

Financial Statements

DC KINCARE ALLIANCE

December 31, 2023

DC KINCARE ALLIANCE

Financial Statements

December 31, 2023

(With Independent Auditor's Report Thereon)

DC KINCARE ALLIANCE

Table of Contents

Independent Auditor’s Report..... 1

Financial Statements:

 Statement of Financial Position..... 3

 Statement of Activities 4

 Statement of Functional Expenses 5

 Statement of Cash Flows..... 6

 Notes to Financial Statements 7

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

Certified Public Accountants

Michael R. Schafer, CPA
Thomas R. Tschopp, CPA
Tom V. Whitcomb, CPA

541 S. Orlando Avenue, Suite 312
Maitland, Florida 32751
(407) 875-2760

Joseph P. Mitchell, CPA
Stephen J. Sheridan, CPA
Daniel M. Hinson, CPA

Independent Auditor's Report

Board of Directors
DC KinCare Alliance

Opinion

We have audited the accompanying financial statements of DC KinCare Alliance (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DC KinCare Alliance as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of DC KinCare Alliance and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DC KinCare Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 DC KinCare Alliance's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about DC KinCare Alliance's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Schater, Tschagg, Whitcomb, Mitchell & Shuilen, LLP

Maitland, Florida
June 5, 2024

DC KINCARE ALLIANCE

Statement of Financial Position

December 31, 2023

Assets

Cash and cash equivalents	\$ 127,572
Accounts receivable	26,390
Prepaid expenses	7,520
Deposits	3,450
Property and equipment, net (note 5)	2,570
Right of use asset, operating lease	124,571
Total assets	<u>\$ 292,073</u>

Liabilities and Net Assets

Liabilities:

Accounts payable and accrued expenses	\$ 21,342
Operating lease	128,376
Total liabilities	<u>149,718</u>
Net assets without donor restrictions	109,855
Net assets with donor restrictions (note 7)	32,500
Total net assets	<u>142,355</u>
Total liabilities and net assets	<u>\$ 292,073</u>

See accompanying notes to financial statements.

DC KINCARE ALLIANCE

Statement of Activities

Year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Public support:			
Individual and corporate contributions	\$ 37,277	-	37,277
Foundations and grants	366,410	57,500	423,910
In-kind professional services (note 4)	2,972,714	-	2,972,714
Special events, less direct benefit to donor costs	26,702	-	26,702
Net assets released from restrictions (note 8)	25,000	(25,000)	-
Total public support	<u>3,428,103</u>	<u>32,500</u>	<u>3,460,603</u>
Expenses:			
Program services	3,382,364	-	3,382,364
General and administrative	39,766	-	39,766
Fundraising	13,717	-	13,717
Total expenses	<u>3,435,847</u>	<u>-</u>	<u>3,435,847</u>
Change in net assets	(7,744)	32,500	24,756
Net assets, beginning of year	<u>117,599</u>	<u>-</u>	<u>117,599</u>
Net assets, end of year	<u>\$ 109,855</u>	<u>32,500</u>	<u>142,355</u>

See accompanying notes to financial statements.

DC KINCARE ALLIANCE

Statement of Functional Expenses

Year ended December 31, 2023

		<u>Supporting Services</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Expenses</u>
Salaries and related expenses	\$ 289,307	15,896	12,717	317,920
Assistance and grants	1,577	-	-	1,577
Rent	45,445	-	-	45,445
Insurance costs	7,159	3,746	-	10,905
Information technology	19,491	2,166	-	21,657
Contract and professional services	24,550	15,300	1,000	40,850
In-kind professional services	2,972,714	-	-	2,972,714
Legal research and services	8,481	-	-	8,481
Office expenses	8,569	952	-	9,521
Conferences and meetings	2,603	-	-	2,603
Other business costs	1,806	1,706	-	3,512
Depreciation	662	-	-	662
Total expenses	<u>\$ 3,382,364</u>	<u>39,766</u>	<u>13,717</u>	<u>3,435,847</u>

See accompanying notes to financial statements.

DC KINCARE ALLIANCE

Statement of Cash Flows

Year ended December 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ 24,756
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	662
Net increase (decrease) in cash flow from changes in:	
Accounts receivable	(26,390)
Deposits	(385)
Prepaid expenses	(236)
Accounts payable and accrued expenses	<u>8,367</u>
Net cash provided by operating activities	<u>6,774</u>
Cash flows from investing activities	
Purchase of property and equipment	<u>(650)</u>
Net cash used in investing activities	<u>(650)</u>
Net increase in cash and cash equivalents	9,929
Cash and cash equivalents - beginning of year	<u>117,643</u>
Cash and cash equivalents - end of year	<u><u>\$ 127,572</u></u>

See accompanying notes to financial statements.

