

**PROMISES2KIDS FOUNDATION  
A NONPROFIT ORGANIZATION  
FINANCIAL STATEMENT  
JUNE 30, 2018**

**PROMISES2KIDS FOUNDATION  
A NONPROFIT ORGANIZATION**

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**INDEPENDENT AUDITOR'S REPORT**

To The Board of Directors  
Promises2Kids Foundation

We have audited the accompanying financial statements of Promises2Kids Foundation, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

The Foundation's 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 statement. The procedures selected depend on the auditor's 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 statement 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 Promises2Kids Foundation, as of June 30, 2018, and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



CONSIDINE & CONSIDINE  
An Accountancy Corporation

October 26, 2018

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**PROMISES2KIDS FOUNDATION  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2018**

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<b>ASSETS</b>	
<b>CURRENT ASSETS</b>	
Cash	\$ 943,022
Receivables (Note 3)	569,905
Prepaid Expenses	99,388
Other Receivable	3,275
Estate Funds Held in Cash (Note 12)	2,516,241
	<hr/>
	4,131,831
<b>PROPERTY AND EQUIPMENT (Note 4)</b>	316,503
<b>OTHER ASSETS</b>	
Investments (Note 5)	5,817,495
	<hr/>
<b>TOTAL ASSETS</b>	<u>10,265,829</u>
 <b>LIABILITIES AND NET ASSETS</b>	
<b>CURRENT LIABILITIES</b>	
Accounts Payable	165,826
Accrued Expenses	78,039
Estate Funds Held (Note 12)	2,516,241
	<hr/>
<b>TOTAL LIABILITIES</b>	2,760,106
<b>NET ASSETS (Note 7)</b>	
Unrestricted	4,041,273
Temporarily Restricted	2,925,695
Permanently Restricted	538,755
	<hr/>
	7,505,723
	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 10,265,829</u>

See Accompanying Notes

**PROMISES2KIDS FOUNDATION**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUE</b>				
Contributions	\$ 1,178,548	\$ 1,081,191	\$ -	\$ 2,259,739
In-Kind Donations	44,068	750,019	-	794,087
Grants	101,500	325,525	-	427,025
Investment Income, Net	314,238	41,607	-	355,845
Other Inome	2,124	-	-	2,124
	1,640,478	2,198,342	-	3,838,820
Special Events, Net				
Special Events Revenue	1,472,268	160,000	-	1,632,268
Direct Benefit to Donors	(448,079)	-	-	(448,079)
	1,024,189	160,000	-	1,184,189
Net Assets Released from Restriction	2,399,912	(2,399,912)	-	-
Total Revenue and Support	5,064,579	(41,570)	-	5,023,009
<b>EXPENSES</b>				
Program Services				
Children and Young Adult Programs	2,908,384	-	-	2,908,384
In-Kind Children and Young Adult Programs	748,152	-	-	748,152
Total Program Services	3,656,536	-	-	3,656,536
Management and General Development	101,900	-	-	101,900
	694,425	-	-	694,425
	4,452,861	-	-	4,452,861
<b>CHANGE IN NET ASSETS</b>	611,718	(41,570)	-	570,148
<b>NET ASSETS, BEGINNING</b>	3,429,555	2,967,265	538,755	6,935,575
<b>NET ASSETS, ENDING</b>	\$ 4,041,273	\$ 2,925,695	\$ 538,755	\$ 7,505,723

