



KIDSAVE

AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2020

Quigley & Miron

Kidsave International, Inc.
Audited Financial Statements
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Independent Auditor's Report

Board of Trustees
Kidsave International, Inc.
Culver City, California

We have audited the accompanying financial statements of Kidsave International, Inc. (Kidsave), a nonprofit organization, which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, 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 of 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 Kidsave International, Inc. as of December 31, 2020, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Kidsave International, Inc.'s December 31, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Zwigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
October 7, 2021

Kidsave International, Inc.
Statement of Financial Position
December 31, 2020
(with comparative totals for 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Assets				
Current Assets				
Cash, cash equivalents, and restricted cash—Notes 8 and 9	\$ 1,597,435	\$ 158,172	\$ 1,755,607	\$ 760,212
Investments—Note 5				51,665
Contributions and grants receivable, net—Note 6		280,988	280,988	203,084
Prepaid expenses and other assets	28,763		28,763	26,491
Security deposits	3,041		3,041	4,842
Total Current Assets	1,629,239	439,160	2,068,399	1,046,294
Non-Current Assets				
Contributions and grants receivable—Note 6		206,665	206,665	110,560
Total Non-Current Assets		206,665	206,665	110,560
Total Assets	\$ 1,629,239	\$ 645,825	\$ 2,275,064	\$ 1,156,854
Liabilities and Net Assets				
Current Liabilities				
Accounts payable and accrued expenses	\$ 44,291	\$	\$ 44,291	\$ 93,375
PPP advance—Note 8	216,000		216,000	
Total Current Liabilities	260,291		260,291	93,375
Long Term Liabilities				
EIDL loan—Note 9	150,000		150,000	
Total Long Term Liabilities	150,000		150,000	
Total Liabilities	410,291		410,291	93,375
Net Assets				
Without donor restrictions	1,218,948		1,218,948	547,071
With donor restrictions—Note 10				
Purpose-restricted		158,172	158,172	261,064
Time-restricted		487,653	487,653	255,344
Total Net Assets	1,218,948	645,825	1,864,773	1,063,479
Total Liabilities and Net Assets	\$ 1,629,239	\$ 645,825	\$ 2,275,064	\$ 1,156,854

See notes to financial statements.

Kidsave International, Inc.
Statement of Activities
Year Ended December 31, 2020
(with comparative totals for 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020 Total</u>	<u>2019 Total</u>
Operating Activities				
Support and Revenues				
Contributions and grants	\$ 1,084,386	\$ 1,133,904	\$ 2,218,290	\$ 1,999,839
Government contracts	70,000		70,000	25,750
In-kind contributions—Note 14	36,877		36,877	239,012
Miscellaneous income	6,077		6,077	1,314
Net assets released from restrictions	1,004,487	(1,004,487)		
Total Support and Revenues	2,201,827	129,417	2,331,244	2,265,915
Expenses				
Program services				
Weekend Miracles	394,767		394,767	540,337
Summer Miracles	315,239		315,239	522,952
International In-Country				
Permanency Programs	134,233		134,233	120,423
Permenency Initiatives	369,985		369,985	347,381
Public Education	150,974		150,974	360,513
Total Program Expenses	1,365,198		1,365,198	1,891,606
Supporting services				
Management and general	184,495		184,495	202,285
Fundraising	110,067		110,067	163,702
Total Expenses	1,659,760		1,659,760	2,257,593
Change in Net Assets from Operations	542,067	129,417	671,484	8,322
Nonoperating Activities				
Income on Lake Show investment—Note 5	129,810		129,810	3,843
Total Nonoperating Activities	129,810		129,810	3,843
Change in Net Assets	671,877	129,417	801,294	12,165
Net Assets at Beginning of Year	547,071	516,408	1,063,479	1,051,314
Net Assets at End of Year	\$ 1,218,948	\$ 645,825	\$ 1,864,773	\$ 1,063,479

See notes to financial statements.

