

# Utah Foster Care Foundation

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## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

*For the Years Ended June 30, 2021 and 2020*



# UTAH FOSTER CARE FOUNDATION

## CONTENTS

	<u>Page</u>
<b>Independent Auditor's Report</b> .....	2 - 3
<b>Financial Statements:</b>	
Statements of Financial Position .....	4
Statements of Activities .....	5 - 6
Statements of Functional Expenses .....	7 - 8
Statements of Cash Flows .....	9
<b>Notes to the Financial Statements</b> .....	10 - 20



## **Independent Auditor's Report**

To the Board of Directors  
**Utah Foster Care Foundation**

### ***Opinion***

We have audited the accompanying financial statements of **Utah Foster Care Foundation** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 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 **Utah Foster Care Foundation** as of June 30, 2021 and the results of its operations 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 **Utah Foster Care Foundation** 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.

### ***Prior Period Financial Statements***

The financial statements of **Utah Foster Care Foundation** as of June 30, 2020, were audited by other auditors whose report dated November 12, 2020, expressed an unmodified opinion on those statements.

### ***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 **Utah Foster Care Foundation'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, including omissions, 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 **Utah Foster Care Foundation'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about **Utah Foster Care Foundation'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.

A handwritten signature in cursive script that reads "Larson & Company P.C.".

Salt Lake City, Utah  
September 27, 2021

# UTAH FOSTER CARE FOUNDATION

## Statements of Financial Position

As of June 30, 2021 and 2020

	2021	2020
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 618,967	\$ 449,333
Investments	204,590	166,065
Accounts receivable, trade	266,291	320,104
Promises to give, net	47,134	32,252
Prepaid expenses	114,265	117,179
<b>Total current assets</b>	<b>1,251,247</b>	<b>1,084,933</b>
<b>Noncurrent assets:</b>		
Promises to give, less current portion	13,857	39,685
Property and equipment, net	122,749	154,876
Other assets	18,514	15,304
<b>Total noncurrent assets</b>	<b>155,120</b>	<b>209,865</b>
<b>Total assets</b>	<b>\$ 1,406,367</b>	<b>\$ 1,294,798</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 33,921	\$ 21,604
Accrued liabilities	298,971	235,326
Capital lease obligation, current portion	22,716	20,471
<b>Total current liabilities</b>	<b>355,608</b>	<b>277,401</b>
<b>Capital lease obligation, less current portion</b>	<b>50,991</b>	<b>73,707</b>
<b>Total liabilities</b>	<b>406,599</b>	<b>351,108</b>
<b>Net assets:</b>		
Without donor restrictions	859,290	779,096
With donor restrictions	140,478	164,594
<b>Total net assets</b>	<b>999,768</b>	<b>943,690</b>
<b>Total liabilities and net assets</b>	<b>\$ 1,406,367</b>	<b>\$ 1,294,798</b>

The accompanying notes to the financial statements are an integral part of these statements

# UTAH FOSTER CARE FOUNDATION

Statement of Activities  
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Support and net investment income:</b>			
Government grant	\$ 3,037,979	\$ -	\$ 3,037,979
In-kind contributions	476,397	-	476,397
Contributions	198,938	91,667	290,605
Interest and other income (loss)	(378)	-	(378)
Net realized and unrealized gain on investments	38,091	-	38,091
<b>Total support and net investment income</b>	<b>3,751,027</b>	<b>91,667</b>	<b>3,842,694</b>
<b>Satisfaction of restrictions</b>	<b>115,783</b>	<b>(115,783)</b>	<b>-</b>
<b>Total support, net investment income, and satisfaction of restrictions</b>	<b>3,866,810</b>	<b>(24,116)</b>	<b>3,842,694</b>
<b>Expenses:</b>			
Program services:			
Recruitment	1,260,135	-	1,260,135
Retention	1,278,053	-	1,278,053
Education	802,008	-	802,008
Supporting services:			
Management and general	383,881	-	383,881
Fundraising	62,539	-	62,539
<b>Total expenses</b>	<b>3,786,616</b>	<b>-</b>	<b>3,786,616</b>
<b>Change in net assets</b>	<b>80,194</b>	<b>(24,116)</b>	<b>56,078</b>
Net assets, beginning of year	779,096	164,594	943,690
<b>Net assets, end of year</b>	<b>\$ 859,290</b>	<b>\$ 140,478</b>	<b>\$ 999,768</b>