See Accompanying Notes

**PROMISES2KIDS FOUNDATION  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2018**

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	Program Services	Management and General	Development	Total
<b>EXPENSES</b>				
Salaries and Benefits Expense	\$ 1,090,650	\$ 61,550	\$ 296,823	\$ 1,449,023
Youth Support, Stipends and Recognition	713,169	23	80	713,272
In-Kind Children's Programs	646,804	-	532	647,336
Special Event Meals and Entertainment	12,011	1,050	331,965	345,026
Scholarships	314,560	-	-	314,560
Outside Services	123,287	10,159	94,940	228,386
Printing and Production	21,228	1,560	148,203	170,991
Occupancy	105,120	10,080	28,800	144,000
Children's Program Services	129,853	-	-	129,853
Youth Activities	118,259	-	-	118,259
Youth and Volunteer Training and Education	77,185	19	143	77,347
Rental Equipment	7,116	1,472	65,854	74,442
Marketing and Public Relations	44,521	4,269	18,425	67,215
Bank Fees	32,177	205	26,840	59,222
Mileage and Travel	42,573	596	13,208	56,377
Volunteer and Donor Recognition	25,856	1,350	10,606	37,812
Graphic Art and Design	4,317	252	27,636	32,205
Children's Program Materials	30,324	-	-	30,324
Postage and Mailing	15,423	317	12,085	27,825
Telephone and Internet	17,029	1,280	4,863	23,172
Staff and Board Development	11,237	845	9,499	21,581
Supplies	8,675	663	9,506	18,844
Insurance	12,638	1,212	3,462	17,312
Bad Debt	-	-	16,436	16,436
Audit and Tax	11,359	1,089	3,112	15,560
Dues and Subscriptions	5,037	467	6,512	12,016
Tax and License	431	41	3,259	3,731
Repairs and Maintenance	1,624	156	445	2,225
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	3,622,463	98,655	1,133,234	4,854,352
Depreciation	34,073	3,245	9,270	46,588
<b>TOTAL EXPENSES</b>	3,656,536	101,900	1,142,504	4,900,940
Less: Direct Benefit to Donors at Special Events Included in Revenue	-	-	(448,079)	(448,079)
<b>TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES</b>	<u>\$ 3,656,536</u>	<u>\$ 101,900</u>	<u>\$ 694,425</u>	<u>\$ 4,452,861</u>

See Accompanying Notes

**PROMISES2KIDS FOUNDATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2018**

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**CASH FLOWS PROVIDED BY OPERATING ACTIVITIES**

Increase in Net Assets \$ 570,148

**ADJUSTMENT TO RECONCILE CHANGES IN NET ASSETS TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Depreciation	46,588
Bad Debt Expense	16,436
Net Realized and Unrealized Gains on Investments	(201,147)
In-Kind Equipment	(2,751)
Changes in Operating Assets and Liabilities:	
Receivables	(213,580)
Prepaid Expenses	(49,689)
Other Receivable	1,649
Accounts Payable	136,483
Accrued Expenses	23,806
Deferred Revenue	(304,364)
	(546,569)

**NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES**

23,579

**CASH FLOWS USED BY INVESTING ACTIVITIES**

Purchases of Investments	(595,917)
Proceeds from Sales of Investments	427,085
Purchase of Property and Equipment	(29,136)
	(197,968)

**NET INCREASE IN CASH**

(174,389)

**CASH, BEGINNING**

1,117,411

**CASH, ENDING**

\$ 943,022

**SUPPLEMENTAL DISCLOSURES:**

Noncash Investing Activities	
In-Kind Equipment	\$ 2,751

See Accompanying Notes

**PROMISES2KIDS FOUNDATION**  
**A NONPROFIT ORGANIZATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**NOTE 1 THE FOUNDATION**

Promises2Kids Foundation (the “Foundation”) is a California Nonprofit Corporation formed in 1981 for public and charitable purposes. The mission of the Foundation is to create a brighter future for foster children.

The following is a brief description of the Foundation's programs:

A.B. and Jessie Polinsky Children's Center - Previously the Foundation raised \$12 million to build the A.B. and Jessie Polinsky Children’s Center (the “Polinsky Center”), the County’s emergency shelter for abused and neglected children. In October 1994, the Foundation deeded the facility to the County of San Diego. The Polinsky Center offers a full range of assessment and care programs to more than 1,000 children every year. The Foundation continues to support the Polinsky Center by raising funds for the urgent and long-term needs of the young residents during their stay. The following are just a few examples of the programs and projects at the Polinsky Center supported by the Foundation during the year ended June 30, 2018:

- Developmental Screening and Enhancement Program (DSEP)
- Youth2Youth Advocates Program
- Pet Therapy Program
- Health, Recreation and Wellness Program

Guardian Scholars - Guardian Scholars is a scholarship and support program that was established to assist current and former foster youth to further their education and become successful, independent adults. The program is much more than just financial aid - it is an investment in the future of each individual recipient. A unique component to Guardian Scholars reaches foster youth while they are in high school – intervening at a critical time in their lives – preparing them for graduation, a higher education, and beyond. Guardian Scholars provides multifaceted support through mentoring, SAT preparation, college planning, financial aid and college application workshops, and STE[+a]M programs at the University of California, San Diego (UCSD).

Camp Connect - The Foundation provides siblings in foster care, who are placed in separate homes, the opportunity to reconnect through a four-day summer camp, as well as recreational and educational day camp activities throughout the year. Camp Connect allows brothers and sisters to maintain critical relationships and gain support from each other during this difficult time. This program is a partnership with Health & Human Services Agency of San Diego County.

Foster Funds - The Foundation understands that foster children often feel alone and isolated. They may go without simple pleasures of childhood such as birthday gifts, cap and gown for graduation, a sports uniform or a musical instrument. We ensure foster children know that they too are heard, special and deserving. The Foundation has special funds set up to support these needs not met through typical funding, which include Something Special Fund, Birthday Club, Community Drives and Driver Education.

Additional Community Programs - In addition to the above mentioned major programs, the Foundation also has the community program, Law Enforcement, which was developed to teach agencies how to work together in identifying, investigating and prosecuting child abuse. The Foundation with the help of its community, collaborate by hosting advanced trainings.



**PROMISES2KIDS FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America (GAAP).

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires the Foundation to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Financial Statement Presentation - The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted Net Assets – Net assets not subject to donor imposed stipulations.
- Temporarily Restricted Net Assets – Net assets subject to donor imposed stipulations that will be met by actions of the Foundation and/or the passage of time. When a donor stipulated time restriction ends or a 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.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by the Foundation. The income from these assets is available for either general operations or specific programs as specified by the donor.

The Financial Accounting Standards Board (FASB) has issued reporting standards for endowments of not-for-profit organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), and enhanced disclosures for all endowment funds. The standards provide guidance on classifying the net assets associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of UPMIFA, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. The standards also require additional disclosures about endowments (both donor-restricted funds and board-designated funds) to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policies, and related investment policies of its endowment funds.

Risks and Uncertainties - The Foundation invests in various types of investment securities which are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

Functional Allocation of Expenses - The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditure. Costs that are common to several functions are allocated among the program and supporting services on the basis of time records, space utilized, and estimates made by the Foundation's management.

**PROMISES2KIDS FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash - The Foundation considers financial instruments with a fixed maturity date of less than three months to be cash equivalents. The Foundation maintains its cash in bank and brokerage accounts with national financial institutions of high credit ratings. The balances in these accounts at times may exceed federally insured deposit limits. As of June 30, 2018, the accounts had amounts in excess of deposit limits of approximately \$3,111,923. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant risk on its cash.

Property and Equipment - Property and equipment are recorded at cost. Depreciation is computed using the straight-line method of depreciation over the assets' estimated useful lives of three to ten years. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. It is the Foundation's policy to capitalize all property and equipment costs in excess of \$500. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is recognized in the current period financial statements.

Fair Value Measurement - The Foundation follows accounting standards consistent with the FASB codification which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements for all financial statement elements.

Receivables - Receivables consist of donor promises to give, reimbursement grants, and special events receivables. It is the Organization's policy to charge off uncollectible receivables when management determines the amounts will not be collected. All receivables are considered collectible as of June 30, 2018.