Kidsave International, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020
(with comparative totals for 2019)

	Program Services					Supporting Services				2020 Total	2019 Total
	Weekend Miracles	Summer Miracles	International In-Country Permanency Programs	Permanency Initiatives	Public Education and Outreach	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Expenses											
Salaries	\$ 193,870	\$ 137,108	\$ 34,311	\$ 183,114	\$ 80,530	\$ 628,933	\$ 54,114	\$ 47,218	\$ 101,332	\$ 730,265	\$ 856,069
Employee benefits	33,942	18,589	3,525	25,985	9,426	91,467	22,243	5,610	27,853	119,320	132,734
Payroll taxes	13,392	10,295	2,859	13,761	6,324	46,631	9,680	3,590	13,270	59,901	70,475
Advertising	1,557	699	75	29,721	665	32,717	20	679	699	33,416	21,088
Bank charges	9,186	6,254	1,359	9,456	8,285	34,540	1,870	3,103	4,973	39,513	36,452
Conference and meetings	1,193	924	8	561	8,046	10,732	160	2,015	2,175	12,907	134,152
Contractors	20,987	8,460	43,266	16,059	17,243	106,015	725	21,330	22,055	128,070	252,639
Dues and subscriptions	1,412	33	10	234	21	1,710	14	725	739	2,449	9,902
Equipment rental and maintenance	35,059	25,818	2,312	35,743	4,957	103,889	8,875	4,098	12,973	116,862	140,774
Grants made	1,200	34,180	32,788			68,168				68,168	43,182
Insurance	5,025	3,293	783	4,921	1,929	15,951	1,346	1,192	2,538	18,489	18,150
Interest	201	121	82	150	10	564	1,957	43	2,000	2,564	
License, taxes and fees	1,056	264	100	785	192	2,397	89	1,974	2,063	4,460	11,880
Miscellaneous	773	184	2	1,790	1,927	4,676		473	473	5,149	14,063
Photography and audio visual											14,796
Postage and shipping	1,050	533	130	2,138		3,851	1,129	1,080	2,209	6,060	5,457
Printing and publications	250	351	137	581		1,319	586	863	1,449	2,768	12,139
Professional development	295					295		30	30	325	162
Professional fees	13,296	38,267	2,143	13,034		66,740	59,918	7,727	67,645	134,385	132,324
Rent	22,294	14,997	3,445	23,029	7,503	71,268	5,573	5,321	10,894	82,162	65,065
Supplies	22,470	5,150	1,015	6,103	3,165	37,903	6,846	2,579	9,425	47,328	60,137
Telephone	1,454	1,257	1,951	394	240	5,296	9,106	131	9,237	14,533	14,829
Training and recruitment	10,470	16	1	21		10,508	3	8	11	10,519	14,979
Translation		3,068				3,068				3,068	7,426
Travel	4,335	5,378	3,931	2,405	511	16,560	241	278	519	17,079	188,720
2020 Totals	\$ 394,767	\$ 315,239	\$ 134,233	\$ 369,985	\$ 150,974	\$ 1,365,198	\$ 184,495	\$ 110,067	\$ 294,562	\$ 1,659,760	\$ 2,257,593
2019 Totals	\$ 540,337	\$ 522,952	\$ 120,423	\$ 347,381	\$ 360,513	\$ 1,891,606	\$ 202,285	\$ 163,702	\$ 365,987	\$ 2,257,593	
Difference	\$ (145,570)	\$ (207,713)	\$ 13,810	\$ 22,604	\$ (209,539)	\$ (526,408)	\$ (17,790)	\$ (53,635)	\$ (71,425)	\$ (597,833)	
Percentage Change	-37%	-66%	10%	6%	-139%	-39%	-10%	-49%	-24%	-36%	

See notes to financial statements.

