

KIDS MATTER INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Totals for the Year Ended December 31, 2020)

KIDS MATTER INC.

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Independent Auditor's Report

Board of Directors
Kids Matter Inc.

Opinion

We have audited the accompanying financial statements of Kids Matter Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kids Matter Inc. as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kids Matter Inc. and to meet other ethical responsibilities in accordance with the ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kids Matter Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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Board of Directors
Kids Matter Inc.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kids Matter Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kids Matter Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Kids Matter Inc.'s December 31, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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
November 11, 2022

**KIDS MATTER INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(With Summarized Totals for December 31, 2020)**

ASSETS

	2021	2020
CURRENT ASSETS		
Cash	\$ 560,915	\$ 358,527
Grants and Accounts Receivable	168,808	158,159
Prepaid Expenses	3,951	9,618
Total Current Assets	\$ 733,674	\$ 526,304
FIXED ASSETS		
Furniture and Equipment	\$ 6,707	\$ 6,707
Less: Accumulated Depreciation	(6,707)	(6,707)
Net Fixed Assets	\$ ---	\$ ---
OTHER ASSETS		
Investments	\$ 52,828	\$ ---
Total Other Assets	\$ 52,828	\$ ---
TOTAL ASSETS	\$ 786,502	\$ 526,304

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 2,321	\$ 40,492
Accrued Payroll Liabilities	96,979	42,096
Deferred Contract Revenue	3,680	3,680
Total Current Liabilities	\$ 102,980	\$ 86,268
NET ASSETS		
Without Donor Restrictions	\$ 643,522	\$ 404,036
With Donor Restrictions	40,000	36,000
Total Net Assets	\$ 683,522	\$ 440,036
TOTAL LIABILITIES AND NET ASSETS	\$ 786,502	\$ 526,304

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

KIDS MATTER INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Totals for the Year Ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
REVENUE				
Federal Grants	\$ 727,987	\$ ---	\$ 727,987	\$ 723,537
State Grants	17,877	---	17,877	16,052
Individual Contributions	73,615	---	73,615	60,352
Corporate Contributions	4,736	---	4,736	27,146
Foundation Grants	183,837	40,000	223,837	50,500
Paycheck Protection Program Revenue	121,100	---	121,100	118,400
Investment Income	1,141	---	1,141	---
Donated Materials	97,746	---	97,746	96,201
Donated Services	426,649	---	426,649	395,293
Other Income	2,001	---	2,001	---
Net Assets Released from Restriction	36,000	(36,000)	---	---
Total Revenue	<u>\$ 1,692,689</u>	<u>\$ 4,000</u>	<u>\$ 1,696,689</u>	<u>\$ 1,487,481</u>
EXPENSES				
Program Services	\$ 1,376,033	\$ ---	\$ 1,376,033	\$ 1,195,953
Management and General	76,646	---	76,646	126,488
Fundraising	524	---	524	2,894
Total Expenses	<u>\$ 1,453,203</u>	<u>\$ ---</u>	<u>\$ 1,453,203</u>	<u>\$ 1,325,335</u>
CHANGE IN NET ASSETS	\$ 239,486	\$ 4,000	\$ 243,486	\$ 162,146
Net Assets, Beginning of Year	<u>404,036</u>	<u>36,000</u>	<u>440,036</u>	<u>277,890</u>
NET ASSETS, END OF YEAR	<u>\$ 643,522</u>	<u>\$ 40,000</u>	<u>\$ 683,522</u>	<u>\$ 440,036</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, 2021
(With Summarized Totals for the Year Ended December 31, 2020)

	Program Services	Management and General	Fundraising	2021 Total	2020 Total
Salaries and Wages	\$ 605,263	\$ 32,469	\$ ---	\$ 637,732	\$ 533,803
Employee Benefits	65,844	3,465	---	69,309	81,545
Payroll Taxes	49,114	2,484	---	51,598	45,443
Professional Fees	---	25,066	---	25,066	29,630
Supplies	23,347	1,390	---	24,737	14,596
Telephone	6,679	532	---	7,211	6,907
Postage	2,779	141	---	2,920	2,107
Printing	2,287	226	---	2,513	1,785
Subscriptions	2,889	504	---	3,393	3,461
Occupancy	48,300	1,800	---	50,100	48,750
Utilities	4,100	316	---	4,416	4,627
Travel	2,037	141	---	2,178	2,594
Conferences, Conventions and Meetings	2,630	1,287	---	3,917	3,217
Insurance	4,195	315	---	4,510	5,751
Membership Dues	528	---	---	528	2,181
Emergency Client Support	8,314	---	---	8,314	6,002
Licenses and Fees	---	124	---	124	10
Technology Expense	31,422	2,427	---	33,849	39,010
Community Outreach	3,711	91	---	3,802	---
Donated Materials and Services	97,746	---	---	97,746	96,201
Volunteer Expense	337,818	980	---	338,798	284,974
Advertising	74,307	---	---	74,307	101,635
Fundraising Expenses	---	---	524	524	1,914
LVC/Americorp Expense	---	---	---	---	8,300
Other Expense	2,723	2,888	---	5,611	892
TOTAL EXPENSES	\$ 1,376,033	\$ 76,646	\$ 524	\$ 1,453,203	\$ 1,325,335

