

ALL OUR KIN, INC.
Financial Statements
For the Year Ended
December 31, 2019

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

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, 2019 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, 2019 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
May 28, 2020

ALL OUR KIN, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

ASSETS:

Current assets:

Cash	\$ 1,932,890
Accounts receivable	452,858
Advances receivable	199
Loans receivable	57,000
Prepaid expenses	60,824
Total current assets	<u>\$ 2,503,771</u>

Furniture & fixtures

\$ 73,393

Other assets:

Deposits - security	<u>\$ 35,473</u>
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Total assets

\$ 2,612,637

LIABILITIES:

Current liabilities:

Accounts payable	\$ 1,601
Accrued payroll and taxes	-
Total current liabilities	<u>\$ 1,601</u>
Total liabilities	<u>\$ 1,601</u>

NET ASSETS:

Net assets - Without donor restrictions \$ 2,275,052

Net assets - With donor restrictions 335,984

Total net assets \$ 2,611,036

Total liabilities & net assets \$ 2,612,637

KIRCALDIE, RANDALL & McNAB LLC

ALL OUR KIN, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Government grants	\$ 1,844,059	\$ -	\$ 1,844,059
Contributions	4,977,704	-	4,977,704
Interest income	665	-	665
Program services	1,065	-	1,065
Net assets released from restrictions	302,105	(302,105)	-
Miscellaneous	4,235	-	4,235
Total support and revenue	<u>\$ 7,129,833</u>	<u>\$ (302,105)</u>	<u>\$ 6,827,728</u>
Expenses			
Program services	\$ 5,616,511	\$ -	\$ 5,616,511
Fundraising	111,083	-	111,083
Management and general	1,079,395	-	1,079,395
Total expenses	<u>\$ 6,806,989</u>	<u>\$ -</u>	<u>\$ 6,806,989</u>
Change in net assets	\$ 322,844	\$ (302,105)	\$ 20,739
Net assets beginning - January 1,	1,952,208	638,089	2,590,297
Net assets ending - December 31,	<u>\$ 2,275,052</u>	<u>\$ 335,984</u>	<u>\$ 2,611,036</u>

KIRCALDIE, RANDALL & McNAB LLC

ALL OUR KIN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

KIRCALDIE, RANDALL & McNAB LLC

	<u>Program Services</u>	<u>Fund Raising</u>	<u>Management & General</u>	<u>Total</u>
Expenses:				
Dues & subscriptions	\$ 14,115	\$ -	\$ 2,562	\$ 16,677
Child care EHS	1,016,213	-	-	1,016,213
Insurance	65,021	-	19,609	84,630
Meetings & conferences	109,066	5,133	14,115	128,314
Education materials	120,092	-	-	120,092
Payroll	2,778,390	68,249	689,558	3,536,197
Payroll taxes	433,526	10,649	107,596	551,771
Benefits	356,685	8,762	88,524	453,971
Rent	170,990	4,200	42,437	217,627
Professional fees	3,127	660	616	4,403
Outside services	226,168	5,556	56,132	287,856
Office expenses	46,483	1,142	11,536	59,161
Tool kit	45,159	-	-	45,159
Training	13,808	-	-	13,808
Travel	80,218	1,970	19,910	102,098
Utilities	30,917	760	7,673	39,350
Telephone	21,849	1,028	2,828	25,705
Maintenance and repairs	22,763	1,071	2,946	26,780
Miscellaneous expenses	591	28	76	695
Licensing and accreditation expenses	12,162	299	3,018	15,479
Technology expenses	31,475	773	7,812	40,060
Bank fees	1,333	33	330	1,696
Depreciation	16,360	770	2,117	19,247
Total	<u>\$ 5,616,511</u>	<u>\$ 111,083</u>	<u>\$ 1,079,395</u>	<u>\$ 6,806,989</u>

ALL OUR KIN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash Flows from Operating Activities:

Excess support and revenue over expenses	\$ 20,739
Depreciation expenses	19,247
Adjustments to reconcile to net cash from operations	
Increase (decrease) in accounts receivable	1,098,191
Increase (decrease) in advances receivable	1,721
Increase (decrease) in prepaid expenses	(47,186)
(Increase) decrease in accounts payable	(80,171)
(Increase) decrease in accrued payroll and taxes	(10,884)
Net cash flows provided (used) by operating activities	<u>\$ 1,001,657</u>

Cash Flows from Investing Activities:

Purchase of furniture and fixtures	\$ (35,618)
Deposits	(5,778)
Loan receivable, net	(13,037)
Net cash flows provided (used) by investing activities	<u>\$ (54,433)</u>

Cash Flows from Financing Activities:

Loan fund, net	\$ (40,000)
Net cash flows provided (used) by financing activities	<u>\$ (40,000)</u>

Net increase (decrease) in cash	\$ 907,224
Cash - beginning of the year	1,025,666
Cash - end of year	<u><u>\$ 1,932,890</u></u>

Supplemental Disclosure of Cash Flows Information

Interest paid	<u>\$ 0</u>
Income taxes paid	<u>\$ 0</u>

KIRCALDIE, RANDALL & McNAB LLC

ALL OUR KIN, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 – Summary of Significant Accounting Policies

Organization and Nature of Operations:

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.

Basis of Presentation

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

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in FASB ASC Topic 958. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded as incurred.

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.

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.

ALL OUR KIN, INC.
NOTES TO FINANCIAL STATEMENTS

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.

Furniture and Fixtures and Depreciation:

Property and equipment are recorded at cost at the date of acquisition or fair market value at the date of donation. 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 as an asset with an initial individual cost of more than \$1,000 and an estimated useful life of more than one year.

Minor additions and renewals are expenses in the year incurred. Major additions and renewals are capitalized. There was \$19,247 of depreciation for the year ended December 31, 2019.

Net Assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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. There were no donor-imposed restrictions of a perpetual nature at December 31, 2019. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. When the restriction expires, 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.

Functional Allocation of Expenses:

The cost of program and support services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of the expenses by function. Expenses that are identified with a specific program or support service are charged directly to the appropriate function. Other shared costs have been allocated among the programs and supporting services benefitted based on management's estimate of the relative effort expended for the related function.

ALL OUR KIN, INC.
NOTES TO FINANCIAL STATEMENTS

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

Recent Accounting Pronouncements:

In February 2016, the Financial Accounting and Standards Board (FASB) amended the Leases topic of the Accounting Standards Codification to revise certain aspects of recognition, measurement, presentation, and disclosure of leasing transactions. The amendments will be effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. The Foundation is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

On June 21, 2018, the FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which applies to all entities that receive or make contributions. The criteria for evaluating whether contributions are unconditional (and thus recognized immediately in income) or conditional (for which income recognition is deferred) have been clarified. The focus is whether a gift or grant agreement both (1) specifies a "barrier or hurdle" that the recipient must overcome to be entitled to the resources, and (2) releases the donor from its obligation to transfer resources (or if assets are advanced, a right to demand their return) if the barrier or hurdle is not achieved. An agreement that contains both is a conditional contribution. An agreement that omits one or both is unconditional. No new disclosures are required. For grants/contributions made, donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/release) to determine whether gifts or grants are conditional or unconditional.

For federal and other government grants, the ASU clarifies the definition of an exchange transaction. As a result, not-for-profit entities will account for most federal grants as donor-restricted conditional contributions, rather than as exchange transactions (the prevalent practice today). An accommodation ("simultaneous release" option) is provided which, if elected, would allow grants received and used within the same period to be reported in net assets without donor restrictions, consistent with where the grant revenue is reported today.

For transactions in which a non-public entity serves as a resource recipient, the entity should apply the amendments in this ASU on contributions received to annual periods beginning after December 15, 2018. For transactions in which a non-public entity serves as a resource provider, the entity should apply the amendments in this ASU on contributions made to annual periods beginning after December 15, 2019. Early adoption of the amendments is permitted. The Foundation is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

ALL OUR KIN, INC.
NOTES TO FINANCIAL STATEMENTS

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.