The accompanying notes to the financial statements  
are an integral part of these statements

# UTAH FOSTER CARE FOUNDATION

Statement of Activities  
For the Year Ended June 30, 2020

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b>Support and net investment income:</b>			
Government grant	\$ 3,054,862	\$ -	\$ 3,054,862
In-kind contributions	273,752	-	273,752
Contributions	163,518	61,755	225,273
Interest and other income	714	-	714
Net realized and unrealized gain on investments	7,166	-	7,166
<b>Total support and net investment income</b>	3,500,012	61,755	3,561,767
<b>Satisfaction of restrictions</b>	95,929	(95,929)	-
<b>Total support, net investment income, and satisfaction of restrictions</b>	3,595,941	(34,174)	3,561,767
<b>Expenses:</b>			
Program services:			
Recruitment	1,224,055	-	1,224,055
Retention	932,470	-	932,470
Education	880,286	-	880,286
Supporting services:			
Management and general	411,726	-	411,726
Fundraising	73,717	-	73,717
<b>Total expenses</b>	3,522,254	-	3,522,254
<b>Change in net assets</b>	73,687	(34,174)	39,513
Net assets, beginning of year	705,409	198,768	904,177
<b>Net assets, end of year</b>	\$ 779,096	\$ 164,594	\$ 943,690

The accompanying notes to the financial statements  
are an integral part of these statements

# UTAH FOSTER CARE FOUNDATION

## Statement of Functional Expenses

For the Year Ended June 30, 2021

	Program Services				Supporting Services			Total Expenses
	Recruitment	Retention	Education	Total	Management and General	Fundraising	Total	
<b>Expenses:</b>								
Salaries, payroll taxes and benefits	\$ 949,568	\$ 576,883	\$ 657,203	\$ 2,183,654	\$ 266,956	\$ 43,926	\$ 310,882	\$ 2,494,536
In-kind expenses	28,676	433,912	11,099	473,687	-	-	-	473,687
Direct services	30,454	135,640	23,410	189,504	1,490	100	1,590	191,094
Occupancy	102,974	53,956	34,082	191,012	61,796	9,791	71,587	262,599
Travel	5,032	8,155	5,611	18,798	1,895	382	2,277	21,075
Equipment maintenance and rental	7,762	2,005	7,374	17,141	3,679	747	4,426	21,567
Community outreach	59,122	-	-	59,122	-	1,215	1,215	60,337
Depreciation and amortization	15,319	9,451	8,110	32,880	7,072	-	7,072	39,952
Telephone/internet	11,113	6,345	7,457	24,915	4,470	505	4,975	29,890
Printing and publications	723	22,334	347	23,404	682	876	1,558	24,962
Supplies	9,100	6,702	12,383	28,185	4,829	62	4,891	33,076
Professional fees	12,998	6,955	6,765	26,718	5,495	557	6,052	32,770
Lobbying	9,051	5,968	5,534	20,553	1,947	-	1,947	22,500
Software/technology	5,964	3,274	5,943	15,181	5,112	4,296	9,408	24,589
Insurances	6,796	3,698	3,615	14,109	2,431	-	2,431	16,540
Interest expense	-	-	-	-	8,881	-	8,881	8,881
Other	995	-	-	995	1,583	-	1,583	2,578
Professional development	8	8	11,333	11,349	680	-	680	12,029
Postage/shipping	2,533	2,267	1,036	5,836	354	82	436	6,272
Dues/memberships	1,947	500	706	3,153	4,529	-	4,529	7,682
<b>Total expenses</b>	<b>\$ 1,260,135</b>	<b>\$ 1,278,053</b>	<b>\$ 802,008</b>	<b>\$ 3,340,196</b>	<b>\$ 383,881</b>	<b>\$ 62,539</b>	<b>\$ 446,420</b>	<b>\$ 3,786,616</b>