Kidsave International, Inc.
Statement of Cash Flows
Year Ended December 31, 2020
(with comparative totals for 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 801,294	\$ 12,165
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on Lake Show investment	(129,810)	(3,843)
Changes in operating assets and liabilities:		
Contributions and grants receivable	(174,009)	87,820
Accounts receivable		259
Prepaid expenses	(2,272)	(13,387)
Security deposits	1,801	2,000
Accounts payable and accrued expenses	(49,084)	(13,093)
Proceeds from PPP advance	216,000	
Net Cash Provided by Operating Activities	663,920	71,921
Cash Flows from Investing Activities		
Proceeds from distribution of Lake Show investment	181,475	12,375
Net Cash Provided by Investing Activities	181,475	12,375
Cash Flows from Financing Activities		
Proceeds from EIDL loan	150,000	
Net Cash Provided by Financing Activities	150,000	
Increase in Cash, Cash Equivalents, and Restricted Cash	995,395	84,296
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	760,212	675,916
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 1,755,607	\$ 760,212
Supplementary Disclosures		
Interest paid	\$ 2,564	\$ -
Income taxes paid	\$ -	\$ -

See notes to financial statements.

Kidsave International, Inc.

Notes to Financial Statements

Note 1—Organization

Organization—Kidsave International, Inc. (Kidsave), a nonprofit organization believes all kids, everywhere, deserve to grow up with the support of a loving, caring family. Kidsave’s innovative programs in the U.S. and around the world help older kids (ages 6 -21) in foster care and orphanages find lasting connections and forever families.

Kidsave's mission is to create change in government child welfare systems so that no child is forgotten, and every child grows up in a family with love and hope for a successful future. Kidsave’s programs move children out of government care and into families. Since 1997 Kidsave has been designing and operating model programs, and working to train governments, NGOs and child welfare professionals in program operations and expansion. Kidsave continues to champion for change in policies, programs, and increased government funding so that more children can find permanent families and thrive.

Following is a summary of Kidsave’s work in 2020.

Permanency Initiatives

Weekend Miracles

Los Angeles County—*Weekend Miracles Los Angeles* is a public/private partnership, launched in October 2005, between Kidsave and the County of Los Angeles Department of Children and Family Services (DCFS). Kidsave and DCFS work together to help older kids and teens in foster care (ages 9-18) find host families, permanent families, and devoted mentors. These children have spent years in the child welfare system. They are languishing in foster care with little hope for adoption, or a lasting connection with a caring adult. *Weekend Miracles* provides these children with opportunities to meet people who might be willing to host, mentor or adopt them. The program provides monthly interactive events designed to make it easy and fun for participating foster youth to meet new people. An important part of the program is that it provides youth with a voice and choice in whom they get to know and develop relationships with, which empowers and engages youth in the process, and also builds their confidence and self-esteem.

Once interested families and kids meet and get to know each other at Kidsave’s monthly connection events, relationships develop naturally. Youth who are interested in adoption are matched with host families who champion on their behalf for an adoptive family. Youth who are not interested in adoption are matched with a caring host mentor who provides support and guidance. In some cases, host families adopt the foster youth they host. In others, youth meet families who adopt them through other advocacy efforts. Kidsave’s goal is to make it easier for families to meet and engage with older kids who would otherwise not have an opportunity to interact with people in the community, or to be placed with mentors and adoptive families.

In a year when in-person events were not possible, Kidsave found new ways to connect foster youth with prospective families. In 2020 Kidsave hosted 78 connection events via Zoom to give participating foster youth opportunities to get to know families. Kidsave made sure each youth still had a voice and a choice in whom they got acquainted with. At the end of each event, the kids indicated who they would like to get to know better. Families and kids would then be able to connect one-on-one via Zoom, and move toward a hosting relationship or an adoptive match. These virtual events provided a way for families who were interested in domestic adoption or mentoring to get to know kids. Of the 61 children and teens in Los Angeles County who attended the virtual events, 67% were connected to a caring host mentor or were placed in an adoptive match. Kidsave also sent these kids care packages and holiday gifts during the pandemic.

Kidsave International, Inc.