DC KINCARE ALLIANCE

Notes to Financial Statements

December 31, 2023

(1) Organization

DC KinCare Alliance (the Organization) is a not-for-profit District of Columbia corporation formed to provide free legal advice, representation and education to caregivers raising at-risk DC children in legal matters. The Organization is located in Washington, DC.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The Organization has adopted the provisions of FASB Accounting Standards Codification Topic 958, Not-for-Profit Entities.

Unconditional promises to give (pledges) are recorded as receivables and revenue, and the Organization distinguishes between promises received for each net asset category in accordance with donor restrictions, if any.

Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- ◆ Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations.
- ◆ Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

(b) Cash and Cash Equivalents

The Organization considers investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

(c) Property and Equipment

Property and equipment are stated at cost or estimated market value at the date of receipt if donated, less accumulated depreciation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. All property expenditures in excess of \$500 are capitalized; maintenance and repairs are charged to expense as incurred.

DC KINCARE ALLIANCE

Notes to Financial Statements

December 31, 2023

(2) Summary of Significant Accounting Policies - Continued

(d) Income Taxes

The Organization is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Organization is further classified as a public charity and not a private foundation for federal tax purposes. The Organization has not incurred unrelated business income taxes. As a result, no income tax provisions or liability has been provided for in the accompanying financial statements. The Organization has not taken any material uncertain tax positions for which the associated tax benefits may not be recognized under accounting principles generally accepted in the United States of America. Federal and state tax authorities may generally examine the Organization's income tax positions or (if applicable) returns for periods of approximately three to six years.

(e) 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ from these estimates.

(f) Fair Values of Financial Instruments and Concentration of Credit Risk

The carrying amount reported in the statement of financial position for cash and cash equivalents including, prepaid expenses, deposits, and accounts payable and accrued expenses approximates fair value because of the immediate or short-term maturity of these financial instruments.

The Organization maintains its cash balances at certain financial institutions in which balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. During the year, the Organization from time to time may have had amounts on deposit in excess of the insured limits. Management believes the associated risk is minimized by placing such assets with quality financial institutions. The organization has not experienced any losses on such accounts.

(g) Functional Allocation of Expenses

Salaries and related payroll expenses are allocated among functional categories based on the estimated proportion of time spent for each function. All other expenses are distributed based on management's estimate of the relative functional activity.

(h) Subsequent Events

In preparing these financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through June 5, 2024, which is the date the financial statements were available to be issued.

DC KINCARE ALLIANCE

Notes to Financial Statements

December 31, 2023

(3) Liquidity and Availability

As of December 31, 2023, the Organization has \$127,572 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization receives contributions and promises to give restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations and will be met in less than one year to be available to meet cash needs for general expenditures.

The following table reflects the Organization's financial assets as of December 31, 2023 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

Cash and cash equivalents	<u>\$ 127,572</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 127,572</u>

(4) Noncash Contributions and Contributed Services

During 2023, the Organization received donated professional services. Contributed services meeting the criteria for revenue recognition in conformity with accounting principles generally accepted in the United States amounted to \$2,972,714 during 2023 and are included in the accompanying statement of activities.

(5) Property and Equipment

Property and equipment consist of the following at December 31, 2023:

Office equipment	\$ 3,689
Less accumulated depreciation	<u>(1,119)</u>
	<u>\$ 2,570</u>

(6) Adoption of FASB ASC 842

Effective January 1, 2023, the Organization adopted FASB ASC 842, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right of use asset and lease liability and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

DC KINCARE ALLIANCE

Notes to Financial Statements

December 31, 2023

(6) Adoption of FASB ASC 842 - Continued

The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right of use assets.

The following table shows ROU assets and lease liabilities, and the associated financial statement line items as of December 31, 2023:

Lease-Related Assets and Liabilities

Right-of-use assets:	
Operating leases	<u>\$ 124,571</u>
Lease liabilities:	
Operating leases:	<u>\$ 128,376</u>

Lease liability maturities as of December 31, 2023, are as follows:

2024	\$ 38,073
2025	40,329
2026	42,685
2027	<u>7,289</u>
Total lease liabilities	<u>\$ 128,376</u>

DC KINCARE ALLIANCE
Notes to Financial Statements

December 31, 2023

(7) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods at December 31, 2023:

Purpose restrictions:	
Fundraising activities	\$ 7,500
For periods after December 31	<u>25,000</u>
	<u>\$ 32,500</u>

(8) Net Assets Released From Restrictions

Net assets are released from donor restrictions when expenses are incurred to satisfy the restricted purposes or by occurrence of other events as specified by the donors as follows:

Time restriction expired on grants	<u>\$ 25,000</u>
------------------------------------	------------------