

Audited Financial Statements



December 31, 2019

Quigley & Miron

Kidsave International, Inc.
Audited Financial Statements
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Independent Auditor's Report

Board of Trustees
Kidsave International, Inc.
Culver City, California

We have audited the accompanying financial statements of Kidsave International, Inc. (Kidsave), a nonprofit organization, which comprise the statement of financial position as of December 31, 2019, 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 of 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.

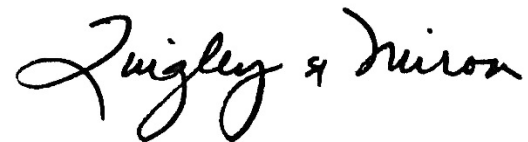
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kidsave International, Inc. as of December 31, 2019, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Kidsave International, Inc.'s December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 1, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Zwigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
September 25, 2020

Kidsave International, Inc.
Statement of Financial Position
December 31, 2019
(with comparative totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Assets				
Current Assets				
Cash and cash equivalents —Note 2	\$ 499,148	\$ 261,064	\$ 760,212	\$ 675,916
Investments—Note 5	51,665		51,665	60,197
Contributions and grants receivable, net—Note 6	58,300	144,784	203,084	283,545
Accounts receivable	315		315	259
Prepaid expenses	26,176		26,176	13,104
Security deposits	4,842		4,842	6,842
Total Current Assets	640,446	405,848	1,046,294	1,039,863
Non-Current Assets				
Contributions and grants receivable—Note 6		110,560	110,560	117,919
Total Non-Current Assets		110,560	110,560	117,919
Total Assets	\$ 640,446	\$ 516,408	\$ 1,156,854	\$ 1,157,782
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	\$ 93,375	\$	\$ 93,375	\$ 106,468
Total Liabilities	93,375		93,375	106,468
Net Assets				
Without donor restrictions	547,071		547,071	459,311
With donor restrictions—Note 9				
Purpose-restricted		261,064	261,064	264,314
Time-restricted		255,344	255,344	327,689
Total Net Assets	547,071	516,408	1,063,479	1,051,314
Total Liabilities and Net Assets	\$ 640,446	\$ 516,408	\$ 1,156,854	\$ 1,157,782

See notes to financial statements.

Kidsave International, Inc.
Statement of Activities
Year Ended December 31, 2019
(with comparative totals for 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
Operating Activities				
Support and Revenues				
Contributions and grants	\$ 1,014,845	\$ 984,994	\$ 1,999,839	\$ 2,337,415
Government contracts	25,750		25,750	
In-kind contributions				
—Note 12	239,012		239,012	116,974
Miscellaneous income	1,314		1,314	1,789
Net assets released from restrictions	1,060,589	(1,060,589)		
Total Support and Revenues	2,341,510	(75,595)	2,265,915	2,456,178
Expenses				
Program services	1,891,606		1,891,606	2,009,981
Supporting services				
Management and general	202,285		202,285	188,825
Fundraising	163,702		163,702	176,933
Total Expenses	2,257,593		2,257,593	2,375,739
Change in Net Assets from Operations	83,917	(75,595)	8,322	80,439
Nonoperating Activities				
Income on Lake Show investment—Note 5	3,843		3,843	4,900
Total Nonoperating Activities	3,843		3,843	4,900
Change in Net Assets	87,760.000	(75,595)	12,165	85,339
Net Assets at Beginning of Year	459,311	592,003	1,051,314	965,975
Net Assets at End of Year	\$ 547,071	\$ 516,408	\$ 1,063,479	\$ 1,051,314

See notes to financial statements.

Kidsave International, Inc.
Statement of Functional Expenses
Year Ended December 31, 2019
(with comparative totals for 2018)

