

**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, 2017 AND 2016**

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, 2017 and 2016, 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, 2017 and 2016, 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 Telson & Co, PC*

St. Louis, Missouri

June 18, 2018

**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,	
	2017	2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 378,229	\$ 390,166
Accounts receivable		
United Way	312,943	316,404
Grants and other	1,458,440	1,169,668
Inventory	33,271	21,339
Investments	696,102	587,250
Property and equipment, net	29,656	17,513
Prepaid expenses	23,063	10,000
TOTAL ASSETS	\$ 2,931,704	\$ 2,512,340

LIABILITIES AND NET ASSETS

<b>LIABILITIES</b>		
Accounts payable	\$ 37,698	\$ 113,413
Accrued expenses	9,635	6,183
Deferred rent	40,542	35,322
Total Liabilities	87,875	154,918
<b>NET ASSETS</b>		
Unrestricted	1,180,407	842,850
Temporarily restricted	1,238,422	1,089,572
Permanently restricted	425,000	425,000
Total Net Assets	2,843,829	2,357,422
TOTAL LIABILITIES AND NET ASSETS	\$ 2,931,704	\$ 2,512,340

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, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>PUBLIC SUPPORT AND REVENUE</b>				
Grants	\$ 1,567,996	\$ 884,696	\$ -	\$ 2,452,692
United Way allocation	1,071	312,943	-	314,014
Contributions	754,995	-	-	754,995
Special events, net of direct expenses of \$67,252 and \$65,489, respectively	285,046	-	-	285,046
Return on investments	23,041	1,113	66,675	90,829
Other income	5,359	-	-	5,359
Retail store revenue, net of operating expenses	2,915	-	-	2,915
Net assets released from restrictions	<u>1,116,577</u>	<u>( 1,049,902)</u>	<u>( 66,675)</u>	<u>-</u>
Total Public Support and Revenue	<u>3,757,000</u>	<u>148,850</u>	<u>-</u>	<u>3,905,850</u>
<b>EXPENSES</b>				
Program Services				
Recruitment	1,430,521	-	-	1,430,521
Retention	<u>1,400,804</u>	<u>-</u>	<u>-</u>	<u>1,400,804</u>
Total Program Services	<u>2,831,325</u>	<u>-</u>	<u>-</u>	<u>2,831,325</u>
Supporting Services				
Management and general	108,952	-	-	108,952
Fundraising	<u>479,166</u>	<u>-</u>	<u>-</u>	<u>479,166</u>
Total Supporting Services	<u>588,118</u>	<u>-</u>	<u>-</u>	<u>588,118</u>
Total Expenses	<u>3,419,443</u>	<u>-</u>	<u>-</u>	<u>3,419,443</u>
CHANGE IN NET ASSETS	337,557	148,850	-	486,407
NET ASSETS, Beginning of year	<u>842,850</u>	<u>1,089,572</u>	<u>425,000</u>	<u>2,357,422</u>
NET ASSETS, End of year	<u>\$ 1,180,407</u>	<u>\$ 1,238,422</u>	<u>\$ 425,000</u>	<u>\$ 2,843,829</u>

See accompanying notes to the financial statements

Year Ended December 31, 2016

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 1,326,071	\$ 884,103	\$ -	\$ 2,210,174
940	316,404	-	317,344
623,421	-	-	623,421
288,591	-	-	288,591
10,223	668	12,053	22,944
2,568	-	-	2,568
( 23,487)	-	-	( 23,487)
<u>709,330</u>	<u>( 697,277)</u>	<u>( 12,053)</u>	<u>-</u>
<u>2,937,657</u>	<u>503,898</u>	<u>-</u>	<u>3,441,555</u>
1,205,891	-	-	1,205,891
<u>1,363,512</u>	<u>-</u>	<u>-</u>	<u>1,363,512</u>
<u>2,569,403</u>	<u>-</u>	<u>-</u>	<u>2,569,403</u>
125,144	-	-	125,144
<u>410,679</u>	<u>-</u>	<u>-</u>	<u>410,679</u>
<u>535,823</u>	<u>-</u>	<u>-</u>	<u>535,823</u>
<u>3,105,226</u>	<u>-</u>	<u>-</u>	<u>3,105,226</u>
( 167,569)	503,898	-	336,329
<u>1,010,419</u>	<u>585,674</u>	<u>425,000</u>	<u>2,021,093</u>
<u>\$ 842,850</u>	<u>\$ 1,089,572</u>	<u>\$ 425,000</u>	<u>\$ 2,357,422</u>



