



A Home for Every Child

4KIDS OF SOUTH FLORIDA, INC.
and SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditors' Report

June 30, 2021 and 2020

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, Florida

We have audited the accompanying consolidated financial statements of 4KIDS of South Florida, Inc. (a nonprofit corporation) and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors
4KIDS of South Florida, Inc. and Subsidiaries
Fort Lauderdale, Florida

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of 4KIDS of South Florida, Inc. and Subsidiaries as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Lawrenceville, Georgia
March 31, 2022

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statements of Financial Position

	June 30,	
	2021	2020
ASSETS:		
Cash and cash equivalents	\$ 3,621,013	\$ 3,623,127
Accounts and other receivables	508,790	445,911
Contribution receivable–net	61,542	112,209
Prepaid expenses and other assets	85,987	102,223
Property and equipment–net	6,724,580	6,486,247
Total Assets	\$ 11,001,912	\$ 10,769,717
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 148,252	\$ 85,188
Accrued expenses	494,816	494,966
Mortgage notes payable (Note 7)	1,955,771	1,955,771
Accrued interest on mortgage notes payable (Note 9)	269,683	269,683
Total liabilities	2,868,522	2,805,608
Net assets:		
Without donor restrictions:		
Undesignated	2,799,368	2,737,656
Equity in property and equipment	4,768,809	4,530,476
	7,568,177	7,268,132
With donor restrictions	565,213	695,977
Total net assets	8,133,390	7,964,109
Total Liabilities and Net Assets	\$ 11,001,912	\$ 10,769,717

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 4,343,755	\$ 582,036	\$ 4,925,791
Contributions from related party	120,000	-	120,000
Special events	683,969	-	683,969
Noncash contributions	216,765	-	216,765
	5,364,489	582,036	5,946,525
Revenue:			
Government grants	2,767,783	-	2,767,783
Rental income	70,992	-	70,992
Other income	48,767	-	48,767
	2,887,542	-	2,887,542
Total Support and Revenue	8,252,031	582,036	8,834,067
RECLASSIFICATIONS:			
Satisfaction of purpose or time restrictions	712,800	(712,800)	-
	712,800	(712,800)	-
EXPENSES:			
Program services:			
Foster care	2,767,825	-	2,767,825
EPIC Program	1,307,674	-	1,307,674
Residential foster care	666,534	-	666,534
Family Advocacy Ministry	643,413	-	643,413
His Caring Place	432,758	-	432,758
Spirit of Success Institute	414,641	-	414,641
SafePlace	106,296	-	106,296
Prevention Initiative	60,797	-	60,797
	6,399,938	-	6,399,938

(continued)

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

(continued)

Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:			
Supporting activities:			
General and administrative	957,897	-	957,897
Fundraising:			
Donor relations	1,001,548	-	1,001,548
Special events	62,366	-	62,366
Marketing	243,037	-	243,037
	1,306,951	-	1,306,951
	2,264,848	-	2,264,848
Total Expenses	8,664,786	-	8,664,786
Change in Net Assets	300,045	(130,764)	169,281
Net Assets, Beginning of Year	7,268,132	695,977	7,964,109
Net Assets, End of Year	\$ 7,568,177	\$ 565,213	\$ 8,133,390

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Support:			
Contributions	\$ 5,564,549	\$ 828,000	\$ 6,392,549
Contributions from related party	120,000	-	120,000
Special events	409,468	-	409,468
Noncash contributions	155,501	-	155,501
	6,249,518	828,000	7,077,518
Revenue:			
Government grants	2,830,660	-	2,830,660
Rental income	53,474	-	53,474
Other income	34,787	-	34,787
	2,918,921	-	2,918,921
Total Support and Revenue	9,168,439	828,000	9,996,439
RECLASSIFICATIONS:			
Satisfaction of purpose or time restrictions	260,102	(260,102)	-
	260,102	(260,102)	-
EXPENSES:			
Program services:			
Foster care	2,005,933	-	2,005,933
EPIC Program	1,208,919	-	1,208,919
Family Advocacy Ministry	867,690	-	867,690
Residential foster care	736,499	-	736,499
Spirit of Success Institute	460,095	-	460,095
SafePlace	537,298	-	537,298
His Caring Place	350,635	-	350,635
	6,167,070	-	6,167,070