The accompanying notes to the financial statements are an integral part of these statements



# UTAH FOSTER CARE FOUNDATION

Statement of Functional Expenses  
For the Year Ended June 30, 2020

	Program Services				Supporting Services			Total Expenses
	Recruitment	Retention	Education	Total	Management and General	Fundraising	Total	
<b>Expenses:</b>								
Salaries, payroll taxes and benefits	\$ 944,357	\$ 540,170	\$ 656,177	\$ 2,140,704	\$ 264,608	\$ 44,498	\$ 309,106	\$ 2,449,810
In-kind expenses	38,697	231,520	3,535	273,752	-	-	-	273,752
Direct services	25,170	35,932	102,124	163,226	3,326	9,835	13,161	176,387
Occupancy	97,868	51,281	32,392	181,541	58,732	9,306	68,038	249,579
Travel	29,730	12,352	31,933	74,015	3,321	451	3,772	77,787
Equipment maintenance and rental	2,962	765	2,814	6,541	1,404	285	1,689	8,230
Community outreach	19,171	-	-	19,171	-	2,671	2,671	21,842
Depreciation and amortization	16,842	10,390	8,916	36,148	7,775	-	7,775	43,923
Telephone/internet	11,295	6,593	8,688	26,576	4,736	589	5,325	31,901
Printing and publications	328	17,510	941	18,779	63	876	939	19,718
Supplies	10,089	8,414	14,043	32,546	7,849	90	7,939	40,485
Professional fees	9,432	5,089	5,707	20,228	28,937	-	28,937	49,165
Lobbying	6,439	3,409	3,914	13,762	2,905	-	2,905	16,667
Software/technology	2,470	2,283	2,367	7,120	3,306	4,556	7,862	14,982
Insurances	6,180	3,323	3,921	13,424	2,996	-	2,996	16,420
Interest expense	-	-	-	-	14,953	-	14,953	14,953
Other	895	-	1,065	1,960	3,805	185	3,990	5,950
Professional development	300	28	875	1,203	399	210	609	1,812
Postage/shipping	629	2,886	484	3,999	242	36	278	4,277
Dues/memberships	1,201	525	390	2,116	2,369	129	2,498	4,614
<b>Total expenses</b>	<b>\$ 1,224,055</b>	<b>\$ 932,470</b>	<b>\$ 880,286</b>	<b>\$ 3,036,811</b>	<b>\$ 411,726</b>	<b>\$ 73,717</b>	<b>\$ 485,443</b>	<b>\$ 3,522,254</b>

The accompanying notes to the financial statements are an integral part of these statements

# UTAH FOSTER CARE FOUNDATION

Statements of Cash Flows  
For the Years Ended June 30, 2021 and 2020

	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 56,078	\$ 39,513
<b>Adjustments to reconcile change in net assets to net cash from operating activities:</b>		
Depreciation and amortization	39,952	43,923
Loss (gain) on disposal of property and equipment	539	(539)
Interest and dividends reinvested	(820)	(714)
Net realized and unrealized gain on investments	(38,091)	(7,166)
<b>Change in operating assets and liabilities:</b>		
Accounts receivable	53,813	284,379
Prepays and other assets	(296)	(47,496)
Promises to give	10,946	-
Accounts payable	12,317	(3,259)
Accrued liabilities	63,645	1,832
<b>Net cash from operating activities</b>	<b>198,083</b>	<b>310,473</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(8,364)	(2,259)
Proceeds from sale of investments	43,628	2,678
Purchases of investments	(43,242)	(1,889)
<b>Net cash from investing activities</b>	<b>(7,978)</b>	<b>(1,470)</b>
<b>Cash flows from financing activities:</b>		
Principal payments on capital lease obligation	(20,471)	(14,399)
<b>Net cash from financing activities</b>	<b>(20,471)</b>	<b>(14,399)</b>
<b>Net change in cash and cash equivalents</b>	<b>169,634</b>	<b>294,604</b>
Cash and cash equivalents, beginning of year	449,333	154,729
<b>Cash and cash equivalents at end of year</b>	<b>\$ 618,967</b>	<b>\$ 449,333</b>
<b>Supplemental Disclosures:</b>		
Cash paid for interest	\$ 8,881	\$ 14,953
Cash paid for taxes	\$ -	\$ -

