

KIDS' CHANCE, INC. OF MISSOURI

Financial Statements

with

Independent Auditor's Report

Years Ended June 30, 2019 and 2018

KIDS' CHANCE, INC. OF MISSOURI

Table of Contents

Years Ended June 30, 2019 and 2018

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 11

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**Fleming, Tawfall
& Company, P.C.**

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Kids' Chance, Inc. of Missouri
St. Louis, Missouri

We have audited the accompanying financial statements of Kids' Chance, Inc. of Missouri (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 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' Chance, Inc. of Missouri as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Fleming, Tawfall & Company, P.C.

Litchfield, Illinois
December 18, 2019

KIDS' CHANCE, INC. OF MISSOURI
STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 180,187	\$ 171,316
Accounts receivable	9,226	8,674
Inventory	1,321	-
	<hr/>	<hr/>
Total assets	<u>190,734</u>	<u>179,990</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	-	895
	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>895</u>
 NET ASSETS WITHOUT DONOR RESTRICTIONS	 <u>190,734</u>	 <u>179,095</u>
	<hr/>	<hr/>
Total liabilities and net assets	<u>190,734</u>	<u>179,990</u>

The accompanying notes are an integral part of these financial statements.
See independent auditor's report.

KIDS' CHANCE, INC. OF MISSOURI
 STATEMENTS OF ACTIVITIES
 YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
UNRESTRICTED REVENUES AND OTHER SUPPORT		
Fundraising special events revenue	\$ 202,221	\$ 206,900
Less: related direct expenses	<u>(45,174)</u>	<u>(49,652)</u>
Net revenues from fundraising special events	157,047	157,248
Contributions	24,410	33,004
Miscellaneous income	<u>12</u>	<u>925</u>
 Total unrestricted revenues and other support	 <u>181,469</u>	 <u>191,177</u>
EXPENSES		
Direct program expense		
Scholarship awards:		
Awards	139,400	157,000
Lapses	<u>(2,000)</u>	<u>(8,466)</u>
Total direct program expenses	137,400	148,534
Indirect program expense	<u>14,130</u>	<u>13,453</u>
Total program expense	151,530	161,987
Management and general expense	8,630	8,411
Fundraising expense	<u>9,670</u>	<u>9,533</u>
 Total expenses	 <u>169,830</u>	 <u>179,931</u>
 Change in net assets	 11,639	 11,246
Net assets, beginning of year	<u>179,095</u>	<u>167,849</u>
Net assets, end of year	<u><u>190,734</u></u>	<u><u>179,095</u></u>

The accompanying notes are an integral part of these financial statements.
 See independent auditor's report.

KIDS' CHANCE, INC. OF MISSOURI
 STATEMENTS OF FUNCTIONAL EXPENSES
 YEARS ENDED JUNE 30, 2019 AND 2018

June 30, 2019

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Scholarships	\$ 137,400	\$ -	\$ -	\$ 137,400
Executive director fees	11,001	5,501	5,500	22,002
Professional fees	1,560	1,560	2,080	5,200
Public relations	741	741	988	2,470
Insurance	343	343	457	1,143
Supplies and printing	218	218	291	727
Bank fees	117	117	157	391
Postage	116	116	153	385
Administrative/misc.	34	34	44	112
Total expenses	<u>151,530</u>	<u>8,630</u>	<u>9,670</u>	<u>169,830</u>

June 30, 2018

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Scholarships	\$ 148,534	\$ -	\$ -	\$ 148,534
Executive director fees	10,084	5,042	5,042	20,168
Professional fees	1,485	1,485	1,980	4,950
Public relations	621	621	828	2,070
Insurance	342	342	457	1,141
Supplies and printing	472	472	629	1,573
Bank fees	201	201	267	669
Postage	200	200	265	665
Administrative/misc.	48	48	65	161
Total expenses	<u>161,987</u>	<u>8,411</u>	<u>9,533</u>	<u>179,931</u>

The accompanying notes are an integral part of these financial statements.
 See independent auditor's report.

KIDS' CHANCE, INC. OF MISSOURI
 STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
Change in net assets	\$ 11,639	\$ 11,246
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets:		
Accounts receivable	(552)	(5,865)
Accounts payable	(895)	(1,117)
Inventory	<u>(1,321)</u>	<u>16</u>
Net cash provided by operating activities/ increase in cash	<u>8,871</u>	<u>4,280</u>
Beginning cash	<u>171,316</u>	<u>167,036</u>
Ending cash	<u><u>180,187</u></u>	<u><u>171,316</u></u>

The accompanying notes are an integral part of these financial statements.
 See independent auditor's report.

KIDS' CHANCE, INC. OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

Note A - Summary of Significant Accounting Policies

Organization and Nature of Activities

Kids' Chance, Inc. of Missouri (the "Organization") is a nonprofit organization incorporated in 1995 to provide scholarships to children of workers who have been seriously injured or killed in work-related accidents which are compensable under the Missouri workers' compensation statute. The scholarships are awarded on the basis of financial need and may be used to cover room, board, books, and supplies, as well as tuition at any accredited vocational school or college in the United States.

Basis of Accounting

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets. These are (1) Net assets without donor restriction which represent net assets that are not subject to or are no longer subject to donor-imposed stipulations; (2) Net assets with donor restrictions which represent net assets whose use is limited by donor-imposed time and/or purpose restrictions. The Service had no net assets with donor restrictions at June 30, 2019 and 2018.

