

ALL OUR KIN, INC.
Financial Statements
For the Year Ended
December 31, 2018

ALL OUR KIN, INC.
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KIRCALDIE, RANDALL & MCNAB LLC

CERTIFIED PUBLIC ACCOUNTANTS

NORTH HAVEN, CONNECTICUT 06473

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
All Our Kin, Inc.
New Haven, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of All Our Kin, Inc., (a nonprofit organization) which comprise the statement of financial position as of December 31, 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

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 statements. The procedures selected depend on the auditor's judgement, 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 All Our Kin, Inc., as of December 31, 2018 and the results of its operations and changes in fund balances for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Kircaldie Randall & McNab LLC

North Haven, Connecticut
June 28, 2019

ALL OUR KIN, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018

ASSETS:

Current assets:

Cash	\$ 1,025,666
Accounts receivable	1,551,049
Advances receivable	1,920
Loans receivable	43,963
Prepaid expenses	13,638
Total current assets	<u>\$ 2,636,236</u>

Furniture & fixtures	<u>\$ 57,022</u>
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Other assets:

Deposits - security	<u>\$ 29,695</u>
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Total assets	<u><u>\$ 2,722,953</u></u>
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LIABILITIES:

Current liabilities:

Accounts payable	\$ 81,772
Accrued payroll and taxes	10,884
Total current liabilities	<u>\$ 92,656</u>

Long-term liabilities:

Loan funds	\$ 40,000
Total liabilities	<u>\$ 132,656</u>

NET ASSETS:

Net assets - Without donor restrictions	\$ 1,952,208
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Net assets - With donor restrictions	638,089
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Total net assets	<u>\$ 2,590,297</u>
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Total liabilities & net assets	<u><u>\$ 2,722,953</u></u>
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KIRCALDIE, RANDALL & MCNAB LLC

ALL OUR KIN, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Support and Revenue			
Grants	\$ 1,503,263	\$	\$ 1,503,263
Contributions	4,060,104		4,060,104
Interest income	3,001		3,001
Program services	60,815		60,815
Net assets released from restrictions	837,094	(837,094)	0
Miscellaneous	23,785		23,785
Total support and revenue	<u>\$ 6,488,062</u>	<u>\$ (837,094)</u>	<u>\$ 5,650,968</u>
Expenses			
Program services	\$ 4,565,061	\$ 0	\$ 4,565,061
Fundraising	124,836	0	124,836
Management and general	959,003	0	959,003
Total expenses	<u>\$ 5,648,900</u>	<u>\$ 0</u>	<u>\$ 5,648,900</u>
Excess support and revenue over expenses	\$ 839,162	\$ (837,094)	\$ 2,068
Net assets beginning - January 1,	1,113,046	1,475,183	2,588,229
Net assets ending - December 31,	<u>\$ 1,952,208</u>	<u>\$ 638,089</u>	<u>\$ 2,590,297</u>

KIRCALDIE, RANDALL & MCNAB LLC

ALL OUR KIN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services	Fund Raising	Management & General	Total
Advertising	\$ 21,142	\$ 675	\$ 5,091	\$ 26,908
Dues & subscriptions	15,283	0	2,773	18,056
Child care EHS	776,425	0	0	776,425
Insurance	48,341	0	14,580	62,921
Meetings & conferences	123,238	5,799	15,949	144,986
Education materials	109,064	0	0	109,064
Payroll	2,072,220	64,514	500,602	2,637,336
Payroll taxes	167,955	8,550	37,260	213,765
Benefits	127,445	11,329	144,437	283,211
Hiring costs	3,940	122	952	5,014
Rent	140,478	4,373	33,937	178,788
Professional fees	9,517	2,037	1,866	13,420
Outside services	569,381	17,726	137,550	724,657
Office expenses	62,701	1,952	15,147	79,800
Supplies	456	14	110	580
Tool kit	59,416	0	0	59,416
Training	33,671	0	0	33,671
Travel	97,790	3,024	23,645	124,459
Utilities	21,824	680	5,272	27,776
Telephone	15,473	729	2,002	18,204
Maintenance and repairs	18,185	855	2,355	21,395
Security	1,700	81	219	2,000
Copier	18,476	575	4,463	23,514
Technology expenses	34,602	1,077	8,359	44,038
Bank fees	2,847	89	688	3,624
Depreciation	13,491	635	1,746	15,872
Total	\$ 4,565,061	\$ 124,836	\$ 959,003	\$ 5,648,900

KIRCALDIE, RANDALL & MCNAB LLC

ALL OUR KIN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows from Operating Activities:

Excess support and revenue over expenses	\$ 2,068
Depreciation expenses	15,872
Adjustments to reconcile to net cash from operations	
Increase (decrease) in accounts receivable	(678,673)
Increase (decrease) in advances receivable	4,060
Increase (decrease) in prepaid expenses	(8,007)
(Increase) decrease in accounts payable	41,451
(Increase) decrease in accrued payroll and taxes	3,904
Net cash flows provided (used) by operating activities	\$ (619,325)

Cash Flows from Investing Activities:

Purchase of furniture and fixtures	\$ (39,272)
Deposits	(14,570)
Loan receivable, net	(13,329)
Net cash flows provided (used) by investing activities	\$ (67,171)

Cash Flows from Financing Activities:

Loan fund, net	\$ 0
Net cash flows provided (used) by financing activities	\$ 0

Net increase (decrease) in cash	\$ (686,496)
Cash - beginning of the year	1,712,162
Cash - end of year	\$ 1,025,666

Supplemental Disclosure of Cash Flows Information

Interest paid	\$ 0
Income taxes paid	\$ 0

KIRCALDIE, RANDALL & MGNAB LLC

ALL OUR KIN, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Organization

All Our Kin, Inc., is a non-stock, not-for-profit corporation organized in Connecticut to provide high-quality early care and education for all children, in the New Haven and Bridgeport, Connecticut area, and is expanding its programs as needed to other communities in Connecticut and New York. The organization runs its operations out of leased space in New Haven, Bridgeport and Stamford, Connecticut and in New York, New York.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The following significant accounting policies have been followed in the preparation of the financial statements:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded as incurred.

