

**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, 2018 AND 2017**

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

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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, 2018 and 2017, 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, 2018 and 2017, 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 Talar & Co, PC

St. Louis, Missouri

June 20, 2019

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,	
	2018	2017
ASSETS		
Cash and cash equivalents	\$ 462,207	\$ 378,229
Accounts receivable		
United Way	305,076	312,943
Grants and other	1,770,766	1,458,440
Inventory	26,669	33,271
Investments	619,172	696,102
Property and equipment, net	23,997	29,656
Intangible assets, net	38,626	13,063
Prepaid expenses	10,000	10,000
TOTAL ASSETS	\$ 3,256,513	\$ 2,931,704

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	\$ 31,943	\$ 37,698
Accrued expenses	10,142	9,635
Deferred rent	33,454	40,542
Total Liabilities	75,539	87,875
NET ASSETS		
Without donor restrictions		
Undesignated	1,366,350	1,180,407
With donor restriction		
Time restricted for future periods	1,104,026	1,238,422
Purpose restriction	303,542	-
Perpetual in nature	407,056	425,000
Total Net Assets With Donor Restriction	1,814,624	1,663,422
Total Net Assets	3,180,974	2,843,829
TOTAL LIABILITIES AND NET ASSETS	\$ 3,256,513	\$ 2,931,704

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, 2018			Year Ended December 31, 2017		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE						
Grants	\$ 2,071,841	\$ 1,042,265	\$ 3,114,106	\$ 1,567,996	\$ 884,696	\$ 2,452,692
United Way allocation	-	305,076	305,076	1,071	312,943	314,014
Contributions	686,943	-	686,943	754,995	-	754,995
Special events, net of direct expenses	288,012	-	288,012	285,046	-	285,046
Investment return, net of fees	(8,760)	(38,417)	(47,177)	23,041	67,788	90,829
Other income	2,628	-	2,628	5,359	-	5,359
Retail store revenue, net of operating expenses	16,453	-	16,453	2,837	-	2,837
Net assets released from restrictions	1,157,722	(1,157,722)	-	1,116,577	(1,116,577)	-
Total Public Support and Revenue	4,214,839	151,202	4,366,041	3,756,922	148,850	3,905,772
EXPENSES						
Program Services						
Recruitment	1,465,795	-	1,465,795	1,430,521	-	1,430,521
Retention	1,940,100	-	1,940,100	1,400,726	-	1,400,726
Total Program Services	3,405,895	-	3,405,895	2,831,247	-	2,831,247
Supporting Services						
Management and general	142,649	-	142,649	108,952	-	108,952
Fundraising	480,352	-	480,352	479,166	-	479,166
Total Supporting Services	623,001	-	623,001	588,118	-	588,118
Total Expenses	4,028,896	-	4,028,896	3,419,365	-	3,419,365
CHANGE IN NET ASSETS	185,943	151,202	337,145	337,557	148,850	486,407
NET ASSETS, Beginning of year	1,180,407	1,663,422	2,843,829	842,850	1,514,572	2,357,422
NET ASSETS, End of year	\$ 1,366,350	\$ 1,814,624	\$ 3,180,974	\$ 1,180,407	\$ 1,663,422	\$ 2,843,829