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

KIDS MATTER INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 243,486	\$ 162,146
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Loss from Investments	648	---
Donated Stock	(53,476)	---
(Increase) Decrease in Grants and Accounts Receivable	(10,649)	29,915
(Increase) Decrease in Prepaid Expenses	5,667	(397)
Increase (Decrease) in Accounts Payable	(38,171)	37,733
Increase (Decrease) in Accrued Payroll Liabilities	<u>54,883</u>	<u>(5,179)</u>
Net Cash Provided by Operating Activities	<u>\$ 202,388</u>	<u>\$ 224,218</u>
Net Increase in Cash and Cash Equivalents	\$ 202,388	\$ 224,218
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>358,527</u>	<u>134,309</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 560,915</u>	<u>\$ 358,527</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Stock	\$ 53,476	\$ ---

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

KIDS MATTER INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

**KIDS MATTER INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021**

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, 2021

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 2020 in the accompanying financial statements is included to provide a basis for comparison with 2021. 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, 2020, from which the summarized information was derived.

For comparability, certain 2020 amounts have been reclassified to conform to classifications adopted in 2021. 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, 2021**

NOTE D - Liquidity

The Organization has liquid financial assets that may be used for general operations and to pay obligations as they become due. Liquid financial assets exclude assets that are required to be used for a certain purpose through contractual or donor restrictions. The Organization has liquid financial assets including cash and cash equivalents, grants, and pledges receivable.

The Organization has liquid financial assets available from the following at December 31, 2021:

<u>Source</u>	<u>Amount</u>
Cash and Cash Equivalents	\$560,915
Grants and Accounts Receivable	168,808
Less: Donor Restricted	<u>(40,000)</u>
Total Assets Available for Use	<u>\$689,723</u>

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, 2021, the Organization's total uninsured cash balances held in banks was \$308,622.

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, 2021, the Organization has grant funds of \$18,760 available for the Temporary Assistance to Needy Families Program, which are available through June 30, 2022, and \$559,817 available for the Child Crime Victim Services Program, which are available through September 30, 2022. The Organization also has \$18,200 available for the Relative Caregiver Support Program, which, are available through September 30, 2022.

NOTE G - Grants and Accounts Receivable

Grants and accounts receivable consist of the following at December 31, 2021:

<u>Source</u>	<u>Amount</u>
Wisconsin Department of Justice - VOCA	\$131,024
Wisconsin Trust Account Foundation	16,040
Contributions	<u>27,871</u>
Total	<u>\$174,935</u>

**KIDS MATTER INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE H - Fair Value Measurements and Investment Composition

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2021:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Equivalents				
Held in Investment Accounts	\$ 26	\$ 26	\$ ---	\$ ---
Equities	<u>52,802</u>	<u>52,802</u>	<u>---</u>	<u>---</u>
Total	<u>\$52,828</u>	<u>\$52,828</u>	<u>\$ ---</u>	<u>\$ ---</u>

NOTE I - Deferred Contract Revenue

Deferred contract revenue includes funds received for future activities and consists of the following at December 31, 2021:

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

NOTE J - Donated Goods and Services

The Organization received donated goods and services valued at \$524,395 during the year ended December 31, 2021. Donated goods and services consisted of the following:

Volunteer Services	\$329,475
Materials	97,746
Advertising	74,307
Technology Services	12,907
Professional Services	<u>9,960</u>
Total	<u>\$524,395</u>

**KIDS MATTER INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE J - Donated Goods and Services (continued)

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

NOTE K - 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 \$50,100 for the year ended December 31, 2021.

NOTE L - Paycheck Protection Program Loan

The Organization was granted a \$121,100 loan under the Paycheck Protection Program ("PPP") administered by a Small Business Administration (SBA) approved partner on February 2, 2021. 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 May 13, 2022. The Organization has recognized revenue of \$121,100 in the year ended December 31, 2021.

NOTE M - Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2021, consisted of \$40,000 of contributions restricted for use during 2022.

NOTE N - 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, 2021, 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.

NOTE O - Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2021, through November 11, 2022, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that no subsequent events need to be disclosed.