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			Total
	Recruitment	Retention	Total	Management and General	Fund- Raising	Total	
Salaries and wages	\$ 894,201	\$ 726,875	\$ 1,621,076	\$ 72,105	\$ 310,931	\$ 383,036	\$ 2,004,112
Payroll taxes	69,348	56,371	125,719	5,592	24,114	29,706	155,425
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	 2,094,391	 93,158	 401,716	 494,874	 2,589,265
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, including depreciation	66,413	80,101	146,514	5,355	23,093	28,448	174,962
Travel	41,281	2,814	44,095	279	1,204	1,483	45,578
Conferences and meetings	18,774	19,903	38,677	932	5,130	6,062	44,739
Printing and publications	5,770	4,691	10,461	465	5,463	5,928	16,389
Insurance	6,018	4,892	10,910	485	2,093	2,578	13,488
Telephone	15,897	9,647	25,544	957	4,126	5,083	30,627
Supplies	28,405	30,785	59,190	1,679	9,356	11,035	70,225
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
 Total Expenses By Function	 <u>\$ 1,430,521</u>	 <u>\$ 1,400,804</u>	 <u>\$ 2,831,325</u>	 <u>\$ 108,952</u>	 <u>\$ 479,166</u>	 <u>\$ 588,118</u>	 <u>\$ 3,419,443</u>
 Percent of Total Expenses	 <u>41.8%</u>	 <u>41.0%</u>	 <u>82.8%</u>	 <u>3.2%</u>	 <u>14.0%</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, 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
<b>Total Salaries and Related Expenses</b>	<b>920,640</b>	<b>853,760</b>	<b>1,774,400</b>	<b>99,341</b>	<b>304,774</b>	<b>404,115</b>	<b>2,178,515</b>
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
<b>Total Expenses By Function</b>	<b><u>\$ 1,205,891</u></b>	<b><u>\$ 1,363,512</u></b>	<b><u>\$ 2,569,403</u></b>	<b><u>\$ 125,144</u></b>	<b><u>\$ 410,679</u></b>	<b><u>\$ 535,823</u></b>	<b><u>\$ 3,105,226</u></b>
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  
STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 486,407	\$ 336,329
Adjustments to reconcile change in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation	13,453	121,366
Donated investments	( 38,648)	( 22,827)
Realized/Unrealized (gain) on investments	( 75,800)	( 881)
(Increase) decrease in assets:		
Grants and other receivable	( 285,311)	( 543,131)
Inventory	( 11,932)	( 2,153)
Other assets	( 13,063)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	( 72,263)	111,084
Deferred rent	5,220	910
	8,063	697
Net Change in Cash and Cash Equivalents from Operating Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	( 165,019)	( 127,058)
Received from sale of investments	170,615	248,825
Purchase of property and equipment	( 25,596)	( 13,381)
	( 20,000)	108,386
Net Change in Cash and Cash Equivalents from Investing Activities		
	( 11,937)	109,083
NET CHANGE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS, Beginning of year	390,166	281,083
CASH AND CASH EQUIVALENTS, End of year	\$ 378,229	\$ 390,166

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, 2017 and 2016

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, 2017 and 2016  
(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, 2017 and 2016, respectively. The Coalition has not experienced and does not anticipate any losses in such accounts.

During 2017 and 2016, 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, 2017 and 2016.

**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, 2017 and 2016  
*(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.

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.

**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 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, 2017 and 2016.

The Coalition also received in-kind advertising for Little Wishes and other programs from KSDK Television Station for the years ended December 31, 2017 and 2016. 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, 2017 and 2016  
(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 \$1,882,341 and \$1,619,520 of its support, respectively, for the years ended December 31, 2017 and 2016 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, 2017 and 2016. The Coalition files an information return, the IRS Form 990. The Coalition's tax returns for the years 2014 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.

Foster Care Coalition of Greater St. Louis, Inc.  
d/b/a Foster and Adoptive Care Coalition  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016  
(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 18, 2018, the date the financial statements were available to be issued.

B. **INVESTMENTS**

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 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	<u>45,034</u>	<u>47,300</u>
Total Investments	<u>\$586,476</u>	<u>\$587,250</u>

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

	<u>December 31,</u>	
	<u>2017</u>	<u>2016</u>
Interest and dividends	\$15,029	\$14,532
Realized gain (loss) on investments	32,399	7,531
Unrealized gain on investments	<u>43,401</u>	<u>881</u>
Total Investment Income (Loss)	<u>\$90,829</u>	<u>\$22,944</u>



Foster Care Coalition of Greater St. Louis, Inc.  
d/b/a Foster and Adoptive Care Coalition  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016  
(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, 2017</u>				
Exchange Traded Funds (ETF)	\$489,749	\$489,749	\$ -	\$ -
Money market accounts	166,900	166,900	-	-
Stocks	39,453	39,453	-	-
Total	\$696,102	\$696,102	\$ -	\$ -
<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	\$ -	\$ -

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:

	2017	2016
Office equipment	\$167,467	\$167,467
Leasehold improvements	594,578	568,982
Less: accumulated depreciation	( 732,389)	( 718,936)
Property and Equipment, net	\$ 29,656	\$ 17,513

Foster Care Coalition of Greater St. Louis, Inc.  
d/b/a Foster and Adoptive Care Coalition  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2017 and 2016  
(Continued)

**D. PROPERTY AND EQUIPMENT** (Continued)

Depreciation expense was \$13,453 and \$121,366 for the years ended December 31, 2017 and 2016, respectively.

