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

**Government Grants and Contract Revenue**

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

**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.

**Allowance for Uncollectible Accounts**

Management believes all receivables will be collected in accordance with the terms of the agreements. Thus, no allowance for uncollectible accounts is necessary at year end.

**Functional Expenses**

The Organization allocates costs directly to program, management, or fundraising when appropriate. Certain expenses are attributable to one or more programs or supporting functions of the Organization. Those expenses include the executive director's salary and related facility cost which are allocated based on estimates of time and effort.

**KIDS MATTER INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE B - Future Accounting Pronouncements**

*Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)* will be effective for fiscal years beginning after June 15, 2021. The amendments in this update are required and provide new presentation and disclosure requirements about contributed nonfinancial assets to nonprofits, including additional disclosure requirements for recognized contributed services. Contributed nonfinancial assets will be required to be reported as a separate line in the statement of activities. A financial statement note will be required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments, required to be presented retrospectively to all periods presented, will not change the recognition and measurement requirements for those assets.

*Accounting Standards Update 2016-02, Leases (Topic 842)* will be effective for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

*Accounting Standards Update 2020-08, Receivables – Nonrefundable Fees and Other Costs (Topic 310-20)* will be effective for fiscal years beginning after December 15, 2021. The amendments in this update represent changes to clarify the codification. An organization shall apply the amendment prospectively. This amendment impacts the effective yield of an existing individual callable debt security.

*Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326)* will be effective for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

**NOTE C - Comparative Financial Information and Reclassifications**

The financial information shown for 2019 in the accompanying financial statements is included to provide a basis for comparison with 2020. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

For comparability, certain 2019 amounts have been reclassified to conform with classifications adopted in 2020. The reclassifications have no effect on reported amounts of net assets or changes in net assets.

**KIDS MATTER INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE D - Liquidity**

The Organization has \$516,686 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$358,527, and grants and accounts receivable of \$158,159. 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 statement of financial position date.

**NOTE E - Concentrations of Risk**

The Organization maintains its cash balances at one financial institution. The Federal Deposit Insurance Corporation's (FDIC) insured balance for combined interest and noninterest-bearing accounts is \$250,000 per financial institution. At December 31, 2020, the Organization's total uninsured cash balances held in banks was \$124,922.

**NOTE F - Conditional Contributions and Grants**

The Organization has a contract with the government which includes specific use stipulations requiring funds be used only on qualifying expenses determined by the grant contract and allowable cost policies. The Organization will not receive the grant funds unless spent on the required activity and within the allowable cost guidance. As of December 31, 2020, the Organization has grant funds of \$35,000 available for the Temporary Assistance to Needy Families Program, which are available through June 30, 2021, and \$547,977 available for the Child Crime Victim Services Program, which are available through September 30, 2021.

**NOTE G - Grants and Accounts Receivable**

Grants and accounts receivable consist of the following at December 31, 2020:

<u>Source</u>	<u>Amount</u>
Wisconsin Department of Justice - VOCA	\$142,864
Other	<u>15,295</u>
Total	<u>\$158,159</u>

**NOTE H - Deferred Contract Revenue**

Deferred contract revenue includes funds received for future activities and consists of the following at December 31, 2020:

<u>Source</u>	<u>Amount</u>
VOCA Grant	\$2,100
Client Emergency Fund	<u>1,580</u>
Total	<u>\$3,680</u>

**KIDS MATTER INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE I - Donated Goods and Services**

The Organization received \$491,494 of in-kind donations, which consisted of \$96,201 of donated materials, \$2,503 of technology services, \$43,940 of volunteer attorney hours, \$100,710 of advertising services, \$8,380 of other general service expenses and \$239,760 of CASA volunteer hours for the year ended December 31, 2020. CASA volunteers are appointed to youth who are at risk of lingering in foster care. It is the volunteer's job to get to know the child as well as possible, and to work with all the people in the child's life to get a comprehensive view of what the child's options are for safety and permanence. CASA volunteers write regular reports and make written recommendations to the court.

All in-kind donations were recorded at estimated fair market value. Donated goods and services were recorded as revenue and offset by like amounts in expenses.

**NOTE J - Operating Lease**

The Organization leases office space in Milwaukee, Wisconsin. The lease expired in June 2018 and is continuing on a month-to-month basis. Total rent expense was \$48,750 for the year ended December 31, 2020.

**NOTE K - Paycheck Protection Program Loan**

The Organization was granted a \$118,400 loan under the Paycheck Protection Program ("PPP") administered by a Small Business Administration (SBA) approved partner on May 31, 2020. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization used the PPP loan for eligible costs and maintained employment and thus, the bank approved full forgiveness of the loan and submitted the decision to the SBA on August 3, 2021. The Organization has recognized revenue of \$118,400 in the year ended December 31, 2020.

**NOTE L - Net Assets with Donor Restrictions**

Net assets with donor restrictions as of December 31, 2020, consisted of \$36,000 of contributions restricted for use during 2021.

**NOTE M - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2020, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**KIDS MATTER INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

**NOTE N - Subsequent Events**

The Organization has evaluated events and transactions occurring after December 31, 2020, through December 6, 2021, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that the following subsequent events need to be disclosed.

On March 11, 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) a pandemic. The outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and facilities. While the disruption is currently expected to be temporary, there is a considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter may negatively impact its operating results. The duration of the facility closure and the financial impact of COVID -19 cannot be reasonably estimated at this time.

The Organization entered into the Paycheck Protection Program and received a second draw loan of \$121,100 on February 5, 2021. The Organization may be eligible for full or partial loan forgiveness based on if the proceeds are spent on eligible expenditures in the allotted loan coverage period and if the Organization maintains levels of employment.