(continued)

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Activities

(continued)

Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
EXPENSES, continued:			
Supporting activities:			
General and administrative	955,533	-	955,533
Fundraising:			
Donor relations	1,016,661	-	1,016,661
Special events	74,548	-	74,548
Marketing	213,220	-	213,220
	1,304,429	-	1,304,429
	2,259,962	-	2,259,962
Total Expenses	8,427,032	-	8,427,032
Change in Net Assets	1,001,509	567,898	1,569,407
Net Assets, Beginning of Year	6,266,623	128,079	6,394,702
Net Assets, End of Year	\$ 7,268,132	\$ 695,977	\$ 7,964,109

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services								Total Program Services
	Foster Care	EPIC Program	Residential Foster Care	Family Advocacy Ministry	His Caring Place	Spirit of Success Institute	SafePlace	Prevention Initiative	
Compensation and benefits	\$ 2,181,435	\$ 1,044,177	\$ 329,427	\$ 462,434	\$ 226,941	\$ 225,855	\$ 91,501	\$ 42,197	\$ 4,603,967
Payments to foster parents	86,316	-	12,282	-	880	-	-	-	99,478
Professional services	143,420	111,396	7,791	65,063	1,923	20,035	182	3,499	353,309
Other operating expenses	118,730	63,166	80,918	36,896	60,068	49,580	6,865	14,926	431,149
Occupancy and depreciation	178,479	84,738	234,219	57,219	141,704	118,728	7,443	-	822,530
Community awareness	59,445	4,197	1,897	21,801	1,242	443	305	175	89,505
	<u>\$ 2,767,825</u>	<u>\$ 1,307,674</u>	<u>\$ 666,534</u>	<u>\$ 643,413</u>	<u>\$ 432,758</u>	<u>\$ 414,641</u>	<u>\$ 106,296</u>	<u>\$ 60,797</u>	<u>\$ 6,399,938</u>
	Supporting Services								
		Fundraising				Total Supporting Services			
	General and Administrative	Donor Relations	Special Events	Marketing	Total Fundraising		Total Expenses		
Compensation and benefits	\$ 544,261	\$ 723,775	\$ -	\$ 127,256	\$ 851,031	\$ 1,395,292	\$ 5,999,259		
Payments to foster parents	-	-	-	-	-	-	99,478		
Professional services	161,727	74,616	-	40,584	115,200	276,927	630,236		
Other operating expenses	112,645	73,584	-	32,443	106,027	218,672	649,821		
Occupancy and depreciation	132,743	117,803	-	24,146	141,949	274,692	1,097,222		
Community awareness	6,521	11,770	62,366	18,608	92,744	99,265	188,770		
	<u>\$ 957,897</u>	<u>\$ 1,001,548</u>	<u>\$ 62,366</u>	<u>\$ 243,037</u>	<u>\$ 1,306,951</u>	<u>\$ 2,264,848</u>	<u>\$ 8,664,786</u>		

