

**PROMISES2KIDS FOUNDATION
A NONPROFIT ORGANIZATION
FINANCIAL STATEMENT
JUNE 30, 2017**

**PROMISES2KIDS FOUNDATION
A NONPROFIT ORGANIZATION**

	<u>Pages</u>
I. Index	1
II. Independent Auditor's Report	2
III. Statement of Financial Position	3
IV. Statement of Activities and Changes in Net Assets	4
V. Statement of Functional Expenses	5
VI. Statement of Cash Flows	6
VII. Notes to the Financial Statements	7 - 15

CONSIDINE & CONSIDINE

CERTIFIED PUBLIC ACCOUNTANTS

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, 2017, 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, 2017, 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 5, 2017

Earning Your Trust Since 1946

8989 RIO SAN DIEGO DRIVE, SUITE 250 • SAN DIEGO, CA 92108
TEL 619-231-1977 • FAX 619-231-8244 • www.cccpa.com

**PROMISES2KIDS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017**

Page 3

ASSETS	
CURRENT ASSETS	
Cash	\$ 1,117,411
Receivables (Note 3)	372,762
Prepaid Expenses	49,699
Other Receivable	4,924
	<hr/>
	1,544,796
PROPERTY AND EQUIPMENT (Note 4)	331,204
OTHER ASSETS	
Investments (Note 5)	5,447,515
	<hr/>
TOTAL ASSETS	<u><u>7,323,515</u></u>
 LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable	29,343
Accrued Expenses	54,233
Deferred Revenue	304,364
	<hr/>
TOTAL LIABILITIES	387,940
NET ASSETS (Note 7)	
Unrestricted	3,429,555
Temporarily Restricted	2,967,265
Permanently Restricted	538,755
	<hr/>
	6,935,575
	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,323,515</u></u>

See Accompanying Notes

PROMISES2KIDS FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017

Page 4

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE				
Contributions	\$ 833,058	\$ 919,806	\$ -	\$ 1,752,864
In-Kind Donations	299,690	570,062	-	869,752
Grants	56,000	502,011	-	558,011
Investment Income, Net	511,973	67,090	-	579,063
Other Inome	14	-	-	14
	<u>1,700,735</u>	<u>2,058,969</u>	<u>-</u>	<u>3,759,704</u>
Special Events, Net				
Special Events Revenue	1,104,967	-	-	1,104,967
Direct Benefit to Donors	(372,001)	-	-	(372,001)
	<u>732,966</u>	<u>-</u>	<u>-</u>	<u>732,966</u>
Net Assets Released from Restriction	2,351,581	(2,351,581)	-	-
Total Revenue and Support	<u>4,785,282</u>	<u>(292,612)</u>	<u>-</u>	<u>4,492,670</u>
EXPENSES				
Program Services				
Children and Young Adult Programs	2,511,792	-	-	2,511,792
In-Kind Children and Young Adult Programs	690,818	-	-	690,818
	<u>3,202,610</u>	<u>-</u>	<u>-</u>	<u>3,202,610</u>
Total Program Services	3,202,610	-	-	3,202,610
Management and General Development	148,077	-	-	148,077
	<u>556,776</u>	<u>-</u>	<u>-</u>	<u>556,776</u>
	<u>3,907,463</u>	<u>-</u>	<u>-</u>	<u>3,907,463</u>
CHANGE IN NET ASSETS	877,819	(292,612)	-	585,207
NET ASSETS, BEGINNING	<u>2,551,736</u>	<u>3,259,877</u>	<u>538,755</u>	<u>6,350,368</u>
NET ASSETS, ENDING	<u>\$ 3,429,555</u>	<u>\$ 2,967,265</u>	<u>\$ 538,755</u>	<u>\$ 6,935,575</u>