Expenses	Program Services							Supporting Services			2019 Total	2018 Total	
	Weekend Miracles	Summer Miracles	CIS Programs	Colombian Programs	Africa Programs	Permanency Initiatives	Public Education	Total Program Services	Management and General	Fundraising			Total Supporting Services
Salaries	\$ 263,089	\$ 134,555	\$ 13,024	\$ 837	\$ 4,088	\$ 190,883	\$ 138,287	\$ 744,763	\$ 56,926	\$ 54,380	\$ 111,306	\$ 856,069	\$ 765,609
Employee benefits	41,054	20,215	948	89	352	24,465	14,346	101,469	26,004	5,261	31,265	132,734	118,766
Payroll taxes	19,763	10,229	998	54	294	14,178	9,439	54,956	11,774	3,745	15,519	70,475	63,086
Advertising	3,402	4,016	1	3	3	12,206	467	20,098	57	933	990	21,088	28,131
Bank charges	8,400	4,607	251	182	265	6,143	10,984	30,831	2,125	3,496	5,621	36,452	24,110
Conference and meetings	14,488	3,419	47	17	13	4,550	86,459	108,993	2,795	22,364	25,159	134,152	134,508
Contractors	42,549	65,566	59,791	2	3	12,236	27,732	207,879	1,103	43,657	44,760	252,639	404,004
Dues and subscriptions	1,601	369	7	2	4	2,897	237	5,117	448	4,337	4,785	9,902	10,950
Equipment rental and maintenance	44,446	33,483	848	104	368	37,904	9,682	126,835	10,475	3,464	13,939	140,774	134,014
Grants made		38,355			4,827			43,182				43,182	62,066
Insurance	5,989	2,994	161	34	85	3,579	2,797	15,639	1,259	1,252	2,511	18,150	18,163
License, taxes and fees	1,844	1,057	63	7	10	1,361	2,167	6,510	3,664	1,706	5,370	11,880	4,160
Miscellaneous	5,201	8,061				800		14,063				14,063	27,028
Photography and audio visual		500					11,437	11,937		2,859	2,859	14,796	4,355
Postage and shipping	1,567	677	30	208	21	811	1,199	4,513	352	592	944	5,457	10,860
Printing and publications	1,531	644	11	1	2	2,089	5,522	9,800	928	1,411	2,339	12,139	14,187
Professional development	35	18				29	50	132	10	20	30	162	3,343
Professional fees	15,125	36,814	489	64	197	10,466	6,913	70,068	59,191	3,065	62,256	132,324	129,190
Rent	18,106	10,020	664	35	199	14,811	7,444	51,278	10,385	3,402	13,787	65,065	88,194
Supplies	17,352	6,120	179	32	98	4,568	21,392	49,741	4,403	5,993	10,396	60,137	72,706
Telephone	1,114	759	1,516	1	4	1,365	200	4,959	9,774	96	9,870	14,829	14,164
Training and recruitment	14,639	88				251		14,979				14,979	8,823
Translation		6,830	596					7,426				7,426	6,929
Travel	19,043	133,554	28,210	7	77	1,789	3,759	186,439	612	1,669	2,281	188,720	228,393
2019 Totals	\$ 540,337	\$ 522,952	\$ 107,834	\$ 1,679	\$ 10,910	\$ 347,381	\$ 360,513	\$ 1,891,606	\$ 202,285	\$ 163,702	\$ 365,987	\$ 2,257,593	\$ 2,375,739
2018 Totals	\$ 491,376	\$ 471,000	\$ 172,093	\$ 179,733	\$ 35,261	\$ 392,362	\$ 268,156	\$ 2,009,981	\$ 188,825	\$ 176,933	\$ 365,758		\$ 2,375,739

See notes to financial statements.

Kidsave International, Inc.
Statement of Cash Flows
Year Ended December 31, 2019
(with comparative totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 12,165	\$ 85,339
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on Lake Show investment	(3,843)	(4,900)
Changes in operating assets and liabilities:		
Contributions and grants receivable	87,820	(2,971)
Accounts receivable	(56)	(259)
Prepaid expenses	(13,072)	10,531
Security deposits	2,000	(1,750)
Accounts payable and accrued expenses	(13,093)	46,706
Deferred revenue		(37,900)
	<u>71,921</u>	<u>94,796</u>
Net Cash Provided by Operating Activities	71,921	94,796
Cash Flows from Investing Activities		
Proceeds from distribution of Lake Show investment	12,375	14,625
	<u>12,375</u>	<u>14,625</u>
Net Cash Provided by Investing Activities	12,375	14,625
Increase in Cash and Cash Equivalents	84,296	109,421
Cash and Cash Equivalents at Beginning of Year	<u>675,916</u>	<u>566,495</u>
Cash and Cash Equivalents at End of Year	<u>\$ 760,212</u>	<u>\$ 675,916</u>
Supplementary Disclosures		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

See notes to financial statements.

Kidsave International, Inc.
Notes to Financial Statements
December 31, 2019
(with comparative totals for 2018)

Note 1—Organization

Organization—Kidsave International, Inc. (Kidsave), a nonprofit organization, was founded in 1997. Kidsave's mission is to create change in government child welfare systems so that no child is forgotten, and every child grows up in a family with love and hope for a successful future. Kidsave's innovative programs move children out of government care and into families. Kidsave operates programs locally as models, works to train governments, NGOs and child welfare professionals in program operations and expansion, and advocates for change in policies, programs and funding with governments to create more opportunities for children to grow up in family care.

Following is a summary of Kidsave's work in 2019.