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services							Total Program Services
	Foster Care	EPIC Program	Family Advocacy Ministry	Residential Foster Care	SafePlace	Spirit of Success Institute	His Caring Place	
Compensation and benefits	\$ 1,608,855	\$ 1,027,738	\$ 670,615	\$ 428,967	\$ 500,617	\$ 278,797	\$ 151,831	\$ 4,667,421
Payments to foster parents	25,064	468	-	53,176	-	-	1,131	79,839
Professional services	79,143	38,527	99,600	5,223	892	10,431	1,650	235,466
Other operating expenses	87,588	58,878	52,805	101,070	20,932	49,943	67,405	438,621
Occupancy and depreciation	177,042	78,137	41,682	141,862	13,006	112,166	126,496	690,391
Community awareness	28,241	5,171	2,988	6,201	1,851	8,758	2,122	55,332
	<u>\$ 2,005,933</u>	<u>\$ 1,208,919</u>	<u>\$ 867,690</u>	<u>\$ 736,499</u>	<u>\$ 537,298</u>	<u>\$ 460,095</u>	<u>\$ 350,635</u>	<u>\$ 6,167,070</u>
	Supporting Services							
		Fundraising				Total Supporting Services		Total Expenses
	General and Administrative	Donor Relations	Special Events	Marketing	Total Fundraising			
Compensation and benefits	\$ 455,032	\$ 771,970	\$ -	\$ 149,651	\$ 921,621	\$ 1,376,653		\$ 6,044,074
Payments to foster parents	-	-	-	-	-	-		79,839
Professional services	200,079	49,238	-	21,290	70,528	270,607		506,073
Other operating expenses	131,031	81,241	-	2,217	83,458	214,489		653,110
Occupancy and depreciation	160,789	97,055	-	19,458	116,513	277,302		967,693
Community awareness	8,602	17,157	74,548	20,604	112,309	120,911		176,243
	<u>\$ 955,533</u>	<u>\$ 1,016,661</u>	<u>\$ 74,548</u>	<u>\$ 213,220</u>	<u>\$ 1,304,429</u>	<u>\$ 2,259,962</u>		<u>\$ 8,427,032</u>

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 169,281	\$ 1,569,407
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	248,143	287,703
Noncash contribution (forgiveness of Paycheck Protection Program loan)	-	(1,025,345)
Noncash contribution of property and equipment	(189,082)	-
Contributions for long-term purposes	(26,250)	-
Changes in operating assets and liabilities:		
Accounts and other receivables	(62,879)	22,708
Contribution receivable–net	50,667	(55,143)
Prepaid expenses and other assets	16,236	59,413
Accounts payable	63,064	75,669
Accrued expenses	(150)	85,840
Net Cash Provided by Operating Activities	269,031	1,020,252
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures for property and equipment	(297,395)	(70,626)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions for long-term purposes	26,250	-
Proceeds from issuance of note payable	-	1,025,345
Net Cash Provided by Financing Activities	26,250	1,025,345
Net Change in Cash and Cash Equivalents	(2,114)	1,974,971
Cash and Cash Equivalents, Beginning of Year	3,623,127	1,648,156
Cash and Cash Equivalents, End of Year	\$ 3,621,013	\$ 3,623,127
SUPPLEMENTAL DISCLOSURES:		
Interest paid (see Note 9)	\$ 117,348	\$ 117,348
NONCASH INVESTING ACTIVITIES:		
Donated property and equipment	\$ 189,082	\$ -

See notes to consolidated financial statements

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION:

4KIDS of South Florida, Inc. and Subsidiaries (collectively referred to as the Organization) is the consolidated financial reporting entity for 4KIDS of South Florida, Inc. (4KIDS South Florida) and its subsidiaries, 4KIDS of America, LLC (4KIDS America), 4KIDS Real Estate, Inc. (4KIDS Real Estate), and 4KIDS Foundation, Inc. (4KIDS Foundation).

4KIDS South Florida was incorporated in February 2002 under the laws of the state of Florida Not-For-Profit Corporation Act. 4KIDS South Florida is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, is classified as an entity that is not a private foundation within the meaning of the Section 509(a), and is qualified for deductible contributions as provided in Section 170(b)(1)(A)(vi).

In December 2006, 4KIDS South Florida received acknowledgment by the Internal Revenue Service of its status as an integrated auxiliary of Calvary Chapel Church, Inc. d/b/a Calvary Chapel Fort Lauderdale and Affiliates (CCFL) pursuant to the changes made in the provisions of its amended Articles of Incorporation and Bylaws filed in 2003.

4KIDS America was organized in February 2014 under the laws of the state of Florida Revised Limited Liability Company Act. 4KIDS America exists to further the purposes of 4KIDS South Florida. Control of 4KIDS America by 4KIDS South Florida is complete because 4KIDS South Florida is the sole member of 4KIDS America.

4KIDS Real Estate was organized in September 2020 under the laws of the state of Florida Not-For-Profit Corporation Act. 4KIDS Real Estate exists to further the purposes of 4KIDS South Florida. Control of 4KIDS Real Estate by 4KIDS South Florida is complete because 4KIDS South Florida controls the majority of the board of directors positions of 4KIDS Real Estate.

