



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Promises2Kids Foundation

Opinion

We have audited the accompanying financial statements of Promises2Kids Foundation, a nonprofit organization, which comprise of the statement of financial position as of June 30, 2022, 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.

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, 2022, and the results of its activities 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 Promises2Kids 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Promises2Kids 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Promises2Kids 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about Promises2Kids 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.



CONSIDINE & CONSIDINE
An accountancy corporation

December 16, 2022

PROMISES2KIDS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

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ASSETS

CURRENT ASSETS

Cash	\$ 2,193,249
Receivables (note 3)	767,166
Prepaid expenses	236,063
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	3,196,478

PROPERTY AND EQUIPMENT (note 4)

642,744

OTHER ASSETS

Investments (note 5)	11,577,641
Receivables - long-term (note 3)	2,125,000
Rental property (note 4)	398,092
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TOTAL ASSETS

17,939,955

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	95,807
Accrued expenses	273,191
Deferred revenue (note 12)	167,500
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	536,498

TOTAL LIABILITIES

536,498

NET ASSETS (note 7)

Without donor restrictions	11,092,508
With donor restrictions	6,310,949
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	17,403,457

TOTAL LIABILITIES AND NET ASSETS

\$ 17,939,955

See accompanying notes

PROMISES2KIDS FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE			
Contributions	\$ 2,768,163	\$ 4,110,833	\$ 6,878,996
Grants	122,976	705,040	828,016
In-kind donations	225,000	465,930	690,930
Other income (note 13)	425,316	-	425,316
Investment loss, net	(1,250,546)	(137,870)	(1,388,416)
	<u>2,290,909</u>	<u>5,143,933</u>	<u>7,434,842</u>
Special events, net			
Special events revenue	1,745,179	-	1,745,179
Direct benefit to donors	(377,484)	-	(377,484)
	<u>1,367,695</u>	<u>-</u>	<u>1,367,695</u>
Net assets released from restriction	<u>3,036,891</u>	<u>(3,036,891)</u>	<u>-</u>
Total revenue and support	6,695,495	2,107,042	8,802,537
EXPENSES			
Program services			
Children and young adult programs	5,024,026	-	5,024,026
In-kind children and young adult programs	468,752	-	468,752
Total program services	<u>5,492,778</u>	<u>-</u>	<u>5,492,778</u>
Management and general	179,820	-	179,820
Development	<u>1,192,303</u>	<u>-</u>	<u>1,192,303</u>
	<u>6,864,902</u>	<u>-</u>	<u>6,864,902</u>
CHANGE IN NET ASSETS	(169,407)	2,107,042	1,937,635
NET ASSETS, BEGINNING	<u>11,261,915</u>	<u>4,203,907</u>	<u>15,465,822</u>
NET ASSETS, ENDING	<u>\$ 11,092,508</u>	<u>\$ 6,310,949</u>	<u>\$ 17,403,457</u>

See accompanying notes

PROMISES2KIDS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

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	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>DEVELOPMENT</u>	<u>TOTAL</u>
EXPENSES				
Salaries and benefits expense	\$ 2,033,561	\$ 108,892	\$ 596,547	\$ 2,739,000
Youth support, stipends and recognition	869,402	-	-	869,402
Scholarships	703,715	-	-	703,715
Special event meals and entertainment	33,677	1,634	445,699	481,010
In-kind children's program	468,752	-	-	468,752
Outside services	232,789	21,863	123,345	377,997
Occupancy	164,250	15,750	45,000	225,000
Children's program services	211,578	-	-	211,578
Youth activities	181,529	-	-	181,529
Youth and volunteer training and education	130,156	-	-	130,156
Marketing and public relations	51,004	4,689	64,634	120,327
Printing and production	33,407	2,694	57,900	94,001
Volunteer and donor recognition	44,141	1,732	24,126	69,999
Bank fees	120	2,689	57,358	60,167
Dues and subscriptions	32,854	1,044	24,040	57,937
Children's program materials	56,922	-	-	56,922
Mileage and travel	45,969	636	3,320	49,925
Bad debt	-	-	31,525	31,525
Telephone and internet	24,185	1,639	5,176	31,000
Supplies	8,826	819	20,487	30,132
Staff and board development	25,313	1,109	3,249	29,671
Insurance	19,769	1,896	5,416	27,081
Graphic art and design	3,985	256	21,203	25,444
Postage and mailing	17,498	738	6,819	25,055
Professional services	12,483	1,197	3,420	17,100
Rental equipment	7,487	3,043	1,303	11,833
Tax and license	578	55	7,946	8,579
Repairs and maintenance	1,362	18	50	1,430
TOTAL EXPENSES BEFORE DEPRECIATION	<u>5,415,311</u>	<u>172,392</u>	<u>1,548,563</u>	<u>7,136,267</u>
Depreciation	<u>77,467</u>	<u>7,428</u>	<u>21,224</u>	<u>106,119</u>
TOTAL EXPENSES	<u>\$ 5,492,778</u>	<u>\$ 179,820</u>	<u>\$ 1,569,787</u>	<u>\$ 7,242,386</u>
Less: Direct benefit to donors at special events included in revenue	<u>-</u>	<u>-</u>	<u>(377,484)</u>	<u>(377,484)</u>
TOTAL EXPENSES INCLUDED IN THE EXPENSE SECTION OF THE STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	<u>\$ 5,492,778</u>	<u>\$ 179,820</u>	<u>\$ 1,192,303</u>	<u>\$ 6,864,902</u>

See accompanying notes

**PROMISES2KIDS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

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CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	
Increase in net assets	\$ 1,937,635
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES	
Depreciation	106,119
Bad debt expense	31,525
Net unrealized loss on investments	1,735,071
Income from loan forgiveness	(400,538)
Change in operating assets and liabilities:	
Receivables	(2,785,853)
Prepaid expenses	(46,400)
Accounts payable	(61,928)
Accrued expenses	77,428
Deferred revenue	(65,200)
	(1,409,776)
NET CASH PROVIDED BY OPERATING ACTIVITIES	527,859
CASH FLOWS USED BY INVESTING ACTIVITIES	
Purchase of investments	(1,574,496)
Proceeds from sales of investments	709,544
Purchase of property and equipment	(391,683)
	(1,256,635)
NET DECREASE IN CASH	(728,776)
CASH, BEGINNING OF YEAR	2,922,025
CASH, END OF YEAR	\$ 2,193,249

See accompanying notes

PROMISES2KIDS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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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"), San Diego County's emergency shelter for abused and neglected children. In October 1994, the Foundation deeded the facility to the County. 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, 2022:

- KidSTART
- 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 or prepare for a career 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. Guardian Scholars provides multifaceted support through mentoring, career and vocational training, tutoring, college planning, financial aid, college application workshops, and case management.

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.

Fostering Opportunities - 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, and Community Drives.

