

**FOSTER CARE COALITION OF
GREATER ST. LOUIS, INC.
D/B/A FOSTER AND ADOPTIVE CARE COALITION**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE
YEARS ENDED DECEMBER 31, 2016 AND 2015**

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	5 - 6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8 - 19



Independent Auditors' Report

To the Board of Directors of
Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
St. Louis, Missouri

We have audited the accompanying financial statements of Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Schmehl Telton iCO, PC

St. Louis, Missouri

June 16, 2017

FINANCIAL STATEMENTS

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2016	2015
ASSETS		
Cash and cash equivalents	\$ 390,166	\$ 281,083
Accounts receivable		
United Way	316,404	266,404
Grants and other	1,169,668	676,537
Inventory	21,339	19,186
Investments	587,250	685,309
Property and equipment, net	17,513	125,498
Deposits	10,000	10,000
TOTAL ASSETS	\$ 2,512,340	\$ 2,064,017

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 113,413	\$ 8,232
Accrued expenses	6,183	280
Deferred rent	35,322	34,412
Total Liabilities	154,918	42,924
NET ASSETS		
Unrestricted	842,850	1,010,419
Temporarily restricted	1,089,572	585,674
Permanently restricted	425,000	425,000
Total Net Assets	2,357,422	2,021,093
TOTAL LIABILITIES AND NET ASSETS	\$ 2,512,340	\$ 2,064,017

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
PUBLIC SUPPORT AND REVENUE				
Grants	\$ 1,326,071	\$ 884,103	\$ -	\$ 2,210,174
United Way allocation	940	316,404	-	317,344
Contributions	623,421	-	-	623,421
Special events, net of direct expenses of \$65,489 and \$68,597, respectively	288,591	-	-	288,591
Return on investments	10,223	668	12,053	22,944
Other income	2,568	-	-	2,568
Retail store revenue, net of operating expenses	(23,487)	-	-	(23,487)
Net assets released from restrictions	709,330	(697,277)	(12,053)	-
Total Public Support and Revenue	<u>2,937,657</u>	<u>503,898</u>	<u>-</u>	<u>3,441,555</u>
EXPENSES				
Program Services				
Recruitment	1,205,891	-	-	1,205,891
Retention	1,363,512	-	-	1,363,512
Total Program Services	<u>2,569,403</u>	<u>-</u>	<u>-</u>	<u>2,569,403</u>
Supporting Services				
Management and general	125,144	-	-	125,144
Fundraising	410,679	-	-	410,679
Total Supporting Services	<u>535,823</u>	<u>-</u>	<u>-</u>	<u>535,823</u>
Total Expenses	<u>3,105,226</u>	<u>-</u>	<u>-</u>	<u>3,105,226</u>
CHANGE IN NET ASSETS	(167,569)	503,898	-	336,329
NET ASSETS, Beginning of year	<u>1,010,419</u>	<u>585,674</u>	<u>425,000</u>	<u>2,021,093</u>
NET ASSETS, End of year	<u>\$ 842,850</u>	<u>\$ 1,089,572</u>	<u>\$ 425,000</u>	<u>\$ 2,357,422</u>

Year Ended December 31, 2015

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,590,051	\$ 328,011	\$ -	\$ 1,918,062
793	266,404	-	267,197
418,051	100,000	20,000	538,051
250,243	-	-	250,243
(4,991)	(1,041)	(5,591)	(11,623)
7,400	-	-	7,400
(38,790)	-	-	(38,790)
<u>741,604</u>	<u>(747,195)</u>	<u>5,591</u>	<u>-</u>
<u>2,964,361</u>	<u>(53,821)</u>	<u>20,000</u>	<u>2,930,540</u>
1,135,294	-	-	1,135,294
<u>1,390,032</u>	<u>-</u>	<u>-</u>	<u>1,390,032</u>
<u>2,525,326</u>	<u>-</u>	<u>-</u>	<u>2,525,326</u>
102,049	-	-	102,049
<u>411,684</u>	<u>-</u>	<u>-</u>	<u>411,684</u>
<u>513,733</u>	<u>-</u>	<u>-</u>	<u>513,733</u>
<u>3,039,059</u>	<u>-</u>	<u>-</u>	<u>3,039,059</u>
(74,698)	(53,821)	20,000	(108,519)
<u>1,085,117</u>	<u>639,495</u>	<u>405,000</u>	<u>2,129,612</u>
<u>\$ 1,010,419</u>	<u>\$ 585,674</u>	<u>\$ 425,000</u>	<u>\$ 2,021,093</u>