The accompanying notes to the financial statements are an integral part of these statements

# UTAH FOSTER CARE FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2021 and 2020

## 1. ORGANIZATION

**Utah Foster Care Foundation** (the “Foundation”) is a Utah not-for-profit corporation organized to recruit, train, and support foster care families.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The Organization prepares its financial statements on the accrual basis of accounting and follows accounting principles generally accepted in the United States for nonprofit organizations and reports information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions, based upon the following criteria:

**Net assets without donor restrictions** – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation’s management and the Board of Directors.

**Net assets with donor restrictions** – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

### 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 reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Key management estimates include the useful lives of property and equipment, the allocation of program and supporting service expenses, and the allowance for uncollectible receivables.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with an original maturity of three months or less, and available for expenditure at the discretion of the Foundation’s management, to be cash equivalents.

### Investments

Investments consist of marketable securities reported at their readily determinable fair values. Unrealized gains and losses are included in the change in net assets, less external and direct internal investment expenses.

# UTAH FOSTER CARE FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2021 and 2020

## 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Accounts, Grants and Promises to Give Receivable**

Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution support. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. As of June 30, 2021 and 2020, the discount on promises was immaterial. Management determined that a **\$8,526** and \$8,526 allowance was necessary based on historical collections and other factors specific to each donor as of June 30, 2021 and 2020, respectively.

Accounts and grants receivable are carried at the original billed amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. As of June 30, 2021 and 2020, management determined that no allowance for accounts and grants receivable was necessary.

### **Property and Equipment**

The Foundation capitalizes purchases of property and equipment at cost. The fair value of donated property and equipment is similarly capitalized. Minor replacements, maintenance, and repairs, which do not increase the useful lives of the property and equipment, are expensed as incurred. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets or lease terms, ranging from three to seven years.

### **Capital Leases**

The Foundation has elected not to separate non-lease components from lease components and will account for all components as a single lease component.

### **Impairment of Long-Lived Assets**

The Foundation reviews its property and equipment, and other long-lived assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may be impaired. If it is determined that the estimated undiscounted future cash flows are not sufficient to recover the carrying value of the asset, an impairment loss is recognized in the statement of activities for the difference between the carrying value and the fair value of the asset. Management does not consider any of the Foundation's assets to be impaired as of June 30, 2021 and 2020.

### **Contributions**

Unconditional contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

# UTAH FOSTER CARE FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2021 and 2020

## 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Contributions (Continued)**

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donations of advertising, property and equipment, and supplies (such as blankets and clothing) are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

The Foundation recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barriers, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The government grant funds received during 2020 and 2019 were received under grant agreements determined to be conditional contributions.

### **Donated Services**

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific programs and assignments. Donated services are reflected in the financial statements when such services create or enhance a nonfinancial asset, or when the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The expense for these donated services is allocated between program and supporting services in the statements of activities.

### **Income Taxes**

The Foundation is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code and under state of Utah regulations, and as such, is not subject to federal or state income taxes on exempt purpose income. The Foundation is subject to taxation on unrelated business income.

The Foundation accounts for uncertain tax positions, if any, when it is more-likely-than-not the position will not be sustained upon examination by the tax authorities. As of June 30, 2021, the Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

# UTAH FOSTER CARE FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2021 and 2020

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Expense Allocation

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain expenses have been allocated among the programs and supporting services benefited based upon the following methods:

<u>Expense</u>	<u>Allocation Method</u>
Salaries, payroll taxes and benefits	Time and effort
Professional fees	Headcount
Insurances	Headcount
Supplies	Headcount
Lobbying	Headcount
Telephone and internet	Headcount
Occupancy	Headcount
Software / technology	Headcount
Depreciation and amortization	Headcount
Equipment maintenance and rental	Headcount

### Advertising

Advertising costs are expensed as incurred and were approximately **\$60,000** and \$22,000 for the years ended June 30, 2021 and 2020, respectively.