Changes in Accounting Policies

During the year ended June 30, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14-*Not-for-Profit Entities (Topic 958): Presentation on Financial Statements of Not-for-Profit Entities* (ASU 2016-14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note B).

KIDS' CHANCE, INC. OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

Note A - Summary of Significant Accounting Policies (continued)

Income Tax Status

The Organization is a tax-exempt public charity under Internal Revenue Code 501(c)(3). The Organization had no revenues taxable as unrelated business income. No income tax expense has been recorded in the financial statements.

The Organization has no material uncertain tax positions to be accounted for in the financial statements. The Organization recognizes interest and penalties, if any, related to unrecognized tax benefits in expenses in the statements of activities. No penalties or interest were incurred for 2019 and 2018. Generally, Kids' Chance, Inc. of Missouri's tax returns remain open for federal income tax examination for three years from the date of filing.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized when received. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at fair value, estimated using the present value of their net realizable value, using interest rates applicable to the years in which the promises are to be received. There were no unconditional promises to give at June 30, 2019 and 2018.

Estimates

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

Functional Expense Allocations

Expenses that can be identified with a specific program or supporting service are charged directly to the program or supporting service. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

KIDS' CHANCE, INC. OF MISSOURI
 NOTES TO FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2019 AND 2018

Note A - Summary of Significant Accounting Policies (continued)

Scholarship Awards

The Organization recognizes scholarships as an expense when the scholarship committee awards the scholarship. Scholarships are awarded for a maximum of one school year and lapse if unused during that period. Award proceeds are disbursed directly to the schools upon submission of documentation to confirm enrollment.

Cash

The Organization considers its highly liquid temporary investments with maturities of three months or less to be cash.

Inventory

Inventory consists of unsold books used in fundraising events and is valued at cost.

Note B - Liquidity and Funds Available

The following table reflects the Service's financial assets (cash and investments).

	<u>2019</u>	<u>June 30,</u>	<u>2018</u>
Financial Assets:			
Cash	\$180,187		\$171,316
Accounts receivable	<u>9,226</u>		<u>8,674</u>
Financial assets, at year end	<u>189,413</u>		<u>179,990</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>189,413</u>		<u>179,990</u>

KIDS' CHANCE, INC. OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

Note C - Fund-Raising Events

	2019		
	<u>Gross Revenues</u>	<u>Direct Expenses</u>	<u>Net Revenues</u>
Golf tournament-St. Louis	\$ 76,151	\$ 10,350	\$ 65,801
Golf tournament-Kansas City	19,920	8,771	11,149
Golf tournament-Lake	16,274	6,191	10,083
Bowling-St. Louis	9,287	3,118	6,169
Trivia-St. Louis	14,306	2,495	11,811
Trivia-Springfield	9,217	825	8,392
Trivia-Cape Girardeau	4,411	1,098	3,313
Seminar	26,338	999	25,339
Work Safe Week	4,053	-	4,053
Work Comp Award	7,330	6,965	365
Texas Hold'em	8,351	-	8,351
Joplin Networking	2,241	688	1,553
Kansas City Networking	350	543	(193)
Mid-Missouri Networking	1,000	922	78
St. Louis Networking	-	450	(450)
Statute book sales	3,287	2,054	1,233
	<u>202,516</u>	<u>45,469</u>	<u>157,047</u>

	2018		
	<u>Gross Revenues</u>	<u>Direct Expenses</u>	<u>Net Revenues</u>
Golf tournament-St. Louis	\$ 78,243	\$ 21,096	\$ 57,147
Golf tournament-Kansas City	12,900	9,403	3,497
Golf tournament-Lake	48	130	(82)
Bowling-St. Louis	10,191	3,118	7,073
Trivia-St. Louis	12,573	2,154	10,419
Trivia-Springfield	5,396	1,163	4,233
Seminar	25,216	1,730	23,486
5K	5,628	220	5,408
Work Safe Week	12,905	-	12,905
Texas Hold'em	20,940	3,839	17,101
Cape Girardeau Networking	4,859	418	4,441
Kansas City Networking	600	363	237
Springfield Networking	2,682	813	1,869
St. Louis Networking	10,714	3,540	7,174
Statute book sales	4,005	1,665	2,340
	<u>206,900</u>	<u>49,652</u>	<u>157,248</u>

KIDS' CHANCE, INC. OF MISSOURI
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2019 AND 2018

Note D - The Kids' Chance Scholarship Program

The Kids' Chance Scholarship Program, established by section 173.254, RSMo, authorizes the Coordinating Board for Higher Education to provide scholarships for the children of workers who were seriously injured or died in a work-related accident or occupational disease covered by workers' compensation and compensable pursuant to chapter 287, RSMo, to attend a college, university, or accredited vocational institution of their choice. In accordance with statute, the director of the division of workers' compensation deposits fifty thousand dollars each year beginning in 1999 until 2019 into the Kids' Chance Scholarship Fund. Awards can only be made using the interest earnings in the fund. The requested amount is set based on the size of the fund and projected interest as the fund continues to grow.

The Missouri Department of Higher Education has authorized payment of \$9,000 for the payment of 2 Kids' Chance scholarships for the 2018-2019 school year.

Kids' Chance, Inc. of Missouri prompted this scholarship and the Missouri Department of Higher Education will consider recommendations from the Kids' Chance, Inc. of Missouri's Board of Directors when awarding scholarships from this fund.

Note E - Subsequent Events

Kids' Chance, Inc. of Missouri has evaluated subsequent events through December 18, 2019, the date the financial statements were available to be issued.