Permanency Initiatives

Weekend Miracles

Los Angeles County. *Weekend Miracles Los Angeles* is a public/private partnership, launched in October 2005, between Kidsave and the County of Los Angeles Department of Child and Family Services (DCFS). Kidsave and DCFS work together to help older youth in foster care (ages 9-17) find host families, permanent families and devoted mentors. These children have spent years in "the system" and are languishing in foster care with little hope for adoption, or a lasting connection with a caring adult. *Weekend Miracles* provides these children with opportunities to meet people who might be willing to host, mentor or adopt them. The program provides monthly interactive events designed to make it easy and fun for participating foster youth to meet new people. An important part of the program is that it provides youth with a voice and choice in who they meet and get to know, which empowers and engages youth in the process.

Once families and youth have met and become comfortable together, connections develop naturally, and youth who are interested in adoption are matched with host families who advocate on their behalf for an adoptive family. Youth who are not interested in adoption are matched with a caring host mentor who provides support and guidance. In some cases, host families adopt the foster youth they host. In others, youth meet families who adopt them at Kidsave events or through other advocacy efforts. Kidsave's goal is to make it easier for families to meet and engage with older kids who would otherwise not have an opportunity to interact with people in the community, or to be placed with mentors and adoptive families.

In 2019 sixty-three (63) older foster youth actively participated in the *Los Angeles Weekend Miracles* program; 19 youth exited the program with legal permanency in process (i.e., adoption or legal guardianship), and five exited the program with a life-long connection. At the end of 2019, fourteen (14) participating foster youth were in active hosting relationships.

Kidsave has worked in Los Angeles County since 2005, connecting older foster youth to families through its *Weekend Miracles* program. Since October 2005, *Weekend Miracles Los Angeles* has served 447 older foster youth, 322 of whom have actively participated in the program (i.e., attended three or more events). Overall, 75% of participating youth have been matched for adoption, guardianship, or with a devoted mentor.

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Houston, Texas. In 2019 Kidsave continued to fundraise and to train program management staff in Texas and build awareness among state child welfare officials, judges, residential treatment centers, child placement agencies, and potential faith-based partners to support a *Weekend Miracles* program in Harris County.

To support the launch of Texas Weekend Miracles, Kidsave developed a partnership with Hearts With Hope, a general residential operation (GRO) and residential treatment center (RTC) for girls, ages 11 to 18, to refer youth to the program and perform background checks for individuals interested in developing lasting relationships with these children. Kidsave also began discussions with Serenity Place, another GRO/RTC for boys and girls, to finalize a similar partnership. To further assure continual referral of youth, Kidsave partnered with the Texas Alliance of Residential Partners (TARP), a network of GROs and RTCs. Kidsave is currently linked with five faith-based partners that are part of a collaborative of churches that support the members of TARP, which will assist us by recruiting families and hosts and facilitating monthly events. Kidsave also collaborated with leadership of several Texas child placement agencies and the Harris County Protective Services for Children and Adults, all of which are committed to helping Kidsave in successfully launching its program in 2020.

The Day I Picked My Parents. In September 2019 A&E's five-episode series, "The Day I Picked My Parents", featured foster youth and families in Kidsave's Weekend Miracles Program. Through this series more than a million people were able to see Kidsave's program in action. The series followed the lives of ten older children who have struggled to find families because of their age. It shined a light on the numerous challenges and hard-fought triumphs of these kids who have lived in unstable placements, hoping to find parents who will love and care for them, and a place to call home.

Kidsave hosted screenings in Los Angeles, Houston and Washington, DC. As a result of the series, Kidsave had enormous interest from people around the country, and government and non-profit organizations in multiple California counties as well as Arizona, Arkansas, Delaware, Georgia, New Jersey, Pennsylvania, and Washington State. Expansion through training of partners and affiliates is a major 2020-2021 goal.

Summer Miracles

Kidsave's *Summer Miracles* program brings orphaned and abandoned children from foreign countries to the U.S. for summer visits with families who volunteer to host them in their homes. These are children (age 9 to 15) who live in orphanages and foster care, and who have little or no chance of finding adoptive parents in their own countries. Families who host the children help them enjoy a rich cultural experience and, more importantly, advocate for the children, reaching out to their circles of friends, acquaintances and communities to find families interested in adoption.

In 2019 Kidsave brought 45 children from Colombia to stay with host families in the U.S. As of December 31, 2019, of the children who traveled, 82% (37 children) were matched for adoption. Since program inception in 1999, one thousand nine hundred seventy-three (1,973) older children have participated in Kidsave's *Summer Miracles* program; more than 80% of these children have found permanent families as a result of their participation.