See accompanying notes to the financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2016

	Program Services			Supporting Services			Total
	Recruitment	Retention	Total	Management and General	Fund- Raising	Total	
Salaries and wages	\$ 717,680	\$ 665,544	\$ 1,383,224	\$ 77,440	\$ 237,585	\$ 315,025	\$ 1,698,249
Payroll taxes	55,990	51,923	107,913	6,042	18,535	24,577	132,490
Employee benefits	146,970	136,293	283,263	15,859	48,654	64,513	347,776
 Total Salaries and Related Expenses	 920,640	 853,760	 1,774,400	 99,341	 304,774	 404,115	 2,178,515
Specific assistance to individuals							
Holiday Wishes	-	202,925	202,925	-	-	-	202,925
Little Wishes	-	14,275	14,275	-	-	-	14,275
Professional fees	55,723	68,940	124,663	5,041	20,035	25,076	149,739
Occupancy, including depreciation	101,947	98,451	200,398	11,000	44,344	55,344	255,742
Travel	36,625	2,675	39,300	311	955	1,266	40,566
Conferences and meetings	24,570	64,049	88,619	2,652	8,755	11,407	100,026
Printing and publications	17,549	16,274	33,823	1,894	14,433	16,327	50,150
Insurance	9,884	9,166	19,050	1,067	3,272	4,339	23,389
Telephone	14,787	10,588	25,375	1,232	4,480	5,712	31,087
Supplies	15,055	13,960	29,015	1,623	6,390	8,013	37,028
Postage and shipping	4,180	3,877	8,057	451	1,609	2,060	10,117
Membership dues	4,931	4,572	9,503	532	1,632	2,164	11,667
 Total Expenses By Function	 <u>\$ 1,205,891</u>	 <u>\$ 1,363,512</u>	 <u>\$ 2,569,403</u>	 <u>\$ 125,144</u>	 <u>\$ 410,679</u>	 <u>\$ 535,823</u>	 <u>\$ 3,105,226</u>
 Percent of Total Expenses	 <u>38.9%</u>	 <u>43.9%</u>	 <u>82.8%</u>	 <u>4.0%</u>	 <u>13.2%</u>	 <u>17.2%</u>	 <u>100.0%</u>

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2015

	Program Services			Supporting Services			Total
	Recruitment	Retention	Total	Management and General	Fund- Raising	Total	
Salaries and wages	\$ 714,699	\$ 599,243	\$ 1,313,942	\$ 64,591	\$ 236,242	\$ 300,833	\$ 1,614,775
Payroll taxes	56,677	47,522	104,199	5,122	18,735	23,857	128,056
Employee benefits	129,535	108,609	238,144	11,706	42,817	54,523	292,667
Total Salaries and Related Expenses	900,911	755,374	1,656,285	81,419	297,794	379,213	2,035,498
Specific assistance to individuals							
Holiday Wishes	-	188,820	188,820	-	-	-	188,820
Little Wishes	-	14,274	14,274	-	-	-	14,274
Professional fees	48,900	227,062	275,962	4,418	30,179	34,597	310,559
Occupancy, including depreciation	110,447	93,992	204,439	9,981	50,058	60,039	264,478
Travel	4,428	34,532	38,960	399	1,464	1,863	40,823
Conferences and meetings	22,894	32,056	54,950	1,662	8,868	10,530	65,480
Printing and publications	8,308	6,965	15,273	751	6,914	7,665	22,938
Insurance	11,417	9,573	20,990	1,032	3,774	4,806	25,796
Telephone	13,099	9,675	22,774	1,043	4,965	6,008	28,782
Supplies	6,983	11,081	18,064	630	4,294	4,924	22,988
Postage and shipping	4,187	3,510	7,697	378	2,146	2,524	10,221
Membership dues	3,720	3,118	6,838	336	1,228	1,564	8,402
Total Expenses By Function	<u>\$ 1,135,294</u>	<u>\$ 1,390,032</u>	<u>\$ 2,525,326</u>	<u>\$ 102,049</u>	<u>\$ 411,684</u>	<u>\$ 513,733</u>	<u>\$ 3,039,059</u>
Percent of Total Expenses	<u>37.4%</u>	<u>45.7%</u>	<u>83.1%</u>	<u>3.4%</u>	<u>13.5%</u>	<u>16.9%</u>	<u>100.0%</u>