The Company follows the standards of accounting and financial reporting for Not-for-Profit Organizations as required by the Financial Accounting Standards Board, whereby an organization's net assets and its revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-(or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Depreciation is provided, using the straight-line method over the estimated useful lives of the assets. Equipment is depreciated over a 3 to 7 year period. A capital asset is defined by the Company an asset with

ALL OUR KIN, INC.
NOTES TO FINANCIAL STATEMENTS

an initial individual cost of more than \$1,000 and an estimated useful life of more than one year.

Effective January 1, 2018, the Corporation adopted the provisions of ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This update provides certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures and presentation of an analysis of expenses by function and by nature, among other changes.

Contributions

The Organization accounts for contributions in accordance with the recommendations of the Financial Accounting Standards Board in SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as with donor restrictions, or without donor restrictions, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of financial statement presentation, the Organization considers all highly liquid investments with a maturity of six months or less to be cash equivalents.

Income Taxes

The Organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code and therefore, no provision for income taxes has been made. The Organization is a public charity, not a private foundation.

Property and Equipment and Depreciation

Property and equipment are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts, less accumulated depreciation. Minor additions and renewals are expenses in the year incurred. Major additions and renewals are capitalized. There was \$15,872 of depreciation for the year ended December 31, 2018.

ALL OUR KIN, INC.
NOTES TO FINANCIAL STATEMENTS

Note 2 – Cash

The following is a breakdown of cash at December 31, 2018

Cash-checking	\$ 150,055
Cash-savings	<u>875,611</u>
	<u>\$ 1,025,666</u>

Note 3 – Loans Receivable

The Organization, as part of its assistance to child care providers, loans out funds. The balance of these loans receivable at December 31, 2018 is \$43,963.

Note 4 – Net Assets - With Donor Restrictions

Net assets - with donor restrictions amounted to \$633,089 as of December 30, 2018. This represents donations and grants, advances to be available to spend in the upcoming year(s).

Note 5 – Furniture and Fixtures

Furniture and fixtures, are recorded at cost or if donated at estimated fair market value upon receipt. The details of furniture and fixtures as of December 31, 2018 is as follows;

Equipment and fixtures	\$123,857
Less, accumulated depreciation	<u>66,835</u>
Book value	<u>\$ 57,022</u>

Depreciation expense for the year ended December 31, 2018 amounted to \$15,872.

There was \$39,272 in new computer and office equipment purchased during the 2018 year.

Note 6 – Loan Funds

The Organization has received restricted grants fund to help provide in the Organization's assistance to child care providers. At December 31, 2018, the balance of these restricted grants is \$40,000.

Note 7 – Economic Dependency

All Our Kin, Inc., derives a substantial portion of its revenue from donations and grants from public and private individuals. If the economic conditions change and the Organization can't sustain its current level of contributions, the Organization will have difficulty in continuing in its current form and function.

ALL OUR KIN, INC.
NOTES TO FINANCIAL STATEMENTS

Note 8 – Liquidating

Financial assets available for general expenses, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprises of the following

Cash	\$1,025,666
Accounts receivable	<u>1,551,049</u>
Total	\$2,576,715
less, donor restrictions	<u>638,089</u>
Total available	<u><u>\$1,938,626</u></u>

All Our Kin, Inc., anticipates fees, grants and contributions sufficient enough to cover expenditures for the up coming year.

Note 9 – Office Space

All Our Kin, Inc., occupies its operations out of its leased facilities located in New Haven, Bridgeport and Stamford, Connecticut and New York City. The lease in New Haven runs for (5) five years starting in January 2017 and runs through December 2022 with an option for another five years. The lease in Bridgeport runs for three years starting February 2017 through January 2020. The Stamford lease is for one year through September 30, 2019. The New York City lease is for 3 years starting in June 2018 through May of 2021. The following is a breakdown of the lease payments over the next four years.

<u>Year</u>	<u>Total Rent</u>
2019	\$ 198,726
2020	133,841
2021	97,422
2022	76,872

Note 10 – Loans Payable

All Our Kin, Inc., entered into a line of credit agreement at a bank. The line was open at \$100,000, with an interest rate of 5.5% per annum. At December 31, 2018, the balance of the line of credit was zero. The credit line is renewable annually.

Note 11 – Uninsured Cash Balances

All Our Kin, Inc., maintains their cash in bank deposits at (3) three high credit quality financial institutions. The balance at times exceeds the federally insured limits. At December 31, 2018, the cash balance did exceed the insured limit of \$250,000, by \$334,095.

Note 12 - Subsequent Events

There were no subsequent events as evaluated through June 28, 2018, the date the financial statements were available to be issued.