4KIDS Foundation was organized in September 2020 under the laws of the state of Florida Not-For-Profit Corporation Act. 4KIDS Foundation exists to further the purposes of 4KIDS South Florida. Control of 4KIDS Foundation by 4KIDS South Florida is complete because 4KIDS South Florida controls the majority of the board of directors positions of 4KIDS Foundation.

The Organization exists to serve at-risk children and families in collaboration with local and legal authorities by mobilizing and equipping the faith community to rescue, protect, and nurture children in the foster care system. The Organization accomplishes its objectives through the following program services:

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

Foster care—The Organization’s foster care program is dedicated to ensuring that children in the foster care system receive excellent care and quality housing. The Organization does this by ensuring their needs are met in the following four key areas: physical, emotional, social, and spiritual. The services currently provided include but are not limited to:

- Recruitment of foster families
- Training and continuing education of foster families
- Licensing of foster families
- Placement of children into licensed foster homes
- Support services for biological and foster families and the children involved

SafePlace 4KIDS—A licensed child care program designed to serve all children by providing a safe environment to reduce the trauma of being removed from their families. SafePlace 4KIDS also serves children that have had a failed placement and are transitioning to another placement.

Residential foster care—This program provides homes with committed families and staff members to assist children and teenagers in the process of developing, coping, and learning to trust again in a caring Christian environment through the following programs:

- KidsPlace 1&2—specialized foster homes that allow larger sibling groups to be placed together
- GirlsPlace & MercyPlace—specialized foster homes for teens that would otherwise likely be placed in group homes

Family Advocacy Ministry (FAM)—Children in foster care need a loving community around them. FAM equips church volunteers to be like extended family to our foster parents. A FAM team consists of 4 to 8 committed volunteers who support a foster family through prayer and additional services (i.e., supplying meals, providing childcare, transporting children to appointments, mentoring children, supplying or sourcing practical needs such as: bunk beds, cribs, strollers, car seats, clothing, etc.).

His Caring Place (HCP)—HCP is a licensed child care program providing maternity care to pregnant teens and young adults. HCP serves young women during their pregnancy and after they have given birth by providing physical, emotional, and spiritual support as well as case management services designed to lead them to independence.

Spirit of Success Institute (SOSI)—SOSI exists to assist young men and women who have “aged out” of foster care. By providing comprehensive services including housing, life skills, mentoring, financial planning, etc., young adults are able to transition from foster care to independent living.

Emotions, Physical, Intellectual, Character (EPIC)—EPIC is a therapeutic program which addresses the individual needs of the children in the aspects of their emotions, physical, and intellectual well-being and development of character.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

1. NATURE OF ORGANIZATION, continued:

Prevention Initiative (PI)—The PI team partners with churches to engage the church body and supply resources to families in need.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Organization maintains its accounts and prepares its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of 4KIDS South Florida, 4KIDS America, 4KIDS Real Estate, and 4KIDS Foundation. All significant inter-company balances and transactions have been eliminated.

USE OF ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking and savings accounts. The Organization maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents. At June 30, 2021 and 2020, the Organization's cash balances exceeded federally insured limits by \$933,254 and \$3,767,883, respectively.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables are reported net of any anticipated losses due to uncollectible accounts. The Organization's policy for determining when receivables are past due or delinquent is when a tenant from the SOSI leaves with a balance. Uncollectible accounts are reported as additions to the allowance for bad debts when it is determined the amounts will become uncollectible, which is typically when the account is 90 days old. The Organization does not assess late charges on these accounts.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

ACCOUNTS AND OTHER RECEIVABLES, continued

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions. For both years ended June 30, 2021 and 2020, management has determined that no allowance is necessary, as all balances are considered collectible.