Revenue Recognition - The financial statements of the Foundation are presented on the accrual method of accounting. Under this method of accounting, revenues are recognized when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Donor-Imposed Restrictions - All contributions are considered to be unrestricted unless specifically restricted by donor. Amounts received designated for future periods or restricted by the donor for specific purpose are reported as temporarily or permanently restricted, increasing those net assets classes. If a restriction is fulfilled in the same period in which the contribution is received, the support is reported as temporarily restricted and then released from restriction in the same period.

In-Kind Donations - The Foundation follows standards relating to contributions received and contributions made as consistent with the FASB Codification. These standards require recording the value of donated services that create or enhance non-financial assets or require specialized skills. Volunteers have contributed significant amounts of their time to activities of the Foundation; however, since the above requirements were not met, the value of the contributed services were not recorded in the financial statements.

The Foundation records donated goods at fair value. The fair value of donated goods is measured on a nonrecurring basis using quoted prices for similar financial statement elements in inactive markets (Level 2 inputs). If donors stipulate the length of an asset's use, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of donated goods are recorded as unrestricted support.

Marketing - Marketing expenses are charged to expense as incurred.

**PROMISES2KIDS FOUNDATION**  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes - The Foundation is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code and comparable state law, and contributions to it are tax deductible within the limitations prescribed by the Code.

The Foundation follows accounting standards which provide accounting and disclosure guidance about positions taken by an entity in its tax returns that might be uncertain. Management has considered its tax position and believes that all of the positions taken in its exempt Foundation tax returns are more likely than not to be sustained upon examination. As of June 30, 2018, the Foundation has no accrued interest or penalties related to uncertain tax positions. The Foundation files tax returns in the U.S. Federal jurisdiction and the State of California.

**NOTE 3 RECEIVABLES**

Receivables consist of the following at June 30, 2018:

Special Events Receivable	\$ 569,155
Pledges Receivable	750
	\$ 569,905

**NOTE 4 PROPERTY AND EQUIPMENT**

Major categories of property and equipment are summarized as follows:

Leasehold Improvements	\$ 240,171
Office Equipment	228,387
Software and Other	80,088
Automobile	38,644
	587,290
Less Accumulated Depreciation	(270,787)
	\$ 316,503

**NOTE 5 INVESTMENTS**

Investments at fair market value as of June 30, 2018 total \$5,817,495.

The following schedule summarizes the Foundation's return on long-term investments and its classification in the statement of activities and changes in net assets for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Total
Interest and Dividend Income	\$ 136,774	\$ 17,924	\$ 154,698
Realized and Unrealized Gains, Net	177,464	23,683	201,147
Total Investment Income	\$ 314,238	\$ 41,607	\$ 355,845

Fees related to the management of investment accounts for the year ended June 30, 2018 totaled \$28,558.

**PROMISES2KIDS FOUNDATION**  
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**NOTE 6 FAIR VALUE MEASUREMENT**

The Foundation follows the method of fair value to value its financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels has been established, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

The following table summarizes assets measured at fair value by classification within the fair value hierarchy as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Mutual and Index Funds:	\$ 5,817,495	\$ -	\$ -	\$ 5,817,495

**NOTE 7 RESTRICTIONS ON NET ASSETS**

Temporarily restricted net assets consisted of the following at June 30, 2018:

Hattie Brookes Endowment	\$ 2,400,470
Polinsky Children’s Center Endowment	245,976
Guardian Scholars	145,993
Camp Connect	86,712
Programs Director	15,575
Birthday Club	13,188
Junior League Endowment	9,901
Theatrical Tickets	6,500
Driver’s Education	1,380
	\$ 2,925,695

Net assets totaling of \$2,399,912 were released from donor restrictions by incurring expenses satisfying the purpose or by occurrence of other events such as the passage of time restrictions specified by donors for the year ended June 30, 2018.

**NOTE 8 ENDOWMENTS**

The Foundation’s endowment consists of four individual funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions.

**PROMISES2KIDS FOUNDATION**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
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**NOTE 8 ENDOWMENTS (Continued)**

The Board of Directors of the Foundation has interpreted the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment (2) investment income or increases in fair value if required to be restricted by the donors. The remaining portion of the donor-restricted endowment fund 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 Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Foundation and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation
- The investment policies of the Foundation

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2018.