Notes to Financial Statements

Note 1—Organization—Continued

Since October 2005, *Weekend Miracles Los Angeles* has served 573 children and teens; 77% of the active participants have found a connection through an adoptive match, legal guardianship, family reunification, or a lasting relationship.

Houston, Texas. Kidsave officially launched its *Weekend Miracles Houston* program in 2020. Though the pandemic delayed our Texas launch by six months, we spent the time refining program protocols, pivoting to virtual training and events, and solidifying our partnerships with our residential treatment center (RTC) partners that refer youth to our *Weekend Miracles Houston* program. Throughout the summer and fall, we supported our RTC partners with catered meals, clothing and school supplies, laptops, desks, chairs, books, mental wellness resources, sensory tools, games, hygiene products, footwear, undergarments, and backpacks for all of the youth living in their centers. To further bridge the gap in services, we also connected these RTCs to other community organizations that provide their staff with trauma-informed caregiver training. We officially launched in October with five youth who joined us from our RTC partners, Hearts With Hope and Embracing Destiny. By year-end, the program served seven youth, average age 14, two of whom had a connection in progress with Kidsave families they met through virtual events.

Summer Miracles

Kidsave's *Summer Miracles* program brings older children (age 9 to 15), who need permanent families, from foreign countries to the U.S. for summer visits. These are children who live in orphanages and foster care, and who have little or no chance of finding adoptive parents in their own countries. Families who host the children help them enjoy a rich cultural experience and, more importantly, work together with Kidsave staff and other volunteers to advocate for the children, reaching out to their circles of friends, acquaintances, and communities to find families interested in adoption.

Due to the Covid-19 pandemic in 2020, Kidsave was not able to bring children to the U.S. to participate in the *Summer Miracles* program. Instead, Kidsave quickly found new ways to connect these children with prospective families. Kidsave was the first organization to work with Colombia's child welfare agency to do so. Kidsave hosted 41 connection events via Zoom to provide the children and interested families with opportunities to get acquainted. Volunteer translators were instrumental in this process. Of the 42 *Summer Miracles* kids who joined events virtually from Colombia, 76% were in the process of being adopted, or matched with host families for their visit to the U.S. in the spring of 2021.

Over the 22 years that *Summer Miracles* has been in operation, more than 65 placement agencies and nonprofits have operated summer hosting visits. The government of Colombia has incorporated the premise of Kidsave's hosting model, family visits for youth in foster care and orphanages, as its primary strategy for finding families for older, hard-to-place youth.

International In-Country Permanency Programs

Instead of operating offices in numerous countries globally, Kidsave has built local capacity through training and strong partnerships with nongovernmental organizations in countries worldwide.

Kidsave International, Inc.

Notes to Financial Statements

Note 1—Organization—Continued

Russia—Childhood Keepers became fully self-sustainable in 2019, and continues to successfully operate Kidsave’s corporate mentoring program in Russia. Childhood Keepers is an indigenous Russian organization that focuses on promoting mentoring connections and life skills development for older children growing up in or recently emancipated from Russia’s child welfare system. Kidsave continues to provide Childhood Keepers with training and support as needed, which serves our joint commitment of finding mentors, and assisting with the development of life skills, for older orphaned and abandoned children in Russia.

Colombia—Kidsave’s *Family Visit* program supports the Colombian government’s priority of family inclusion for children in government protection. Fundación Apego became independent of Kidsave in 2018 and continues to successfully operate Kidsave’s *Family Visit Model/Super Amigos* program and *Mama Mentora* program. Fundación Apego is an indigenous Colombian organization that focuses on the fundamental rights of children, adolescents and families, and works with girls in early pregnancy to develop strong maternal bonds and break the cycle of child abandonment. Kidsave continues to share lessons learned and provide Fundación Apego with training and support as needed, which serves our joint commitment of finding families and mentors, and assisting with the development of life skills, for older orphaned and abandoned children in Colombia.