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 336,329	(\$ 108,519)
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	121,366	130,056
Donated investments	(22,827)	(8,012)
Unrealized (gain) on investments	(881)	(9,466)
(Increase) decrease in assets:		
Grants and other receivable	(543,131)	54,191
Inventory	(2,153)	18,198
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	111,084	(65,806)
Deferred rent	910	(2,926)
	697	7,716
 Net Change in Cash and Cash Equivalents from Operating Activities	 697	 7,716
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(127,058)	(1,458,210)
Received from sale of investments	248,825	1,474,937
Purchase of property and equipment	(13,381)	-
	108,386	16,727
 Net Change in Cash and Cash Equivalents from Investing Activities	 108,386	 16,727
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 109,083	 24,443
 CASH AND CASH EQUIVALENTS, Beginning of year	 281,083	 256,640
 CASH AND CASH EQUIVALENTS, End of year	 \$ 390,166	 \$ 281,083

See accompanying notes to financial statements

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

Foster Care Coalition of Greater St. Louis, Inc. d/b/a Foster and Adoptive Care Coalition (the “Coalition”) is a not-for-profit corporation established in 1985. The Coalition strives to create permanency in every foster child’s life by recruiting and supporting foster and adoptive families in the St. Louis metropolitan community. The Coalition works to achieve its mission through programs directed toward recruitment and retention.

Financial Statement Presentation

The financial statements report amounts by classes of net assets, as follows:

Unrestricted Net Assets – are those which have no donor restrictions and are currently available for use by the Coalition.

Temporarily Restricted Net Assets – are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose restrictions are accomplished, these assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – are those contributed with donor stipulations that they be held in perpetuity with use of income for unrestricted or temporarily restricted purposes.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual amounts could differ from these estimates.

Concentration of Credit Risk

The Coalition generates receivables and revenues from grant agencies in the normal course of business. The organizations are located throughout the St. Louis metropolitan area. The Coalition does not require collateral to secure receivables from these agencies.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand and short term investments that can be converted into cash within three months or less from time of purchase.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Cash and Cash Equivalents (Continued)

Cash balances held at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Coalition did not exceed the FDIC insured limit as of December 31, 2016 and 2015, respectively. The Coalition has not experienced and does not anticipate any losses in such accounts.

During 2016 and 2015, for cash flow reporting purposes, no cash payments relating to interest or income tax were made.

Grants and Other Receivable

Grants and other receivable are carried net of allowance for doubtful accounts. The allowance for doubtful accounts is increased by provisions charged to expense and reduced by accounts charged off, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. No allowance was deemed necessary as of December 31, 2016 and 2015.

Contributions and Grants

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Coalition reports gifts of cash, grants and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions and grants are recorded in the temporarily restricted class for restrictions expiring during the year, and then transferred to the unrestricted class.

Revenue Recognition

Grant and contribution revenues are recognized when the amount is awarded by the donor. Other revenue is recognized as services are performed.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Investments

Investments consist of exchange traded funds, money market accounts and various common stocks and are carried at fair value. Donated investments received as contributions are recorded at their fair value of the investment on the date they were received. Return on investment consists of interest, dividends and unrealized and realized gains and losses, and is reported on the Statements of Activities.