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Prior to the summer visit in 2019, Kidsave helped the Colombian governmental child welfare agency, Instituto Colombiano Bienestar Familiar (ICBF), identify children who were appropriate for Kidsave’s *Summer Miracles* program and recruited American host families. Prior to traveling to the U.S., the children were introduced to their host families via SKYPE. The summer visits were filled with events, where the children were introduced to families interested in adoption. The children enjoyed summer activities—visited amusement parks, went swimming, attended baseball games, and attended summer camps—all while getting to know their host families.

After the children returned to Colombia, Kidsave worked with each child’s Defender Team (i.e., a lawyer, a psychologist and a social worker) to debrief all the participating children. Staff also provided support to host families who applied to adopt, so that relationships could continue to develop, and the adopting families would understand what the child’s needs might be.

Over the 21 years that *Summer Miracles* has been in operation, more than 65 placement agencies and nonprofits have operated summer hosting visits. The government of Colombia has incorporated the premise of Kidsave’s hosting model, family visits for youth in foster care and orphanages, as its primary strategy for finding families for older, hard-to-place youth.

International Permanency Programs

Russia (Commonwealth of Independent States (CIS)) and Colombia — Instead of operating offices in numerous countries globally, Kidsave has built local capacity through training and strong partnerships with nongovernmental organizations in countries worldwide.

In Russia, Childhood Keepers became fully self-sustainable in 2019, and continued to successfully operate Kidsave’s corporate mentoring program in Russia. Childhood Keepers is an indigenous Russian organization that focuses on promoting mentoring connections and life skills development for older children growing up in or recently emancipated from Russia’s child welfare system. Kidsave continues to provide Childhood Keepers with training and support as needed, which serves our joint commitment of finding mentors and life skills for older orphaned and abandoned children in Russia.

In Colombia, Kidsave’s *Family Visit* program supports the Colombian government’s priority of family inclusion for children in government protection. Fundacion Apego became independent of Kidsave in 2018 and continues to successfully operate Kidsave’s *Family Visit Model/Super Amigos* program and *Mama Mentora* program. Fundacion Apego is an indigenous Colombian organization that focuses on the fundamental rights of children, adolescents and families, and works with girls in early pregnancy to develop strong maternal bonds and break the cycle of child abandonment. Kidsave continues to share lessons learned and provide Fundacion Apego with training and support as needed, which serves our joint commitment of finding families, mentors and life skills for older orphaned and abandoned children in Colombia.

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Ukraine—In 2019 Kidsave continued to participate in Ukraine’s national effort to reform its child welfare system by providing ongoing support to the Chief Ombudsman for Children. As part of the reform effort, Kidsave launched a pilot program with local non-governmental (NGO) partners, My Home and Sunrise of Dreams, in the southern regions of Kherson and Mykolaiv to test its Family Visit Model.

Before the pilot program launched, our Ukraine partners promoted it extensively; they found significant pent-up demand, which led to three children being adopted and 45 being placed in families. More than 110 volunteers and 70 potential hosts were recruited by Sunrise of Dreams and My Home. Presentations were held in local churches and communities to recruit new families, find relatives, and locate people who might know the children in the pilot group.

Forty (40) additional children began participating when the pilot program launched in late summer 2019. As of December 31, 2019, one child has been adopted, two children are in kinship care, and one has a host family via the pilot program.

Kidsave also operates the Employment Pathways to Success Program, which provides individual and corporate mentoring that helps Ukrainian orphans and at-risk youth develop workforce readiness, improve economic self-sufficiency, and find internships and job opportunities. As of December 31, 2019, seventy-nine (79) youth have been served through this program.

Africa Program—Kidsave’s Sierra Leone Programme moves children out of orphanages and into the homes of host families and whenever possible, reunites these children with extended family members. Kidsave works with its partner, the Foundation for Integrated Development (FID). In 2019 the Programme placed 29 children, who were orphaned by Ebola, in families. FID also trained 17 caregivers in home management and the care of children placed in families. Kidsave established procedures in each community to monitor the children and ensure they are well cared for. Kidsave provided uniforms and books to 17 children so that they were able to attend school and facilitated a donation of 50 solar-powered lamps to families who are participating in the Programme.

Support for Permanency Initiatives

As a voice for global change, Kidsave works to build awareness among the public and in Congress about the challenges that children in government care face, and possible ways to help them. Kidsave uses its direct service programs to demonstrate how its Family Visit Model works, and shares information about its programs with child welfare professionals, with the goal of increasing greater use of permanency for older youth.