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, 2018

	Program Services				Supporting Services			Cost of Direct Benefits to Donors	Total
	Recruitment	Retention	[RE]FRESH Resale Store	Total Program Services	Management and General	Fund-Raising	Total Supporting Services		
Salaries and wages	\$ 920,247	\$ 1,107,126	104,920	\$ 2,132,293	\$ 95,749	\$ 322,376	\$ 418,125	\$ -	\$ 2,550,418
Payroll taxes	71,344	85,833	8,818	165,995	7,423	24,993	32,416	-	198,411
Employee benefits	194,039	233,443	-	427,482	20,189	67,974	88,163	-	515,645
Total Salaries and Related Expenses	1,185,630	1,426,402	113,738	2,725,770	123,361	415,343	538,704	-	3,264,474
Specific assistance to individuals									
Holiday Wishes	-	190,104	-	190,104	-	-	-	-	190,104
Little Wishes	-	33,615	-	33,615	-	-	-	-	33,615
Professional fees	66,083	76,649	-	142,732	5,088	17,201	22,289	-	165,021
Occupancy	71,161	93,370	62,161	226,692	7,404	24,928	32,332	-	259,024
Travel	36,150	2,522	-	38,672	218	734	952	-	39,624
Cost of goods sold	-	-	214,367	214,367	-	-	-	-	214,367
Conferences and meetings	47,592	48,716	-	96,308	906	3,049	3,955	-	100,263
Printing and publications	3,304	3,976	3,458	10,738	344	1,158	1,502	-	12,240
Agency insurance	7,410	8,915	-	16,325	771	2,596	3,367	-	19,692
Special events - fundraising	-	-	-	-	-	-	-	85,810	85,810
Telephone	16,932	14,757	-	31,689	1,276	4,297	5,573	-	37,262
Supplies	24,444	32,546	17,860	74,850	2,543	8,563	11,106	-	85,956
Postage and shipping	6,089	7,326	-	13,415	634	2,133	2,767	-	16,182
Membership dues	1,000	1,202	-	2,202	104	350	454	-	2,656
	1,465,795	1,940,100	411,584	3,817,479	142,649	480,352	623,001	85,810	4,526,290
Less expenses included with support on the statement of activities									
[RE]FRESH Resale Store	-	-	(411,584)	(411,584)	-	-	-	-	(411,584)
Cost of direct benefits to donors	-	-	-	-	-	-	-	(85,810)	(85,810)
Total expenses included with support on the statement of activities	-	-	(411,584)	(411,584)	-	-	-	(85,810)	(497,394)
Total Expenses By Function	\$ 1,465,795	\$ 1,940,100	\$ -	\$ 3,405,895	\$ 142,649	\$ 480,352	\$ 623,001	\$ -	\$ 4,028,896
Percent of Total Expenses	<u>36.3%</u>	<u>48.2%</u>		<u>84.5%</u>	<u>3.6%</u>	<u>11.9%</u>	<u>15.5%</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, 2017

	Program Services				Supporting Services			Cost of Direct Benefits to Donors	Total
	Recruitment	Retention	[RE]FRESH Resale Store	Total Program Services	Management and General	Fund-Raising	Total Supporting Services		
Salaries and wages	\$ 894,201	\$ 726,875	\$ 88,236	\$ 1,709,312	\$ 72,105	\$ 310,931	\$ 383,036	\$ -	\$ 2,092,348
Payroll taxes	69,348	56,371	7,418	133,137	5,592	24,114	29,706	-	162,843
Employee benefits	191,737	155,859	-	347,596	15,461	66,671	82,132	-	429,728
Total Salaries and Related Expenses	1,155,286	939,105	95,654	2,190,045	93,158	401,716	494,874	-	2,684,919
Specific assistance to individuals									
Holiday Wishes	-	206,437	-	206,437	-	-	-	-	206,437
Little Wishes	-	14,030	-	14,030	-	-	-	-	14,030
Professional fees	84,002	81,347	-	165,349	4,942	23,968	28,910	-	194,259
Occupancy	66,413	80,101	51,790	198,304	5,355	23,093	28,448	-	226,752
Travel	41,281	2,814	-	44,095	279	1,204	1,483	-	45,578
Cost of goods sold	-	-	155,726	155,726	-	-	-	-	155,726
Conferences and meetings	18,774	19,903	-	38,677	932	5,130	6,062	-	44,739
Printing and publications	5,770	4,691	4,221	14,682	465	5,463	5,928	-	20,610
Agency insurance	6,018	4,892	-	10,910	485	2,093	2,578	-	13,488
Special events - fundraising	-	-	-	-	-	-	-	67,252	67,252
Telephone	15,897	9,647	-	25,544	957	4,126	5,083	-	30,627
Supplies	28,405	30,707	15,392	74,504	1,679	9,356	11,035	-	85,539
Postage and shipping	7,997	6,501	-	14,498	645	2,781	3,426	-	17,924
Membership dues	678	551	-	1,229	55	236	291	-	1,520
	1,430,521	1,400,726	322,783	3,154,030	108,952	479,166	588,118	67,252	3,809,400
Less expenses included with support on the statement of activities									
[RE]FRESH Resale Store	-	-	(322,783)	(322,783)	-	-	-	-	(322,783)
Cost of direct benefits to donors	-	-	-	-	-	-	-	(67,252)	(67,252)
Total expenses included with support on the statement of activities	-	-	(322,783)	(322,783)	-	-	-	(67,252)	(390,035)
Total Expenses By Function	\$ 1,430,521	\$ 1,400,726	\$ -	\$ 2,831,247	\$ 108,952	\$ 479,166	\$ 588,118	\$ -	\$ 3,419,365
Percent of Total Expenses	41.8%	41.0%		82.8%	3.2%	14.0%	17.2%		100.0%