Property and Equipment

Property and equipment consists of office equipment and leasehold improvements, which are stated at cost less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Office Equipment	3 years
Leasehold Improvements	6 years

Expenditures for repairs and maintenance are charged to operations as incurred while renewals and betterments of \$2,000 or more are capitalized.

Inventory

Inventory, which is sold at the Coalition's [RE]FRESH and Kidstore facilities, consists of donated clothing items and are valued at the sales price of similar items.

In-Kind Services

The Coalition received donated inventory, which was reflected as revenue during the years ended December 31, 2016 and 2015.

The Coalition also received in-kind advertising for Little Wishes and other programs from KSDK Television Station for the years ended December 31, 2016 and 2015. Since the Coalition was not provided information from the donor, it is unable to record the value of this donated service.

The Coalition also receives assistance from many volunteers donating their time and performing a variety of tasks that assist the Coalition in its programs and general operations. Since donated time for these types of volunteer services is undeterminable, the Coalition is unable to record the value of these donated services.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

Functional Expenses

Functional expenses have been allocated between program services and supporting services based primarily on an analysis of personnel time. In addition, other costs are directly and indirectly allocated among the programs and supporting services benefited based on management's estimates.

Financial Instruments

The carrying amount of accounts receivable, accounts payable and accrued expenses approximates fair value due to the short-term maturities of these instruments.

Significant Funding

The Coalition received \$1,619,520 and \$1,602,136 of its support, respectively, for the years ended December 31, 2016 and 2015 from various funders: St. Louis County Children's Service Fund, St. Louis Mental Health Board, Area Resources for Community & Human Services, and the United Way of Greater St. Louis. The current level of the Coalition's operations and program services may be impacted if the funding is altered from one or more of these funders.

Income Tax

The Coalition qualifies as a nonprofit organization and is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. The Coalition does not have unrelated business income, excise taxes, or activities that would threaten the Coalition's tax-exempt status. Accordingly, no provision for federal or state income taxes is provided for the years ending December 31, 2016 and 2015. The Coalition files an information return, the IRS Form 990. The Coalition's tax returns for the years 2013 and later remain subject to examination by taxing authorities.

The Coalition follows the provisions of uncertain tax positions as addressed by the Financial Accounting Standards Board and management is not aware of any uncertain tax positions of the Company related to the tax filings.

Reclassifications

Certain reclassifications have been made to the prior year financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Subsequent Events

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through June 16, 2017, the date the financial statements were available to be issued.

B. INVESTMENTS

The Coalition's investment holdings at December 31, 2016 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Exchange Traded Funds (ETF)	\$524,571	\$523,079
Money market accounts	16,871	16,871
Common stocks	45,034	47,300
	<u>\$586,476</u>	<u>\$587,250</u>

The Coalition's investment holdings at December 31, 2015 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Exchange Traded Funds (ETF)	\$510,425	\$504,702
Money market accounts	135,485	135,485
Common stocks	41,902	45,122
	<u>\$687,812</u>	<u>\$685,309</u>

The Coalition's investment income as reported on the statements of activities consists of the following:

	<u>December 31,</u>	
	<u>2016</u>	<u>2015</u>
Interest and dividends	\$14,532	\$ 146
Realized gain (loss) on investments	7,531	(21,235)
Unrealized gain on investments	881	9,466
	<u>\$22,944</u>	<u>\$(11,623)</u>

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

C. FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are as follows:

	Fair Value Measurements at Reporting Date Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2016</u>				
Exchange Traded Funds (ETF)	\$523,079	\$523,079	\$ -	\$ -
Money market accounts	16,871	16,871	-	-
Stocks	47,300	47,300	-	-
Total	\$587,250	\$587,250	\$ -	\$ -
<u>December 31, 2015</u>				
Exchange Traded Funds (ETF)	\$504,702	\$504,702	-	-
Money market accounts	135,485	135,485	\$ -	\$ -
Stocks	45,122	45,122	-	-
Total	\$685,309	\$685,309	\$ -	\$ -

Financial assets valued using Level 1 inputs are based on quoted market prices within active markets, such as exchange-traded securities. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Examples of Level 2 include U.S. Treasury securities, corporate and municipal bonds, and mortgage backed securities. Financial assets valued using Level 3 inputs are based primarily on assumptions about the marketability of the assets and can include corporate loans, mortgage loans, distressed debt, and investments in real estate funds. The Coalition has no Level 2 or Level 3 assets.

D. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2016	2015
Office equipment	\$167,467	\$176,244
Leasehold improvements	568,982	568,982
Less: accumulated depreciation	(718,936)	(619,728)
Property and Equipment, net	\$ 17,513	\$125,498

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

D. PROPERTY AND EQUIPMENT (Continued)

Depreciation expense was \$121,366 and \$130,056 for the years ended December 31, 2016 and 2015, respectively.

E. GRANTS AND OTHER RECEIVABLES

Grants and other receivables consist of the following at December 31:

	2016	2015
Area Resources for Community & Human Services	\$ 423,000	\$310,233
30 Days to Family	100,000	110,000
Dave Thomas Foundation for Adoption	70,000	70,000
Illinois DCFS	12,600	12,600
Norman Stupp Foundation	-	10,000
Jones Family Foundation	300,000	-
St. Louis Mental Health Board	208,462	100,181
St. Louis County Children's Service Fund	46,237	42,939
Other receivables	9,369	20,584
Total Grants and Other Receivables	\$1,169,668	\$676,537

F. NET ASSETS

In 2014, the Coalition received a \$30,000 contribution to create the DJ Welch Little Wishes Fund. During 2015, the Coalition received an additional \$20,000 contribution for the DJ Welch Little Wishes Fund. These gifts will be held in perpetuity to fund the ongoing needs of the Coalition.

In 2012, the Coalition received a contribution from Carleen Goddard-Mazur's estate with the purpose of creating the Carleen Goddard-Mazur Training Institute (the "Institute"). A portion of the contribution, \$125,000, was to be used to create the Institute over a two year period from 2012 - 2014. The entire amount of this contribution was spent by the end of the two year period. The remaining amount of the contribution, \$375,000, is to be held in perpetuity to fund the operational needs of the Institute.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

F. **NET ASSETS** (Continued)

Net assets are comprised of the following at December 31:

	2016	2015
Unrestricted	\$ 842,850	\$1,010,419
Temporarily Restricted – Timing		
Dave Thomas Foundation	70,000	70,000
United Way	316,404	266,404
Temporarily Restricted - Purpose		
30 Days to Family	175,000	110,000
Goddard Institute	7,094	16,489
Jones Family Foundation	300,000	-
Recruitment and retention	221,074	122,781
Total Temporarily Restricted	1,089,572	585,674
Permanently Restricted		
Goddard Institute	375,000	375,000
DJ Welch Little Wishes Fund	50,000	50,000
Total Permanently Restricted	425,000	425,000
Total Net Assets	\$2,357,422	\$2,021,093

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows during the years ended December 31:

	2016	2015
Temporarily Restricted – Timing		
Dave Thomas Foundation	\$ 70,000	\$ 70,000
United Way	266,404	217,195
Temporarily Restricted - Purpose		
30 Days to Family	120,000	110,000
Goddard Institute	10,063	30,767
Recruitment and retention	230,810	306,830
	\$697,277	\$734,792
Permanently Restricted - Purpose		
Goddard Institute	\$ 12,053	(\$ 5,591)

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

G. **ENDOWMENT**

The endowment consists of two individual donor-restricted funds. In accordance with U.S. Generally Accepted Accounting Principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment balances are included in cash and investments in the Statements of Financial Position. The permanently restricted endowment balance includes the original value at the date of the gift.

The Board of Directors of the Coalition has interpreted the Missouri Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of donor restricted endowments, absent explicit donor stipulations to the contrary, at the greater of the fair value of the original gifts as of the gift date. As a result of this interpretation, the Coalition classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made according to the directive in the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Coalition in a manner consistent with the standard of prudence described by UPMIFA. In accordance with UPMIFA, the Coalition considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic condition, (4) the possible effect of inflation and deflation, (5) the expected total return from income and appreciation of investments, (6) other resources of the Coalition, and (7) the Coalition's investment policies.