### Recent Developments Related to COVID-19

The World Health Organization has declared the recent COVID-19 outbreak to constitute a "Public Health Emergency of International Concern." This has caused business disruption through mandated and voluntary closings of various industry business operations. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of effect of COVID-19. The related financial impact and duration cannot be reasonably estimated at this time.

### Activities

The following is a description of the activities for each of the Foundation's programs:

*Recruitment* – Assess the needs of children in foster care in cooperation with the state of Utah Division of Child and Family Services. Provide information to communities and target the types of families who can meet those needs.

*Retention* – Provide supporting services to foster care families to assist them in their care-giving experience.

*Education* – Provide pre-service and in-service training to families involved in all phases of foster care.

# UTAH FOSTER CARE FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2021 and 2020

## 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### **Recently Issued Accounting Pronouncements**

In March of 2016, the FASB issued ASU 2016-02, *Leases*, which requires all leases that have a term of more than 12 months to be recognized as assets and liabilities on the balance sheet at inception. A lessee would recognize a lease liability to make lease payments owed to a lessor (liability) and a benefit for the right to use the leased asset (asset) for the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee would depend on whether the lessee is expected to consume more than an insignificant portion of the economic benefits embedded in the underlying asset. This new guidance is effective for fiscal years beginning after December 15, 2021. The Center does not anticipate a significant impact on the Center's results of operations, financial position, or cash flows as a result of this new standard.

In September of 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure requirements. The amendments in this update require organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. Additionally, organizations are required to enhance disclosures by disaggregating the amount of nonfinancial assets recognized within the statement of activities by type of contributed nonfinancial asset and providing additional qualitative information for each disaggregated category. This new guidance is effective for fiscal years beginning after June 15, 2021. The Center does not anticipate a significant impact on the Center's results of operations, financial position, or cash flows as a result of this new standard.

## 3. **LIQUIDITY AND AVAILABILITY**

The Foundation is financially supported primarily by a government grant provided by the Utah Division of Child and Family Services (DCFS). Funds are dispersed on a monthly basis dependent on total prior month qualified expenses and the grant contract is subject to renewal every five years. In addition, the Foundation receives contributions with or without donor restrictions for recruitment, education, retention, management and general, and fundraising for foster families and foster children in the state of Utah. It also receives in-kind gifts that can be passed on to foster families which helps eliminate additional cash outlay. Event registrations and sponsorships are also awarded to the Foundation throughout each year. Based on recent years' operations, the amount provided by government funding covers approximately 80% of total Foundation expenses. The remaining expenses are covered by monetary support the Foundation receives primarily through contributions.

The Foundation considers investment income without donor restrictions, contributions without donor restrictions, and contributions with donor restrictions for use in current programs which are ongoing and central to its annual operations, to be available to meet cash needs for program and supporting services. Supporting services include administrative, support, general expenses, and fundraising expenses. Program services are defined as activities occurring during the Foundation's fiscal year related to recruitment, education, and retention of Utah foster families.

# UTAH FOSTER CARE FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2021 and 2020

## 3. LIQUIDITY AND AVAILABILITY (Continued)

The Foundation manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability;
- Maintaining adequate liquid assets; and
- Maintaining sufficient reserves to provide reasonable assurance that obligations that support mission fulfillment will continue to be met, ensuring the sustainability of the Foundation.