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,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 337,145	\$ 486,407
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation and amortization	32,474	13,453
Donated investments	(70,979)	(38,648)
Realized/Unrealized loss (gain) on investments	59,163	(75,800)
(Increase) decrease in assets:		
Grants and other receivable	(304,459)	(285,311)
Inventory	6,602	(11,932)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(5,248)	(72,263)
Deferred rent	(7,088)	5,220
 Net Change in Cash and Cash Equivalents from Operating Activities	 47,610	 21,126
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(48,740)	(165,019)
Received from sale of investments	137,486	170,615
Purchase of intangible asset	(44,880)	(13,063)
Purchase of property and equipment	(7,498)	(25,596)
 Net Change in Cash and Cash Equivalents from Investing Activities	 36,368	 (33,063)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 83,978	 (11,937)
 CASH AND CASH EQUIVALENTS, Beginning of year	 378,229	 390,166
 CASH AND CASH EQUIVALENTS, End of year	 \$ 462,207	 \$ 378,229

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, 2018 and 2017

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.

Change in Accounting Principle

In August 2016, the Financial Accounting Standard Board (FASB) issued Accounting Standard Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The Coalition has applied the changes retrospectively to all periods presented. The new standard changes the following aspects of the financial statements:

- Unrestricted net asset class has been renamed net assets without donor restrictions.
- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note L)
- Investment expenses are included in net investment return.

Basis of Presentation

The financial statements of the Coalition have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Coalition is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets without Donor Restrictions

Net assets available for use in general operations and not subject to donor or certain grantor restrictions.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017
(Continued)

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

Net Assets with Donor Restrictions

Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such assets be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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.

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, 2018 and 2017. The Coalition has not experienced and does not anticipate any losses in such accounts.

During 2018 and 2017, for cash flow reporting purposes, no cash payments relating to interest or income tax were made.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017
(Continued)

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

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, 2018 and 2017.

Contributions and Grants

All contributions are considered to be available for operations unless specifically restricted by the donor. The Coalition reports gifts of cash, grants and other assets as with donor restriction 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, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the Statements of Activities as net assets released from restrictions. Donor restricted contributions and grants are recorded in the with donor restriction class for restrictions expiring during the year, and then transferred to the without donor restriction 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.

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 is reported net of investment expenses and consists of interest, dividends, unrealized and realized gains and losses, and is reported on the Statements of Activities.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Financial Position.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017
(Continued)

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

Property and Equipment

Property and equipment consists of office equipment and leasehold improvements, which are stated at cost less accumulated depreciation. Assets are depreciated on a straight-line basis over the estimated useful lives of the assets, which range from three to six 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, consists of donated clothing items and is 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, 2018 and 2017.

The Coalition also received in-kind advertising for Little Wishes and other programs from KSDK Television Station for the years ended December 31, 2018 and 2017. 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.

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.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017
(Continued)

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

Significant Funding

The Coalition received \$1,949,923 and \$1,882,341 of its support, respectively, for the years ended December 31, 2018 and 2017 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, 2018 and 2017. The Coalition files an information return, the IRS Form 990. The Coalition's tax returns for the years 2015 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 Coalition related to the tax filings.

Subsequent Events

In preparing these financial statements, the Coalition has evaluated events and transactions for potential recognition or disclosure through June 20, 2019, the date the financial statements were available to be issued.