Investment Return Objectives, Risk Parameters, and Strategies

The Coalition has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

G. **ENDOWMENT** (Continued)

Spending Policy

Endowment spending distributions are designed to stabilize annual spending levels and preserve the real value of the endowment over time. Under the policy, earnings of the Endowment are distributed at a rate set annually by the Finance Committee. The Finance Committee also considers the provisions of UPMIFA in determining the amount to appropriate. The annual spending rate must fall within the range of 3.0% to 8.0% of the five-year average of the Endowment Fund's market value as measured at December 31 of each year. The spending rate is funded from current earnings and, in years when current earnings are insufficient, from previously accumulated earnings of the Endowment Fund. In years in which current and previously accumulated earnings are insufficient to fund the distribution rate established by the Finance Committee, principal may be invaded at the maximum rate of 5% of the five-year average of the Endowment Fund's market value.

For the year ended December 31, 2016, the Coalition had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets:			
December 31, 2015	\$ 16,489	\$425,000	\$441,489
Net investment return	668	12,053	12,721
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(22,116)	-	(22,116)
Released from restriction	12,053	(12,053)	-
Endowment net assets:			
December 31, 2016	<u>\$ 7,094</u>	<u>\$425,000</u>	<u>\$432,094</u>

During the years ended December 31, 2016 and 2015, the Finance Committee appropriated \$22,116 and \$37,579 of endowment earnings to be spent on expenses related to the Carleen Goddard-Mazur Training Institute.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

G. **ENDOWMENT** (Continued)

For the year ended December 31, 2015, the Coalition had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets: December 31, 2015	\$ 60,700	\$405,000	\$465,700
Net investment return	(1,041)	(5,591)	(6,632)
Contributions	-	20,000	20,000
Appropriation of endowment assets for expenditure	(37,579)	-	(37,579)
Released from restriction	(5,591)	5,591	-
Endowment net assets: December 31, 2016	<u>\$ 16,489</u>	<u>\$425,000</u>	<u>\$441,489</u>

H. **RETAIL STORE REVENUE**

The Coalition operates two resale stores, [RE]FRESH and the Kidstore. [RE]FRESH collects donated clothing and accessories from the general public for the primary purpose of raising funds to support the Coalition's mission. The Kidstore collects donated clothing, accessories, and children's items from the general public and sells them at discounted prices exclusively to foster families. The Kidstore was closed in October 2016 due to decline in shoppers because it was located in an inconvenient location. In November 2016, the Coalition opened ReSource, which provides children's clothing to foster families free-of-charge and is located at the Coalition's office location. Retail store revenue is reported net of discounts. Income and expenses for the resale stores were the following for the years ended December 31:

	2016	2015
Sales	\$144,380	\$ 139,559
Clothing donations	119,838	118,332
Cost of sales	(120,202)	(136,692)
Gross profit	144,016	121,199
Operating expenses	(167,503)	(159,989)
Retail store revenues, net of operating expenses	<u>(\$ 23,487)</u>	<u>(\$ 38,790)</u>

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015
(Continued)

I. LEASE COMMITMENTS

The Coalition had an oral agreement with a church for space for the KidStore facility. Payments were \$200 per month over the life of the lease. The Kidstore facility closed in October 2016.

In May 2010, the Coalition entered into a building lease agreement. The term of the lease is six years, two months and included 14 months of rent subsidies. During July 2015, the Coalition extended the lease through June 2021 with additional space. The lease extension included 6 months of rent subsidies on the additional space. The Coalition has deferred rent in the amount of \$35,322 and \$34,412 at December 31, 2016 and 2015, respectively, and will recognize it over life of the lease. Future minimum rental payments to be paid on this operating lease are summarized below:

<u>Year</u>	<u>Amount</u>
2017	\$170,293
2018	173,502
2019	176,775
2020	180,113
2021	<u>90,899</u>
	<u>\$791,582</u>

Rent expense for the years ended December 31, 2016 and 2015 was \$169,147 and \$167,517, respectively.