

KIDS WHO COUNT, INC.

FINANCIAL STATEMENTS
AND REPORT IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

Year Ended June 30, 2017

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7
REPORT IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	9



Independent Auditor's Report

Board of Directors
Kids Who Count, Inc.

Report on the Basic Financial Statements

We have audited the accompanying financial statements of Kids Who Count, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2017 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the basic financial statements.

Management's Responsibility for the Basic 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 statements. 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 statements 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 Kids Who Count, Inc. as of June 30, 2017 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited Kids Who Count, Inc.'s 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated January 20, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2018 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Squire & Company, PC

Orem, Utah
February 9, 2018

KIDS WHO COUNT, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2017 with Comparative Totals for 2016

	2017	2016
ASSETS		
Current Assets:		
Cash	\$ 222,017	\$ 146,486
Prepaid expenses	5,990	-
Grants receivable	87,082	70,294
Total current assets	315,089	216,780
Net Capital Assets	128,615	137,048
Total assets	<u>\$ 443,704</u>	<u>\$ 353,828</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 6,458	\$ 7,453
Accrued expenses	77,488	70,327
Total current liabilities	83,946	77,780
Unrestricted Net Assets:		
Designated for capital assets	128,615	137,048
Undesignated	231,143	139,000
Total unrestricted net assets	359,758	276,048
Total liabilities and net assets	<u>\$ 443,704</u>	<u>\$ 353,828</u>

The accompanying notes are an integral part of this financial statement.

KIDS WHO COUNT, INC.
STATEMENT OF ACTIVITIES

Year Ended June 30, 2017 with Comparative Totals for 2016

	2017	2016
Unrestricted Net Assets:		
Revenues and Support:		
Federal and state grants	\$ 1,233,612	\$ 1,088,557
Other	3,992	16,820
Total revenues and support	<u>1,237,604</u>	<u>1,105,377</u>
Expenses:		
Program services:		
Early intervention	989,695	911,173
Supporting services:		
Administration	<u>164,199</u>	<u>179,354</u>
Total expenses	<u>1,153,894</u>	<u>1,090,527</u>
Change in Net Assets	83,710	14,850
Net Assets at Beginning of Year	<u>276,048</u>	<u>261,198</u>
Net Assets at End of Year	<u><u>\$ 359,758</u></u>	<u><u>\$ 276,048</u></u>

The accompanying notes are an integral part of this financial statement.

KIDS WHO COUNT, INC.**STATEMENT OF FUNCTIONAL EXPENSES**

Year Ended June 30, 2017 with Comparative Totals for 2016

	Early	Administration	Totals	
	Intervention		2017	2016
Salaries and benefits	\$ 830,525	\$ 135,202	\$ 965,727	\$ 886,926
Professional insurance	9,196	-	9,196	8,099
Office supplies	6,112	6,112	12,224	13,251
Program materials	680	-	680	4,154
Postage	465	-	465	333
Inservice	4,810	-	4,810	10,573
Telephone	13,262	2,159	15,421	9,107
Utilities	4,307	701	5,008	5,047
Repairs and maintenance	16,217	-	16,217	18,724
Operating expenses	27,955	-	27,955	35,573
Professional fees	32,377	20,025	52,402	58,915
Transportation	42,602	-	42,602	39,252
Family travel and education	1,187	-	1,187	573
Total	<u>\$ 989,695</u>	<u>\$ 164,199</u>	<u>\$ 1,153,894</u>	<u>\$ 1,090,527</u>

The accompanying notes are an integral part of this financial statement.

KIDS WHO COUNT, INC.
STATEMENT OF CASH FLOWS

Year Ended June 30, 2017 with Comparative Totals for 2016

	2017	2016
Cash Flows from Operating Activities:		
Change in net assets	\$ 83,710	\$ 14,850
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	8,433	8,783
Changes in operating assets and liabilities:		
Grants receivable	(16,788)	(12,121)
Prepaid expenses	(5,990)	-
Accounts payable	(995)	2,408
Accrued expenses	7,161	10,376
Total adjustments	<u>(8,179)</u>	<u>9,446</u>
Net cash provided by operating activities	75,531	24,296
Cash Flows from Investing Activities:		
Purchases of capital assets	<u>-</u>	<u>(25,030)</u>
Net Change in Cash	75,531	(734)
Cash at Beginning of Year	<u>146,486</u>	<u>147,220</u>
Cash at End of Year	<u><u>\$ 222,017</u></u>	<u><u>\$ 146,486</u></u>

Supplemental Data:

The Organization paid no interest or income taxes during the year ended June 30, 2017.

The Organization had no noncash investing or financing activities for the year ended June 30, 2017.

The accompanying notes are an integral part of this financial statement.

KIDS WHO COUNT, INC. KIDS WHO COUNT, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The financial statements of Kids Who Count, Inc. (the Organization) have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Organization – Kids Who Count, Inc. was incorporated as a nonprofit organization in the State of Utah for the purpose of utilizing early intervention treatments for infants and children from birth through age two. The Organization’s mission is to be a resource for families and to enhance care for young children.

The Organization has no general membership other than the Board of Directors consisting of individuals who have an interest in the programs administered by the Organization. The Board establishes policies and procedures within the guidelines of the Organization’s grantors.

Summarized Comparative Financial Information – The financial statements include certain prior-year summarized comparative information in total but not by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2016 from which the summarized information was derived.

Tax Status – The Organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the Organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

Grants Receivable – Grants receivable consist of state and federal funds that have been earned but not yet received at year-end; the amounts were subsequently received by the Organization.

Cash – At June 30, 2017, the carrying amount of cash deposits is \$222,017 and the bank balance is \$222,790, all of which was covered by federal depository insurance.

Donated Services – The Organization received donated labor and materials in which the fair value is not readily determinable. As such, these donations are not reflected in the financial statements.

Allocation of Costs – Direct costs are charged to the appropriate program and indirect costs are allocated to the programs proportionate to each program’s usage.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, support, and expenses during the reporting period. Actual results could differ from those estimates.

Designation of Unrestricted Net Assets – A designation of net assets shows the Organization’s investment in capital assets. Although these net assets are unrestricted, they are not readily convertible to liquid assets due to their long-term nature and use.

KIDS WHO COUNT, INC. KIDS WHO COUNT, INC.
NOTES TO FINANCIAL STATEMENTS

Subsequent Events – The Organization has evaluated subsequent events through February 9, 2018, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Note 2. Capital Assets

Capital assets are carried at cost or, if donated, the approximate fair value at the date of donation. Capital assets valued at \$1,000 or more are capitalized and depreciated, using the straight-line method, over the estimated useful lives of the assets. Depreciation expense was \$8,433 for the year ended June 30, 2017. Capital assets were as follows at June 30, 2017:

		<u>Depreciable Lives (Years)</u>
Land	\$ 11,928	
Building	230,913	20 to 40
Equipment and furniture	<u>26,381</u>	3 to 10
	269,222	
Accumulated depreciation	<u>(140,607)</u>	
Net capital assets	<u><u>\$ 128,615</u></u>	

Note 3. Economic Dependency

Nearly all of the Organization’s revenue comes from grants and related funding, which are federal programs with matching funds received from the state of Utah.

Note 4. Retirement Plan

The Organization adopted a tax-sheltered deferred compensation plan for employees who meet certain eligibility requirements. The Organization matches up to 7 percent of employee contributions on eligible earnings. The Organization made contributions to the plan totaling \$33,181 for the year ended June 30, 2017.

**REPORT IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Year Ended June 30, 2017



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Kids Who Count, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Kids Who Count, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, cash flows, and functional expense for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 9, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah
February 9, 2018