The Foundation strives to maintain financial assets available and monitors budgeted expenses through the end of the fiscal year in an effort to ensure there are sufficient funds to cover 90 days of total expenses at any given time.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of June 30:

	<b>2021</b>	<b>2020</b>
Cash and cash equivalents	<b>\$ 618,967</b>	\$ 449,333
Investments	<b>204,590</b>	166,065
Accounts receivable	<b>266,291</b>	320,104
Promises to give	<b>47,134</b>	32,252
	<b>1,136,982</b>	967,754
Less:		
Investments*	<b>(204,590)</b>	(166,065)
Accounts payable	<b>(33,921)</b>	(21,604)
Accrued liabilities	<b>(298,971)</b>	(235,326)
Capital lease obligation, current portion	<b>(22,716)</b>	(20,471)
Net assets with donor restrictions	<b>(140,478)</b>	(164,594)
	<b>\$ 436,306</b>	\$ 359,694
<b>Financial assets available to meet general expenditures within one year</b>		

*\*Although investments are generally held for more than one year, the Foundation's management or board could choose to liquidate investments at any time and use the proceeds to fund expenditures.*

## 4. INVESTMENTS

Investments are stated at fair value and consist of the following as of June 30, 2021 and 2020:

	<b>2021</b>	<b>2020</b>
Cost basis of mutual funds	<b>\$ 173,388</b>	\$ 158,899
Unrealized gain	<b>31,202</b>	7,166
	<b>\$ 204,590</b>	\$ 166,065
<b>Total investments</b>		



# UTAH FOSTER CARE FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2021 and 2020

## 5. FAIR VALUE MEASUREMENTS

Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumption market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entities own assumptions about those that market participants would use in pricing the asset based on the best information available.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs are as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investment assets measured at fair value on a recurring basis as of June 30, 2021 and 2020 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>June 30, 2021</b>				
Mutual Funds	<u>\$ 204,590</u>	<u>\$ 204,590</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total</b>	<u>\$ 204,590</u>	<u>\$ 204,590</u>	<u>\$ -</u>	<u>\$ -</u>
<b>June 30, 2020</b>				
Mutual Funds	<u>\$ 166,065</u>	<u>\$ 166,065</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total</b>	<u>\$ 166,065</u>	<u>\$ 166,065</u>	<u>\$ -</u>	<u>\$ -</u>

# UTAH FOSTER CARE FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2021 and 2020

## 6. PROMISES TO GIVE

Promises to give represent unconditional promises to donate to the Foundation as of June 30, 2021 and 2020:

	2021	2020
<b>Amounts due in:</b>		
Less than one year	\$ 47,134	\$ 32,252
One to five years	22,383	48,211
	69,517	80,463
Allowance for uncollectible promises to give	(8,526)	(8,526)
<b>Total promises to give</b>	<b>\$ 60,991</b>	<b>\$ 71,937</b>

## 7. PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following as of June 30, 2021 and 2020:

	2021	2020
Office equipment	\$ 207,841	\$ 228,337
Furniture and fixtures	91,193	99,948
Leasehold improvements	92,743	92,743
	391,777	421,028
Accumulated depreciation and amortization	(269,028)	(266,152)
<b>Total property and equipment, net</b>	<b>\$ 122,749</b>	<b>\$ 154,876</b>

The aggregate depreciation and amortization charged to operations for the years ended June 30, 2021 and 2020 was approximately **\$40,000** and \$44,000, respectively.

## 8. ACCRUED LIABILITIES

Accrued liabilities consist of the following as of June 30, 2021 and 2020:

	2021	2020
Personal leave	\$ 135,633	\$ 95,767
Payroll and related costs	82,586	85,642
Other	80,752	53,917
<b>Total accrued liabilities</b>	<b>\$ 298,971</b>	<b>\$ 235,326</b>

# UTAH FOSTER CARE FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2021 and 2020

## 9. CAPITAL LEASE OBLIGATION

The Foundation entered into a capital lease agreement to obtain equipment that expires in May 2024. As of June 30, 2021 and 2020, the total amount of equipment financed with this capital lease obligation was \$118,361. The accumulated amortization on the leased equipment as of June 30, 2021 and 2020 was **\$53,724** and 31,563, respectively. Amortization of assets held under capital leases is included in depreciation and amortization expense in the statements of functional expenses. The Foundation is required to make monthly payments of approximately \$2,446 on the capital lease obligation. The lease has an implied interest rate of 10.45%.