**E. GRANTS AND OTHER RECEIVABLES**

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

	2017	2016
Area Resources for Community & Human Services	\$ 621,093	\$ 423,000
30 Days to Family	50,000	100,000
Dave Thomas Foundation for Adoption	70,000	70,000
Illinois DCFS	18,900	12,600
Missouri Foundation for Health	80,385	-
Norman Stupp Foundation	15,000	-
Jones Family Foundation	300,000	300,000
St. Louis Mental Health Board	209,638	208,462
St. Louis County Children's Service Fund	38,275	46,237
Other receivables	55,149	9,369
Total Grants and Other Receivables	\$1,458,440	\$1,169,668

**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.  
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F. **NET ASSETS** (Continued)

Net assets are comprised of the following at December 31:

	2017	2016
Unrestricted	<u>\$1,180,407</u>	<u>\$ 842,850</u>
Temporarily Restricted – Timing		
Dave Thomas Foundation	70,000	70,000
United Way	312,943	316,404
Temporarily Restricted - Purpose		
30 Days to Family	115,000	175,000
Goddard Institute	57,458	7,094
Jones Family Foundation	300,000	300,000
Recruitment and retention	<u>383,021</u>	<u>221,074</u>
Total Temporarily Restricted	<u>1,238,422</u>	<u>1,089,572</u>
Permanently Restricted		
Goddard Institute	375,000	375,000
DJ Welch Little Wishes Fund	<u>50,000</u>	<u>50,000</u>
Total Permanently Restricted	<u>425,000</u>	<u>425,000</u>
Total Net Assets	<u><u>\$2,843,829</u></u>	<u><u>\$2,357,422</u></u>

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:

	2017	2016
Temporarily Restricted – Timing		
Dave Thomas Foundation	\$ 70,000	\$ 70,000
United Way	316,404	266,404
Temporarily Restricted - Purpose		
30 Days to Family	125,000	120,000
Goddard Institute	24,603	10,063
Recruitment and retention	<u>521,074</u>	<u>230,810</u>
	<u>\$1,057,081</u>	<u>\$697,277</u>
Permanently Restricted - Purpose		
Goddard Institute	<u>\$ 66,675</u>	<u>\$ 12,053</u>

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**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.

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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, 2017, the Coalition had the following endowment-related activities:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets:			
December 31, 2016	\$ 7,094	\$425,000	\$432,094
Net investment return	1,113	66,675	67,788
Contributions	-	-	-
Appropriation of endowment assets for expenditure	( 17,424)	-	( 17,424)
Released from restriction	<u>66,675</u>	<u>( 66,675)</u>	<u>-</u>
Endowment net assets:			
December 31, 2017	<u>\$57,458</u>	<u>\$425,000</u>	<u>\$482,458</u>

During the years ended December 31, 2017 and 2016, the Finance Committee appropriated \$17,424 and \$22,116 of endowment earnings to be spent on expenses related to the Carleen Goddard-Mazur Training Institute.

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G. **ENDOWMENT** (Continued)

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
Appropriation of endowment assets for expenditure	( 22,116)	-	( 22,116)
Released from restriction	<u>12,053</u>	<u>( 12,053)</u>	<u>-</u>
Endowment net assets:			
December 31, 2016	<u>\$ 7,094</u>	<u>\$425,000</u>	<u>\$432,094</u>

H. **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. 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:

	<u>2017</u>	<u>2016</u>
Sales	\$157,624	\$144,380
Clothing donations	167,996	119,838
Cost of sales	<u>( 155,726)</u>	<u>( 120,202)</u>
Gross profit	169,894	144,016
Operating expenses	<u>( 166,979)</u>	<u>( 167,503)</u>
Retail store profit (loss), net of operating expenses	<u>\$ 2,915</u>	<u>(\$ 23,487)</u>

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I. LEASE COMMITMENTS

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. During February 2017, the Coalition signed an amendment to add two new spaces to the lease. The amendment included a space to house Cornerstones of Care and an additional space for growing staff. However, the space for Cornerstones of Care will be terminated in 2018 when Cornerstones of Care moves; therefore, deferred rent for this space will not be recorded. The Coalition has deferred rent in the amount of \$40,542 and \$35,322 at December 31, 2017 and 2016, 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>
2018	196,965
2019	200,634
2020	204,377
2021	<u>103,134</u>
	<u>\$705,110</u>

Rent expense for the years ended December 31, 2017 and 2016 was \$187,107 and \$167,652, respectively.