Note 2 – Cash

The following is a breakdown of cash at December 31, 2019

Cash-checking	\$ 1,429,599
Cash-savings	<u>503,291</u>
	<u>\$ 1,932,890</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, 2019 is \$57,000.

Note 4 – Net Assets - With Donor Restrictions

Net assets - with donor restrictions amounted to \$335,984 as of December 30, 2019. 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	\$159,475
Less, accumulated depreciation	<u>86,082</u>
Book value	<u>\$ 73,393</u>

Depreciation expense for the year ended December 31, 2019 amounted to \$19,247.

There was \$35,618 in new computer and office equipment purchased during the 2018 year.

Note 6 – Benefit Plan

The Organization maintains a defined contribution retirement plan under section 403(b) of the internal revenue code. Under the plan, eligible employees may elect to defer a portion of their compensation, subject to the Internal Revenue Service limits. The Organization contributed \$0 to the plan for the year ended December 31, 2019.

ALL OUR KIN, INC.
NOTES TO FINANCIAL STATEMENTS

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.

Note 8 – Liquidity and Availability

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	\$1,932,890
Accounts receivable	<u>452,858</u>
Total	\$2,385,748
less, donor restrictions	<u>335,984</u>
Total available	<u><u>\$2,049,764</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, 2020. 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 three years.

<u>Year</u>	<u>Total Rent</u>
2020	\$ 230,198
2021	\$ 170,049
2022	\$ 113,894

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 6.75% per annum. At December 31, 2019, the balance of the line of credit was zero. The credit line is renewable annually.

ALL OUR KIN, INC.
NOTES TO FINANCIAL STATEMENTS

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, 2019, the cash balance did exceed the insured limit of \$250,000, by \$1,577,557.

Note 12 - Subsequent Events

The Organization evaluated its December 31, 2019 financial statements for subsequent events through May 28, 2020, the date the financial statements were available to be issued. The organization has disclosed the following subsequent event that required a disclosure in these financial statements.

COVID 19 PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The impact to the Organization's operations is described below. Future potential impacts may include disruptions or restrictions on the Organization. The future effects of these issues are unknown at this time.

Impact of COVID on Operations

On March 16, 2020 All Our Kin, Inc., closed all 4 of its offices and staff began working remotely as a result of COVID-19. All Our Kin, Inc., have been able to continue the majority of our operations virtually. Additionally, as a result of COVID-19, demand for their services has increased significantly. All Our Kin, Inc., clients, family child care educators, need support accessing relief funds, procuring supplies to continue running their business and coaching to navigate the crisis. We anticipate gradually resuming previous in-person activities later this year but we anticipate the bulk of our operations will continue remotely throughout 2020. Meanwhile, to preserve maximum flexibility and protect the organization against possible contingencies, All Our Kin has developed cost-cutting plans to be implemented in phases, if needed, as the overall effect of the economic situation is assessed quarter to quarter.

COVID-19 Fundraising

All Our Kin has raised over \$245,000 to-date in emergency relief funds from foundation and individual supporters, to provide critical supports to our family child network unfolds, including cash grants to assist with emerging financial hardships, cleaning supplies and basic personal protective equipment, as well as resources to enhance our staff capacity and organization's technological infrastructure. In addition, several long-term supporters have revised their annual disbursement timelines to release funds earlier than anticipated, and where possible, granting additional discretionary funds to support unanticipated operation expenses.

ALL OUR KIN, INC.
NOTES TO FINANCIAL STATEMENTS

PPP Loan

On April 22, 2020 All Our Kin received a loan of \$1,159,035 through the government Paycheck Protection Program. Based on the current SBA guidelines more than half of this loan will be forgiven based on payroll and allowable operating expenses incurred in the covered period which is the earlier of either 24 weeks after funding or December 31, 2020. On December 31, 2020 the deferral period ends and the remaining loan amount not forgiven will either be returned to Webster Bank with accrued interest of 1% for the period or converted to a fully amortizing loan to be paid back in equal payments at an interest rate of 1% over 24 months.