As part of accounts receivable, the Organization has certain receivables due from ChildNet, a Florida not-for-profit corporation, that provides funds to the Organization as an agent of the Florida Department of Children and Families in exchange for the child protective services that the Organization provides in Broward and Palm Beach Counties. For the years ended June 30, 2021 and 2020, the Organization had receivables from ChildNet in the amounts of \$225,036 and \$317,619, respectively. In addition, for both years ended June 30, 2021 and 2020, ChildNet has provided approximately 95% of total government grants revenue in the accompanying consolidated statements of activities. The Organization's operations and program services could be impacted if this relationship was to terminate and could not be replaced by new donor(s) with comparable donations.

CONTRIBUTION RECEIVABLE–NET

Contribution receivable–net includes an unconditional promise made by a certain donor wherein the donor has unconditionally promised noncash contributions to the Organization in future periods. Unconditional promises expected to be collected within one year are recorded as support and a receivable at net realizable value. Unconditional promises expected to be collected in future years are recorded as support and a receivable at the present value of the expected future cash flows. Discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. For the contribution receivable received during both of the years ended June 30, 2021 and 2020, the discount rate used was 1.37%. Amortization of discounts is included in contributions in the accompanying consolidated statements of activities. Management has not recorded an allowance on the contribution receivable due to their expectation that the receivable is fully collectible.

PROPERTY AND EQUIPMENT–NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. The Organization capitalizes all property and equipment expenditures greater than \$10,000. Expenditures for repairs and maintenance are charged to expense as incurred, and additions and improvements that significantly extend the lives of assets are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available at the discretion of the board for use in operations or designated by the board for specific purposes and/or projects. Equity in property and equipment represents amounts invested in property and equipment, net of accumulated depreciation and related debt.

Net assets with donor restrictions are stipulated by donors for specific operating purposes, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. All other exchange revenue is recognized when earned.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as reclassifications. Contributions with donor restrictions which have been fully expended for their intended purposes within the reporting period are reported as contributions without donor restrictions.

The Organization reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

The Organization conducted several special events designed to inform supporters about its ministry and expose itself to potential new donors. Special events consist of revenue generated from the Organization's annual events. As of June 30, 2021 and 2020, special events revenue is recorded gross of special events related expense of \$62,366 and \$74,549, respectively.

Donated goods and services (including securities, property, rent, and equipment) are recorded at fair value at the date of the gift.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include depreciation, facilities operations, and other expenses. Depreciation is allocated based on square footage and the programmatic purpose of the asset being depreciated. Costs of other categories were allocated based on programmatic purpose of the employees directly affected by the expense.

CONCENTRATIONS

During the years ended June 30, 2021 and 2020, the Organization received 36% and 41%, respectively, of total contributions from five donors. The Organization's operations and program services could be impacted if these relationships were to terminate and could not be replaced by new donor(s) with comparable donations.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities to achieve its mission and vision as well as the conduct of services undertaken to support those activities to be general expenditures.

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

	June 30,	
	2021	2020
Financial assets, at year-end:		
Cash and cash equivalents	\$ 3,621,013	\$ 3,623,127
Contribution receivable-net	61,542	112,209
Accounts and other receivables	508,790	445,911
	4,191,345	4,181,247
Less those not available for general expenditure within one year, due to:		
Contribution receivable due beyond one year	(10,870)	(61,537)
Financial assets available to meet cash needs for general expenditures within one year	\$ 4,180,475	\$ 4,119,710

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As of June 30, 2021, the Organization has \$503,671 in net assets with donor restrictions for project support and \$61,542 in net assets with donor restrictions related to the passage of time. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes or as the related time restrictions are fulfilled.

4. ACCOUNTS AND OTHER RECEIVABLES:

Accounts and other receivables consist of:

	June 30,	
	2021	2020
Government grant receivable	\$ 225,036	\$ 317,619
Receivables due from related party	3,065	50
Other receivables	280,689	128,242
	\$ 508,790	\$ 445,911

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

5. CONTRIBUTION RECEIVABLE–NET:

Contribution receivable–net consist of:

	June 30,	
	2021	2020
Expected future cash flow from unconditional contribution receivable	\$ 63,340	\$ 114,012
Less present value discount	(1,798)	(1,803)
	\$ 61,542	\$ 112,209
Amounts due in:		
Less than one year	\$ 50,672	\$ 50,672
One to five years	10,870	61,537
	\$ 61,542	\$ 112,209