Reclassification

Certain amounts in the prior year presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported change in net assets.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017
(Continued)

B. INVESTMENTS

The Coalition's investment holdings at December 31, 2018 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Exchange Traded Funds (ETF)	\$487,617	\$446,528
Money market accounts	163,684	163,684
Common stocks	<u>9,719</u>	<u>8,960</u>
Total Investments	<u>\$661,020</u>	<u>\$619,172</u>

The Coalition's investment holdings at December 31, 2017 are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>
Exchange Traded Funds (ETF)	\$454,025	\$489,749
Money market accounts	166,900	166,900
Common stocks	<u>33,348</u>	<u>39,453</u>
Total Investments	<u>\$654,273</u>	<u>\$696,102</u>

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

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
Interest and dividends	\$11,986	\$15,029
Realized gain on investments	18,422	32,399
Unrealized (loss) gain on investments	<u>(77,585)</u>	<u>43,401</u>
Total Investment Income (Loss)	<u>(47,177)</u>	<u>\$90,829</u>

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017
(Continued)

C. **FAIR VALUE MEASUREMENTS**

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

	<u>Fair Value Measurements at Reporting Date Using</u>			
	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, 2018</u>				
Exchange Traded Funds (ETF)	\$446,528	\$446,528	\$ -	\$ -
Money market accounts	163,684	163,684	-	-
Stocks	8,960	8,960	-	-
Total	<u>\$619,172</u>	<u>\$619,172</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2017</u>				
Exchange Traded Funds (ETF)	\$489,749	\$489,749	-	-
Money market accounts	166,900	166,900	\$ -	\$ -
Stocks	39,453	39,453	-	-
Total	<u>\$696,102</u>	<u>\$696,102</u>	<u>\$ -</u>	<u>\$ -</u>

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.

Foster Care Coalition of Greater St. Louis, Inc.
d/b/a Foster and Adoptive Care Coalition
NOTES TO FINANCIAL STATEMENTS
December 31, 2018 and 2017
(Continued)

D. GRANTS AND OTHER RECEIVABLES

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

	2018	2017
Area Resources for Community & Human Services	\$ 580,856	\$ 621,093
30 Days to Family	110,000	50,000
Now and Forever Campaign	195,000	-
Dave Thomas Foundation for Adoption	70,000	70,000
Illinois DCFS	18,900	18,900
Missouri Foundation for Health	80,385	80,385
Norman Stupp Foundation	-	15,000
Jones Family Foundation	-	300,000
St. Louis Mental Health Board	224,665	209,638
St. Louis County Children's Service Fund	173,178	38,275
Berges Family Foundation	100,000	-
Orthwein Foundation	180,000	-
Other Receivables	37,782	55,149
Total Grants and Other Receivables	\$1,770,766	\$1,458,440

E. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	2018	2017
Office equipment	\$174,965	\$167,467
Leasehold improvements	594,578	594,578
Less: accumulated depreciation	(745,546)	(732,389)
Property and Equipment, Net	\$ 23,997	\$ 29,656

Depreciation expense was \$13,157 and \$13,453 for the years ended December 31, 2018 and 2017, respectively.

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F. INTANGIBLE ASSETS

Intangible assets are stated at cost net of accumulated amortization on the straight line method over three years. As of December 31, intangible assets consist of:

	2018	2017
Software	\$57,943	\$13,063
Less: accumulated amortization	(19,317)	(-)
Total Intangible Assets, Net	\$38,626	\$13,063

Amortization expense was \$19,317 and \$0 for the years ended December 31, 2018 and 2017, respectively.

G. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions are restricted for the following purposes or periods.

	2018	2017
Subject to the passage of time:		
United Way	\$ 305,076	\$ 312,943
Recruitment and Retention	798,950	868,021
Goddard Institute	-	57,458
	1,104,026	1,238,422
Subject to expenditure for specific purpose:		
Recruitment and Retention	303,542	-
Subject to the Coalition's spending policy and appropriation:		
Original donor-restricted gift amount	425,000	425,000
Accumulated (Loss)	(17,944)	-
	407,056	425,000
Total Net Assets With Donor Restriction	\$ 1,814,624	\$ 1,663,422

Net assets with donor restriction are reclassified to net assets without donor when the funds are utilized for the restricted purpose.