See Accompanying Notes

**PROMISES2KIDS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

Page 5

	Program Services	Management and General	Development	Total
EXPENSES				
Salaries and Benefits Expense	\$ 770,457	\$ 99,850	\$ 266,664	\$ 1,136,971
Youth Support, Stipends and Recognition	628,688	-	-	628,688
In-Kind Children Program	585,698	-	1,270	586,968
Scholarships	285,180	-	-	285,180
Outside Services	146,233	13,366	83,469	243,068
Special Event Meals and Entertainment	7,654	600	232,997	241,251
Printing and Production	16,960	1,334	136,562	154,856
Occupancy	105,120	10,080	28,800	144,000
Youth Activities	121,847	-	-	121,847
Children's Program Services	115,558	-	-	115,558
Youth and Volunteer Training and Education	71,573	4	210	71,787
Bank Fees	32,806	918	23,950	57,674
Bad Debt	40,629	2,458	13,022	56,109
Rental Equipment	9,084	429	46,335	55,848
In-Kind Services	36,500	3,500	10,000	50,000
Mileage and Travel	33,372	871	12,849	47,092
Marketing and Public Relations	28,546	2,018	7,766	38,330
Volunteer and Donor Recognition	29,344	1,255	3,920	34,519
Graphic Art and Design	12,417	1,191	12,566	26,174
Staff and Board Development	12,903	1,143	9,903	23,949
Postage and Mailing	13,109	888	8,251	22,248
Children's Program Materials	21,805	-	-	21,805
Telephone and Internet	12,638	1,048	3,894	17,580
Insurance	11,386	1,092	3,120	15,598
Audit and Tax	10,944	1,058	3,008	15,010
Dues and Subscriptions	5,258	503	6,435	12,196
Supplies	6,432	638	3,788	10,858
Tax and License	180	428	1,699	2,307
Repairs and Maintenance	300	529	82	911
TOTAL EXPENSES BEFORE DEPRECIATION	3,172,621	145,201	920,560	4,238,382
Depreciation	29,989	2,876	8,217	41,082
TOTAL EXPENSES	3,202,610	148,077	928,777	4,279,464
Less: Direct Benefit to Donors at Special Events Included in Revenue	-	-	(372,001)	(372,001)
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES	\$ 3,202,610	\$ 148,077	\$ 556,776	\$ 3,907,463

See Accompanying Notes

**PROMISES2KIDS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

Page 6

CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	
Increase in Net Assets	\$ 585,207
ADJUSTMENT TO RECONCILE CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation	41,082
Bad Debt Expense	35,108
Net Realized and Unrealized Loss on Investments	(417,097)
In-Kind Equipment	(88,784)
Changes in Operating Assets and Liabilities:	
Receivables	(118,988)
Prepaid Expenses	(7,508)
Other Receivable	(3,075)
Accounts Payable	(112,480)
Accrued Expenses	(31,055)
Deferred Revenue	295,864
	(406,933)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	178,274
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES	
Purchases of Investments	(458,471)
Proceeds from Sales of Investments	884,958
Purchase of Property and Equipment	(212,137)
	214,350
NET INCREASE IN CASH	392,624
CASH, BEGINNING	724,787
CASH, ENDING	\$ 1,117,411
SUPPLEMENTAL DISCLOSURES:	
Noncash Investing Activities	
In-Kind Equipment	\$ 88,784

See Accompanying Notes

PROMISES2KIDS FOUNDATION
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Page 7

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, 2017:

- Developmental Screening and Enhancement Program (DSEP)
- Youth2Youth Advocates Program
- Developmental Preschool
- 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
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Page 8

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
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Page 9

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, 2017, the accounts had amounts in excess of deposit limits of approximately \$445,000. 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 thirty 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, 2017.

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
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, 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, 2017:

Special Events Receivable	\$ 212,559
Pledges Receivable	118,560
Grants Receivable	41,643
	<u>\$ 372,762</u>

NOTE 4 PROPERTY AND EQUIPMENT

Major categories of property and equipment are summarized as follows:

Leasehold Improvements	\$ 235,671
Office Equipment	214,900
Software and Other	66,188
Automobile	38,644
	<u>555,403</u>
Less Accumulated Depreciation	(224,199)
	<u>\$ 331,204</u>

NOTE 5 INVESTMENTS

Investments at fair market value as of June 30, 2017 total \$5,447,515.