Government and Stakeholder Education and Outreach—In 2019, Kidsave went to Capitol Hill to meet with Senators and Members of Congress and their staffers to share about our innovative Family Visit Model and the need to implement it across the country, ask for more funding for older youth permanency, and share A&E’s documentary series featuring Kidsave’s Weekend Miracles program. Kidsave participated as a panelist in the Congressional Coalition on Adoption workshop *Using Your Voice and Breaking Down Barriers to Permanency* session and facilitated a roundtable discussion on child welfare barriers and effective solutions, including Weekend Miracles.

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Kidsave continued its efforts to increase support for the focus of the U.S. Agency for International Development in children growing up in families

In 2019 Kidsave was active in several public-private sector committees that address permanency for Los Angeles County foster youth: the LA County Adoption Consortium, a collaborative dedicated to educating stakeholders on new legislation, County policies, and issues affecting permanency, as well as the Permanency Collaboration Committee, a partnership between Kidsave and the Department of Child and Family Services (DCFS) of L.A. County Probation Department, working to improve permanency outcomes for probation youth. In Texas, Kidsave was active with the Region 6 Foster Care Stakeholder Collaborative, the Texas Alliance of Child and Family Services, the Greater Houston Mentoring Alliance, the Greater Houston Area Women’s Chamber of Commerce, the Texas State Bar’s Child Abuse and Neglect Committee, the Child Welfare section of the Texas State Bar, the Texas Alliance of Child and Family Services, and the Texas Foster Care Association.

Public Education and Outreach

Kidsave’s website, blog and social media posts focused on sharing information about children in need of families and bolstered engagement and support for the children through hosting, volunteering, donating, and adopting. Through Kidsave’s social media platforms more than 20,000 people regularly saw advocacy images of specific children, which generated hundreds of inquiries and responses. These inquiries led to an increase of hosts and adoptive parents.

Kidsave’s *Summer Miracles* communities in the New York Tri-State Area (New York, New Jersey, and Connecticut), New England (Massachusetts), Washington, DC Metro Area (District of Columbia, Maryland and Virginia), Chicago, Illinois, and Southern California all did significant outreach about the need for children generally, and specific children, to grow up in families.

Kidsave also uses events to educate people about Kidsave’s mission, the need for children worldwide to live in families, and specific children who need permanent families. In 2019 Kidsave supported a golf tournament and a gala in Los Angeles, a cocktail party in New Jersey, and a gala in the District of Columbia. Kidsave staff assisted private individuals who held similar small events to raise awareness and funds.

Fundraising Initiatives

Kidsave Guardian Program—In 2019 Kidsave continued to promote a *Guardian Program* to major donors and individuals who have a strong commitment to Kidsave’s mission. Guardians are given the opportunity to make a multi-year pledge to Kidsave to support core operating (overhead) costs, i.e., Management and Finance, and Fundraising, so that 100% of publicly donated funds can be allocated directly to programs. Since the inception of the Guardian program in 2017, \$1,105,000 in Guardian pledges have been received of which \$849,656 have been paid in cash. Several Guardians completed their pledge commitments in 2019, four of whom subsequently renewed their pledges in 2020 at the same or higher commitment levels.

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 1—Organization—Continued

The following table shows the Guardian pledge activity, net of allowance for doubtful accounts and unamortized discount, for the years ended December 31, 2019 and 2018.

	<u>2019</u>	<u>2018</u>
Guardian Receivable Balance, Net at Beginning of the Year	\$ 327,689	\$ 384,603
Contributions, net	104,931	105,779
Cash received	(177,276)	(162,693)
Guardian Receivable Balance, Net, at End of the Year	<u>\$ 255,344</u>	<u>\$ 327,689</u>

The receivable balances of \$255,344 and \$327,689 at December 31, 2019 and 2018, respectively, are included in contributions and grants receivable balances, net at December 31, 2019 and 2018. See Note 6 following.

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Kidsave recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. The net assets of Kidsave and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of Kidsave. These net assets may be used at the discretion of Kidsave’s management and the board of trustees.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of Kidsave and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit Kidsave to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations—The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of Kidsave’s program services, and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Kidsave International, Inc.

Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Income Taxes—No provision has been made for federal and state income taxes because Kidsave is exempt from such taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations. In addition, the Internal Revenue Service has determined that Kidsave is not a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority

examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2019. Generally, Kidsave’s information returns remain open for examination for a period of three (federal) and three or four (states) years from the date of filing.

Recently Adopted Accounting Principle

Contributions—In June 2018, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 clarifies the definition of an exchange transaction. As a result, not-for-profit entities (NFPs) will account for most federal grants as donor-restricted conditional contributions rather than as exchange transactions (the prevalent practice today). An accommodation (“simultaneous release” option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today. Donors are to use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/right of release) to determine whether gifts or grants are conditional or unconditional. Expense recognition is deferred for conditional arrangements and is immediate for unconditional arrangements. No new disclosures are required. Kidsave elected to adopt ASU No. 2018-08 for the year ended December 31, 2019. The adoption of ASU No. 2018-08 had no material impact on the financial statements.