The Foundation has adopted investment and spending policies for endowment funds that:

- Protect the invested assets
- Preserve spending capacity of the fund income
- Maintain a diversified portfolio of assets that meet investment return objectives while keeping risk at a level commensurate with that of the median fund in comparable foundations
- Comply with applicable laws

The Foundation's endowment funds are invested in debt and other securities that are structured to satisfy its long-term rate-of-return objectives. The Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The Foundation's spending policy is to disburse funds available to meet the current program needs of the Foundation.

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**NOTE 8 ENDOWMENTS (Continued)**

Endowment composition by type of fund at June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Hattie Brooks	\$ 927,334	\$ 2,400,470	\$ -	\$ 3,327,804
Polinsky Children's Center Endowment	-	245,976	381,410	627,386
General Endowment	40,581	-	87,345	127,926
Junior League Scholarship Endowment	-	9,901	70,000	79,901
Total Donor-Restricted Endowment Funds	<u>\$ 967,915</u>	<u>\$ 2,656,347</u>	<u>\$ 538,755</u>	<u>\$ 4,163,017</u>

Changes in endowment net assets as of June 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment Net Assets, Beginning of Year	\$ 761,506	\$ 2,623,201	\$ 538,755	\$ 3,923,462
Investment Income	75,677	14,463	-	90,140
Amounts Appropriated for Expenditure	-	(5,000)	-	(5,000)
Net Appreciation	130,732	23,683	-	154,415
Endowment Net Assets, End of Year	<u>\$ 967,915</u>	<u>\$ 2,656,347</u>	<u>\$ 538,755</u>	<u>\$ 4,163,017</u>

**PROMISES2KIDS FOUNDATION**  
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**NOTE 9 IN-KIND DONATIONS**

The Foundation received donated office space and contributions of goods for program services, supplies, equipment and special event items. Included in special events revenue on the statement of activities and changes in net assets is \$76,927 of in-kind auction items. These in-kind items have been recorded at fair value as in-kind contributions in the statement of activities.

The in-kind donations consist of the following for the year ended June 30, 2018:

Children's Programs	\$ 647,336
Occupancy	144,000
Equipment	2,751
	<u>\$ 794,087</u>

**NOTE 10 PROGRAM SERVICES**

Children's Programs - Children's programs consist of funds provided to the following agencies or programs for the year ended June 30, 2018:

Other	\$ 889,208
Guardian Scholars	857,708
Community Events and Partnerships	579,396
Camp Connect	232,954
Polinsky Children's Center	219,153
Volunteers	59,288
Something Special	51,031
Endowments	19,645
	<u>\$ 2,908,384</u>

In-Kind Children's Programs - In-kind children's programs, the value of which is determined by estimating the fair value of the gift, consist of in-kind contributions given to the following agencies or programs for the year ended June 30, 2018:

Community Events and Partnerships	\$ 412,624
Other	247,520
Guardian Scholars	85,410
Camp Connect	2,278
Polinsky Children's Center	320
	<u>\$ 748,152</u>

**NOTE 11 COMMITMENT**

The Foundation maintains a Memorandum of Agreement with the County of San Diego that states that the Foundation shall use its best efforts to provide to Polinsky Center monetary and in-kind support for programs that contribute to the well-being, health, recreation and happiness of residents of Polinsky Center in the annual amount of \$175,000. For the year ended June 30, 2018, the Foundation had met its requirement and was in compliance.

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**NOTE 12 ESTATE FUNDS HELD**

The Foundation received funds in January 2018 from an estate of which it had no advanced knowledge. Management is working with legal counsel to ensure the funds were intended for the Foundation. Until resolution, the Foundation is holding those funds in a separate account and has not recognized the receipt of the funds as a donation.

**NOTE 13 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through October 26, 2018, the date at which the financial statements were available to be issued, and noted no material subsequent events that requires disclosure.