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, 2017:

	Unrestricted	Temporarily Restricted	Total
Interest and Dividend Income	\$ 143,881	\$ 18,085	\$ 161,966
Realized and Unrealized Gains/(Losses), Net	368,092	49,005	417,097
Total Investment Income	<u>\$ 511,973</u>	<u>\$ 67,090</u>	<u>\$ 579,063</u>

Fees related to the management of investment accounts for the year ended June 30, 2017 totaled \$27,850.

PROMISES2KIDS FOUNDATION
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 FAIR VALUE MEASUREMENT

The following table summarizes assets measured at fair value by classification within the fair value hierarchy as of June 30, 2017:

	Quoted Prices in Active Markets for Identical Assets (level 1)	Significant Other Observable Inputs (level 2)	Significant Unobservable Inputs (level 3)	Balance as of June 30, 2017
Mutual and Index Funds:				
U.S Large Cap Stock Funds	\$ 1,759,372	\$ -	\$ -	\$ 1,759,372
U.S. Bond Funds	1,565,572	-	-	1,565,572
Foreign Stock Funds	923,454	-	-	923,454
U.S. Small and Medium Cap Stock Funds	592,876	-	-	592,876
Real Estate Securities	318,233	-	-	318,233
Interval Funds	172,138	-	-	172,138
Foreign Bond Funds	115,869	-	-	115,869
	<u>\$ 5,447,515</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,447,515</u>

NOTE 7 RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2017:

Hattie Brookes Endowment	\$ 2,400,470
Guardian Scholars	263,198
Polinsky Children's Center Endowment	213,006
Camp Connect	43,300
Birthday Club	27,656
Junior League Endowment	9,726
Driver's Education	4,858
Other Community Drives	3,719
SD County Office of Education	1,332
	<u>\$ 2,967,265</u>

Net assets totaling of \$2,351,581 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, 2017.

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
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

Page 12

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, 2017.

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.

PROMISES2KIDS FOUNDATION
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 8 ENDOWMENTS (Continued)

Endowment composition by type of fund at June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Hattie Brooks	\$ 729,726	\$ 2,400,470	\$ -	\$ 3,130,196
Polinsky Children's Center Endowment	-	213,006	381,410	594,416
General Endowment	31,779	-	87,345	119,124
Junior League Scholarship Endowment	-	9,726	70,000	79,726
Total Donor-Restricted Endowment Funds	<u>\$ 761,506</u>	<u>\$ 2,623,201</u>	<u>\$ 538,755</u>	<u>\$ 3,923,462</u>

Changes in endowment net assets as of June 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment Net Assets, Beginning of Year	\$ 440,220	\$ 2,564,292	\$ 538,755	\$ 3,543,267
Investment Income	78,802	14,905	-	93,707
Amounts Appropriated for Expenditure	-	(5,000)	-	(5,000)
Net Appreciation/(Depreciation)	242,484	49,005	-	291,488
Endowment Net Assets, End of Year	<u>\$ 761,506</u>	<u>\$ 2,623,201</u>	<u>\$ 538,755</u>	<u>\$ 3,923,462</u>

PROMISES2KIDS FOUNDATION
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 9 IN-KIND GOODS AND SERVICES

The Foundation received donated office space, contributions of goods for program services, supplies, equipment and special event items. Included in special events revenue on the statement of activities is \$216,993 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, 2017:

Children's Programs	\$	584,620
Occupancy		144,000
Equipment		88,784
Donated Services		52,348
		869,752
	\$	869,752

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, 2017:

Other	\$	705,106
Guardian Scholars		704,778
Community Events and Partnerships		518,635
Camp Connect		236,167
Polinsky Endowment		224,436
Something Special		76,252
Volunteers		28,526
Endowments		17,891
		2,511,792
	\$	2,511,792

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, 2017:

Community Events and Partnerships	\$	423,488
Other		226,352
Guardian Scholars		30,368
Polinsky Children's Center		7,849
Camp Connect		2,762
		690,818
	\$	690,818

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, 2017, the Foundation had met its requirement and was in compliance.

**PROMISES2KIDS FOUNDATION
A NONPROFIT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 12 SUBSEQUENT EVENTS

Page 15

The Foundation has evaluated subsequent events through October 5, 2017, the date at which the financial statements were available to be issued, and noted no material subsequent events that requires disclosure.