Cash and Cash Equivalents—For purposes of the statement of cash flows, Kidsave considers all highly liquid investments available for current use with a maturity of three months or less when purchased to be cash equivalents.

Investments—Investments are stated at fair value. Income and gain or losses (including investments bought, sold and held during the year) are reflected in the statement of activities and reported as unrestricted income unless use of the earnings is restricted by the donor. Investments received through gifts are recorded at their estimated fair value at the date of donation.

Contributions and Grants Receivable—Contributions and grants receivable consist primarily of amounts due from donors that were not received by Kidsave at year-end. At December 31, 2019 and 2018, grants receivable includes pledges totaling \$313,644 and 401,464, respectively, from donors to provide support without donor purpose restrictions.

Kidsave International, Inc.

Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Property and Equipment—Kidsave capitalizes all computer equipment of \$750 and above and all other property acquisitions of \$1,000 and above. Property is recorded at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation and amortization are provided on the straight-line basis over the estimated useful life of the asset.

Concentrations of Credit Risk—Financial instruments which potentially subject Kidsave to concentrations of credit risk consist of cash and cash equivalents, investments in non-traded investment funds and receivables. Kidsave maintains its domestic cash and cash equivalents at a high-quality financial institution and a large broker-dealer. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000; in the normal course of business, Kidsave’s cash and cash equivalent balances may exceed the FDIC insurance limit. Receivables are due from individuals well-known to Kidsave with excellent payment histories.

Kidsave’s management has assessed the credit risk associated with its domestic deposits held at December 31, 2019 and has determined that an allowance for potential losses due to credit risk is not necessary. Management has determined that the credit risk of the deposits in foreign countries is not material to the financial statements, therefore an allowance for potential losses due to credit risk is also considered unnecessary. Management has assessed the credit risk associated with its contributions and grants receivable at December 31, 2019 and has established an allowance for doubtful accounts of \$7,500 to address the credit risk.

Kidsave is subject to credit risk to the extent that the investment managers of the underlying private investment fund are unable to fulfill their obligations according to their organizational documents. Kidsave is subject to the market and credit risk of those investments held or sold short by the private investment company. Due to the nature of these types of investments, the above-described risks are limited to Kidsave’s investment balances and unfunded commitments to private investment funds.

Kidsave’s management has assessed the credit risk associated with the investment in private investment fund held at December 31, 2019 and has determined that an allowance for potential losses due to credit risk is not necessary.

Government Contracts—Revenues from government contracts are reported as increases in net assets without donor restrictions as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as grants receivable. Amounts received in excess of amounts expended are recorded as deferred revenue.

Donated Services—Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Kidsave. Such recorded donated services are discussed in Note 12 following. Kidsave also makes extensive use of volunteers in the conduct of its programs which do not meet the aforementioned recognition criteria; these services include weekend and summer hosting, event planning, communications and other essential program services and amounted to over 26,000 hours during the year ended December 31, 2019.

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Functional Expenses—General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Kidsave. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Depreciation and amortization, occupancy are allocated on the basis of square footage. Salaries and wages, benefits, and payroll taxes are allocated on the basis of estimates of time and effort. All other functional expenses are charged directly to programs.

Advertising Costs—Advertising costs are expensed as incurred and amounted to \$21,088 and \$28,131 for the years ended December 31, 2019 and 2018.

Comparative Totals for 2018—The accompanying financial statements include certain prior-year summarized comparative financial information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Kidsave’s audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Use of Estimates—The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Note 3—Availability and Liquidity

Kidsave's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$564,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

The following represents the availability and liquidity of Kidsave's financial assets at December 31, 2019 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$	499,148
Investments		51,665
Contributions and grants receivable, current portion		58,300
Accounts receivable		315
Current Availability of Financial Assets	\$	<u>609,428</u>

The organization also has a \$200,000 line of credit, which can be drawn down to meet unforeseen financial hurdles.

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 4—Foreign Offices

Kidsave has offices in Russia, which closed in 2018, and Colombia. The offices have no significant assets and no cash at December 31, 2019 and 2018. In both countries, management is aware of and monitors potential risks that may occur to U.S. organizations operating in foreign countries due to changes in government leadership or government policies regarding foreign entities. Based on this process, Kidsave has determined that, while the likelihood or probability of such occurrences is difficult to predict, the impact on the overall Kidsave organization would not be material.