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	June 30,	
	2021	2020
Land and improvements	\$ 1,658,732	\$ 1,658,732
Buildings and improvements	6,507,188	6,044,188
Vehicles	168,952	168,952
Furniture and fixtures	494,122	459,492
	8,828,994	8,331,364
Less accumulated depreciation	(2,104,414)	(1,856,269)
	6,724,580	6,475,095
Construction in progress	-	11,152
	\$ 6,724,580	\$ 6,486,247

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

7. MORTGAGE NOTES PAYABLE:

Mortgage notes payable consists of:

	June 30,	
	2021	2020
Mortgage note payable to CCFL (see Note 9) with a fixed interest rate of 6%. Note requires annual interest-only payments in the amount of \$18,300 and matures March 1, 2025. The note is secured by certain real estate.	\$ 305,000	\$ 305,000
Mortgage note payable to CCFL (see Note 9) with a fixed interest rate of 6%. Note requires annual interest-only payments in the amount of \$24,000 and matures May 1, 2025. The note is secured by certain real estate.	400,000	400,000
Mortgage notes payable to CCFL (see Note 9) with a fixed interest rate of 6%. Notes require annual interest-only payments in the amount of \$29,100 and mature April 30, 2024. The notes are secured by certain real estate.	485,000	485,000
Mortgage notes payable to CCFL (see Note 9) with a fixed interest rate of 6%. Notes require annual interest-only payments in the amount of \$45,946 and mature October 1, 2025. The notes are secured by certain real estate.	765,771	765,771
	\$ 1,955,771	\$ 1,955,771

Principal maturities of mortgage notes payable are estimated as follows:

Years Ending June 30,	Amounts
2022	\$ -
2023	-
2024	485,000
2025	705,000
2026	765,771
	\$ 1,955,771

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

8. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions for purpose or time consist of:

	June 30,	
	2021	2020
EPIC program	\$ 159,890	\$ 161,610
SOSI program	113,909	263,909
CARE portal	100,000	-
Contribution receivable-net	61,542	112,209
HCP program	-	153,042
Other	129,872	5,207
	\$ 565,213	\$ 695,977

9. RELATED PARTY TRANSACTIONS:

The following related party transactions occurred between the Organization and organizations affiliated with CCFL:

	Year Ended June 30,	
	2021	2020
CCFL-related activity:		
Contributions from related party	\$ 120,000	\$ 120,000
Expenses to CCFL or its affiliates:		
Interest expense	\$ 117,348	\$ 117,348
Management fees expense	-	29,195
	\$ 117,348	\$ 146,543
Accrued interest on mortgage notes payable to CCFL	\$ 269,683	\$ 269,683
Amounts due from CCFL or its affiliates	\$ 2,835	\$ 50
Amounts due to CCFL or its affiliates	\$ 3,287	\$ -

4KIDS OF SOUTH FLORIDA, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

9. RELATED PARTY TRANSACTIONS, continued:

As referenced in Note 7, CCFL has facilitated the acquisition of the Organization's properties and holds the related mortgage notes payable totaling \$1,955,771 for both years ended June 30, 2021 and 2020. The notes were set at market rates at the time of acquisition. For the years ended June 30, 2021 and 2020, CCFL has forgiven the annual interest expense through a donation made to the Organization for the full amount of the expense. CCFL has historically agreed to make annual gifts to the Organization in the amount of the interest only portion of the debt.

Effective October 26, 2020, the CCFL board of directors passed a resolution to forgive the mortgage notes payable. The Organization anticipates forgiveness to occur during the year ending June 30, 2022.

10. EMPLOYEE BENEFIT PLAN:

The Organization offers all eligible employees the opportunity to participate in a Section 403(b) Retirement Savings Plan (the Plan). The Plan allows voluntary employee contributions and includes employer matching contributions of 50% of employee voluntary contributions up to 3% of salary. For the years ended June 30, 2021 and 2020, the Organization made contributions of \$64,794 and \$48,910, respectively, to the Plan.

11. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 31, 2022, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.