Future minimum capital lease payments, excluding taxes, insurance and other costs, are as follows:

### Years ended June 30,

2022	\$	29,352
2023		29,352
2024		26,906
Thereafter		<u>-</u>
Total payments		85,610
Less amounts representing interest		<u>(11,903)</u>
Present value of net minimum capital lease payments	\$	<u><u>73,707</u></u>

## 10. LINE OF CREDIT

The Foundation maintains a line of credit arrangement with a financial institution with a borrowing capacity of \$50,000. The line of credit bears interest at an annual rate of 11.5% and does not have a maturity date. As of June 30, 2021 and 2020, the Foundation had no outstanding balance on the line of credit.

## 11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent donations to the Foundation that are subject to time restrictions or are expendable only for specific purposes, as follows:

	<u>2021</u>	<u>2020</u>
Time restricted	\$ 45,239	\$ 71,937
Foster family retention	70,681	79,689
Spanish mentorship	-	2,343
Other	<u>24,558</u>	<u>10,625</u>
<b>Total net assets with donor restrictions</b>	<b>\$ <u><u>140,478</u></u></b>	<b>\$ <u><u>164,594</u></u></b>

# UTAH FOSTER CARE FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2021 and 2020

## 12. OPERATING LEASES

The Foundation leases office facilities and equipment under non-cancelable operating leases. As of June 30, 2021, future minimum lease payments under non-cancelable operating leases, with terms of one year or more, are as follows:

Future minimum lease payments are as follows:

Year ended June 30,	
2022	\$ 234,535
2023	244,465
2024	249,827
2025	251,744
2026	5,232
Thereafter	-
<b>Total</b>	<b>\$ 985,803</b>

Lease expense for the years ended June 31, 2021 and 2020, were approximately **\$265,000** and \$245,000, respectively.

## 13. CONCENTRATIONS OF CREDIT AND MARKET RISK

The Foundation maintains its cash and cash equivalent balances in financial institution accounts which may at times exceed their federally insured limits of \$250,000 as established by the Federal Deposit Insurance Corporation. To date, the Foundation has not experienced a loss or lack of access to its cash; however, no assurance can be provided that access to the Foundation's cash will not be impacted by adverse conditions in the financial markets.

A significant portion of the Foundation's support and receivables are from an agency of the state of Utah. This agency represented **81%** and 81% of the total of accounts, grants, and promises to give receivable balances as of June 30, 2021 and 2020, respectively. Additionally, for the years ended June 30, 2021 and 2020, this agency represented approximately **79%** and 86%, respectively, of support and net investment income. The current grant agreement with this agency ends in June 2025, with an expectation the agreement will be renewed for future periods; however, there is no assurance this will occur. A future reduction of the support from this agency, due to either amendment of contract terms or cancellation of the contract, would have a very significant impact on the Foundation's operations.

## 14. RETIREMENT PLAN

The Foundation sponsors a defined contribution retirement plan for eligible participants age 21 and older with six months of full-time service. The Foundation contributes, on a discretionary basis, a percentage of the annual salary of each eligible employee. The expense for the years ended June 30, 2021 and 2020 was approximately **\$161,000** and \$153,000, respectively.

# UTAH FOSTER CARE FOUNDATION

Notes to the Financial Statements  
For the Years Ended June 30, 2021 and 2020

## 15. RELATED PARTY TRANSACTIONS

Members of the Board of Directors and employees of the Foundation provided financial support in the form of contributions of **\$14,329** and \$20,836 during the years ended June 30, 2021 and 2020, respectively.

Included in promises to give was **\$27,576** and \$31,384 due from board members and employees of the Foundation as of June 30, 2021 and 2020, respectively.

## 16. SUBSEQUENT EVENTS

Subsequent events have been considered through the date of the independent auditor's report, which is the date the financial statements were available to be issued.