Note 5—Investments and Fair Value Measurements

During the year ended December 31, 2016, Kidsave invested \$105,000 in Lake Show 220, LLC, (LLC), a non-traded real estate investment fund. Kidsave's ownership percentage is 2.5%. An additional \$6,000 was invested during the year ended December 31, 2017. No additional investments were made during the years ended December 31, 2018 and 2019. The investment may require additional commitments by Kidsave, but that amount has not been determined as of December 31, 2019. The LLC purchased a commercial building located at 220 Lake Drive, Newark, DE for \$10,800,000, of which \$6,600,000 was financed through Goldman Sachs. The property is 100% leased, with leases in place through December 31, 2024. The long-term plan is to hold through 2024 (end of the lease period) or sell when the market conditions favorably dictate. Kidsave also receives a monthly payment of \$1,125 from the investment.

In determining the fair value of investments, Kidsave utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Kidsave determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market.

When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Quoted market prices in active markets for identical assets or liabilities. Level 1 assets include equity securities and mutual funds valued at the closing price reported on the active market on which the individual securities are traded.

Level 2—Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs that can be corroborated by observable market data.

Level 3—Unobservable inputs that are supported by little or no market activity which are significant to the fair value of the asset or liability. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. Kidsave's Level 3 assets at December 31, 2019 and 2018 consist of an investment in a non-traded real estate investment fund, described above, totaling \$51,665 and \$60,197, respectively.

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 5—Investments and Fair Value Measurements—Continued

Kidsave may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by Kidsave to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Kidsave had no assets or liabilities classified at NAV as a practical expedient during the years ended December 31, 2019 and 2018.

Following is a table of the Lake Show 220 LLC investment activity for the years ended December 31, 2019 and 2018:

Balance at January 1, 2018	\$	69,922
Distributions received		(14,625)
Income from Partnership		4,900
		<hr/>
Balance at December 31, 2018		60,197
Distributions received		(12,375)
Income from Partnership		3,843
		<hr/>
Balance at December 31, 2019	\$	<u>51,665</u>

Note 6—Contributions and Grants Receivable

Contributions and grants receivable, net, consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Guardian pledges	\$ 264,784	\$ 347,270
Other receivables	58,300	73,775
	<hr/>	<hr/>
Total Contributions and Grants Receivable, Gross	\$ 323,084	\$ 421,045
Less allowance for doubtful accounts	(7,500)	(17,500)
Less unamortized discount	(1,940)	(2,081)
	<hr/>	<hr/>
Total Contributions and Grants Receivable, Net	\$ 313,644	\$ 401,464

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 6—Contributions and Grants Receivable—Continued

Following is a table of expected future payments of contributions and grants receivable at December 31, 2019:

<u>Year Ending December 31,</u>	
2020	\$ 203,084
2021	65,000
2022	35,000
2023	<u>20,000</u>
Gross Receivable	<u><u>323,084</u></u>

Note 7—Operating Leases

Kidsave leases office space in two domestic cities, Washington, D.C. and Culver City, California. Kidsave also leases office equipment under several lease agreements. Minimum future lease payments under these leases as of December 31, 2019, are as follows:

<u>Year Ending December 31,</u>	
2020	\$ 66,899
2021	68,906
2022	70,973
2023	<u>36,011</u>
Total	<u><u>\$ 242,788</u></u>

Note 8—Line of Credit

At December 31, 2019, Kidsave has an available \$200,000 revolving line of credit from a bank, bearing interest at the prime rate as published in the Wall Street Journal (4.75% at December 31, 2019), payable monthly, which expires on May 15, 2021. The credit facility is secured by cash. No amounts were outstanding under the line of credit at December 31, 2019 and 2018.

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 9—Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2019 and 2018 are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Africa programs	\$ 768	\$ 7,704
Colombian programs	638	
Permanency initiatives		8,459
CIS Programs	68,081	65,499
Summer Miracles	112,370	89,805
Weekend Miracles	79,207	92,847
Subject to time restrictions:		
Guardian contributions and grants receivable, net	255,344	327,689
Total Net Assets With Donor Restrictions	<u>\$ 516,408</u>	<u>\$ 592,003</u>

Net assets released from donor restrictions for the years ended December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restrictions:		
Africa programs	\$ 7,793	\$ 21,384
Colombian programs	1,679	103,445
Permanency initiatives	72,685	129,761
CIS Programs	106,155	4,684
Summer Miracles	363,345	309,902
Weekend Miracles	331,656	345,165
Satisfaction of time restrictions:		
Guardian contributions and grants receivable, net	177,276	162,693
Total Net Assets Released From Donor Restrictions	<u>\$ 1,060,589</u>	<u>\$ 1,077,034</u>

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 9—Net Assets with Donor Restrictions—Continued