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G. **NET ASSETS WITH DONOR RESTRICTION** (Continued)

Net assets with donor restrictions that are perpetual in nature consist of endowment contributions to be held in perpetuity, the income from which can be used for Goddard Institute or the Coalition's operating expenses.

From time to time, the fair value of assets associated with individual donor-restricted perpetual endowment funds may fall below the level that the donor requires the Coalition to maintain as a fund of perpetual duration. Deficiencies of this nature exist in the individual donor-restricted perpetual endowment funds, which has an original gift value of \$425,000 and fair value of \$407,056, and a deficiency of \$17,944 as of December 31, 2018. The deficiencies are reported in net assets with donor restrictions and resulted from unfavorable market fluctuation on investment contributions restricted in perpetuity.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by donors as follows for the year ended December 31:

	2018	2017
Subject to the passage of time:		
United Way	\$ 312,943	\$ 316,404
Recruitment and Retention	781,336	716,074
Goddard Institute	36,985	17,424
Accumulated Gain on Endowment	-	66,675
	1,131,264	1,116,577
Subject to expenditure for specific purpose:		
Recruitment and Retention	26,458	-
Total Net Assets Released from Restrictions	\$ 1,157,722	\$ 1,116,577

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H. 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 donor-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 donor-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.

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.

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H. **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, 2018 and 2017, the Coalition had the following endowment-related activities:

	2018	2017
Endowment net assets, beginning of year	\$ 482,458	\$ 432,094
Net investment (loss) gain	(38,417)	67,788
Amounts appropriated for the Goddard Institute and general operations	(36,985)	(17,424)
Endowment net assets, end of year	\$ 407,056	\$ 482,458

During the years ended December 31, 2018 and 2017, the Finance Committee appropriated \$36,985 and \$17,424, respectively, of endowment earnings to be spent on expenses related to the Carleen Goddard-Mazur Training Institute and general operations.

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I. RETAIL STORE REVENUE

The Coalition operates one resale store, [RE]FRESH. [RE]FRESH collects donated clothing and accessories from the general public for the primary purpose of raising funds to support the Coalition's mission. Retail store revenue is reported net of discounts. Income and expenses for the resale store were the following for the years ended December 31:

	2018	2017
Sales	\$220,082	\$157,624
Clothing donations	207,955	167,996
Cost of sales	(214,367)	(155,726)
Gross profit	213,670	169,894
Operating expenses	(197,217)	(167,057)
Retail store profit, net of operating expenses	\$ 16,453	\$ 2,837

J. LEASE COMMITMENTS

The Coalition has a building lease agreement through June 2021. The Coalition has deferred rent in the amount of \$33,454 and \$40,542 at December 31, 2018 and 2017, respectively, and will recognize it over life of the lease. Future minimum rental payments to be paid on this operating lease are summarized below:

Year	Amount
2019	200,634
2020	204,377
2021	103,134
	\$508,145

Rent expense for the years ended December 31, 2018 and 2017 was \$201,360 and \$187,107, respectively.

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K. LINE OF CREDIT

In 2018, the Coalition entered into a \$250,000 revolving line of credit agreement with a bank that is secured by all business assets. Interest is payable at prime rate (5.50% December 31, 2018). The line of credit has an outstanding balance of \$0 at December 31, 2018.

L. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Coalition regularly monitors liquidity required to meet its operating needs. The Coalition maintains financial assets, consisting of cash and investments, on hand to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are adjusted as necessary. As part of its liquidity management, the Coalition invests cash in excess of daily requirements in various investments, and has a line of credit available to use if needed.

The Coalition's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

	2018	2017
Cash and cash equivalents	\$ 462,207	\$ 378,229
Accounts receivable	2,075,842	1,771,383
Marketable securities	619,172	696,102
Total financial assets	3,157,221	2,845,714
Less amounts not available to be used within one year:		
Donor restricted for time	205,000	-
Donor restricted for purpose	135,000	-
Donor restricted perpetual endowment	407,056	425,000
Total financial assets not available to be used within one year	747,056	425,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,410,165	\$ 2,420,714