A rollforward of net assets with donor restrictions activity for the year ended December 31, 2019 is as follows:

	Balance at December 31, 2018	Contributions	Releases	Balance at December 31, 2019
Africa programs	\$ 7,704	\$ 857	\$ (7,793)	\$ 768
Colombian programs		2,317	(1,679)	638
Permanency initiatives	8,459	64,226	(72,685)	
CIS programs	65,499	108,737	(106,155)	68,081
Summer Miracles	89,805	385,910	(363,345)	112,370
Weekend Miracles	92,847	318,016	(331,656)	79,207
Guardian contributions and grants receivable, net	327,689	104,931	(177,276)	255,344
Totals	\$ 592,003	\$ 984,994	\$ (1,060,589)	\$ 516,408

A rollforward of net assets with donor restrictions activity for the year ended December 31, 2018 is as follows:

	Balance at December 31, 2017	Contributions	Releases	Balance at December 31, 2018
Africa programs	\$ 16,612	\$ 12,476	\$ (21,384)	\$ 7,704
Colombian programs		103,445	(103,445)	
Permanency initiatives		13,143	(4,684)	8,459
CIS programs	115,931	79,329	(129,761)	65,499
Summer Miracles	15,695	384,012	(309,902)	89,805
Weekend Miracles	47,457	390,555	(345,165)	92,847
Guardian contributions and grants receivable, net	384,603	105,779	(162,693)	327,689
Totals	\$ 580,298	\$ 1,088,739	\$ (1,077,034)	\$ 592,003

Note 10—Contingencies

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantor. Although that is a possibility, Kidsave deems the contingency remote, since it has made its best efforts to comply in all material respects with the provisions of each grant.

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 11—Retirement Plan

Effective January 1, 2008, Kidsave adopted a 401(k) Savings Plan (the Plan). The Plan is a defined contribution plan covering all eligible full-time employees who have completed one year of service and have attained age 21. Participants may elect to make voluntary contributions to the Plan. Kidsave will make a safe harbor matching contribution of the lesser of 100% of a participant’s aggregate deferral contribution for the entire Plan year, or 4% of eligible compensation for the Plan year.

Kidsave may also make additional discretionary contributions which vest over a period of six years. Contributions made by Kidsave were approximately \$12,700 and \$13,900 for the years ended December 31, 2019 and 2018, respectively.

Note 12—In-Kind Contributions

For the years ended December 31, 2019 and 2018, in-kind contributions included the services of program coordinators, as well as legal and other professional services. The values of these in-kind contributions are recorded as support and expenses in the statements of activities and functional expenses, and are summarized by program as follows:

	<u>2019</u>	<u>2018</u>
Summer Miracles	\$ 213,375	\$ 92,125
Weekend Miracles	17,500	17,500
General and administrative	8,137	7,349
Totals	<u>\$ 239,012</u>	<u>\$ 116,974</u>

In-kind expenses consisted of the following:

	<u>2019</u>	<u>2018</u>
Travel	\$ 126,000	\$
Contractors	78,750	78,750
Professional fees	26,125	30,875
Telephone	8,137	7,349
Totals	<u>\$ 239,012</u>	<u>\$ 116,974</u>

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 13—Joint Cost Allocation

Kidsave incurred joint costs in 2019 and 2018 for informational materials and special events that included fundraising appeals. The costs were allocated as follows:

	<u>2019</u>	<u>2018</u>
Public education	\$ 360,513	\$ 268,156
Fundraising	90,128	67,039
Totals	<u>\$ 450,641</u>	<u>\$ 335,195</u>

Note 14—Recent Accounting Pronouncements

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2020; early adoption is permitted. Kidsave is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Note 15—Subsequent Events

In early March 2020, the COVID-19 virus was declared a global pandemic. Since then, business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Kidsave is continuing to conduct its activities, primarily on a remote basis, and to monitor the ongoing impact of the pandemic response on its overall *operations*.

- On May 4, 2020, the Kidsave received \$216,000 of PPP funding from the Small Business Administration. While these funds carry loan repayment terms, it is the opinion of management that all funds received will be forgiven under the present terms of PPP.
- The Organization received a \$150,000 Small Business Administration loan on May 31, 2020, interest is at 2.75% and matures in 30 years. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Since the overall future impact of the pandemic on the Kidsave cannot be assessed at the time of this reporting, no corresponding adjustment has been made to these financial statements.

Kidsave International, Inc.
Notes to Financial Statements—Continued

Note 15—Subsequent Events—Continued

Management evaluated all activities of Kidsave through September 25, 2020, which is the date the financial statements were available to be issued, and concluded that, other than the operational changes made by Kidsave in response to the global pandemic and receipt of the SBA funding and loan described above, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.