Ukraine—During the Covid-19 pandemic in 2020, Kidsave launched a successful virtual mentoring event where more than 500 children logged on to hear from famous Ukrainians, TV presenters, professional athletes, business professionals, bloggers, actors, singers and others who shared their experience and knowledge, answered questions about finding a job, choosing a profession, achieving goals, and living independently.

In 2020 Kidsave’s Employment Pathways to Success program, which serves youth ages 14-21, was chosen in Ukraine as one of eight finalists to present at the European Mentoring Summit. Kidsave’s Program VP and Director of Kidsave Eastern Europe and CIS led the presentation for Kidsave. The Summit provided opportunities for sharing research, experience, and best practices that will provide meaningful assistance to older orphans and foster youth in developing essential life skills, emotional literacy, and workforce readiness, as well as finding internships and jobs. The program served 80 youth in 2020.

In 2020 Kidsave’s Family Visit Pilot Program in Ukraine worked with 45 children and teens, ages 8-16, and ultimately helped 33% move out of orphanages and into families. Another 40% were matched with host/mentor families. As part of Ukraine’s reform effort to deinstitutionalize approximately 100,000 children, Kidsave implemented this pilot program in 2019 in the southern regions of Kherson and Mykolaiv. Kidsave and its local partners developed systems whereby social workers, citizens, and faith-based communities collaborate to move children into host and, ultimately, permanent families. The pilot is scheduled to run through December 2021.

Africa—Kidsave’s Sierra Leone Programme moves children out of orphanages and into the homes of host families and whenever possible, reunites these children with extended family members. Kidsave works with its partner, the Foundation for Integrated Development (FID). Kidsave’s reunification efforts in Sierra Leone were largely on hold during the Covid-19 pandemic. However, we were able to reunite 17 orphans with extended family members.

Moreover, during the pandemic the Sierra Leone government set a strict curfew and other rules that made it difficult for people to buy and sell food daily in the marketplace, as they normally would. Sierra Leoneans do not typically have pantries or refrigerators to keep extra food.

In response, Kidsave provided crucial humanitarian aid to 350 families, including funds to buy food staples (rice, sugar and salt) and school supplies, and to pay for the modest school fees so the children could stay in school. Our social workers faced many challenges — not just getting from village to village — but also distributing food to our families because the need for food is so widespread. Kidsave also helped these families get the extra money they need to grow their own food during this terribly difficult time.

Kidsave International, Inc.

Notes to Financial Statements

Note 1—Organization—Continued

Support for Permanency Initiatives

As a voice for global change, Kidsave works to build awareness among the public and in Congress about the challenges that children in government care face, and possible ways to help them. Kidsave uses its direct service programs to demonstrate how its Family Visit Model works, and shares information about its programs with child welfare professionals, with the goal of increasing greater use of permanency for older youth.

Stakeholder Education and Outreach— In 2020 in Los Angeles County, Kidsave was active in several public-private sector committees that address permanency for Los Angeles County foster youth, which include: (1) the Los Angeles County Adoption Consortium, a collaborative dedicated to educating stakeholders on new legislation, County policies, and issues affecting permanency; (2) the Permanency Collaboration Committee, a partnership between Kidsave and the Department of Children and Family Services (DCFS) of L.A. County Probation Department, working to improve permanency outcomes for probation youth; (3) CASA of Los Angeles, which mobilizes community volunteers to advocate for children who have experienced abuse and neglect; (4) FosterAll, an organization that recruits prospective foster parents and helps families select the agency that is best suited for them by providing ongoing personal support throughout their foster/adopt experience; and (5) Foster Together Network (FTN), a collective impact initiative of public and private stakeholders committed to increasing access to high quality care for children placed in Los Angeles County’s foster care system; Kidsave was active in FTN’s Equity Committee, a subcommittee formed to increase and enhance the provision of culturally responsive and competent care for Black children, in effort to facilitate well-being and improve their life outcomes.

In 2020 Kidsave also worked with (1) the Los Angeles County Office of Child Protection, an independent office reporting to the Los Angeles County Board of Supervisors whose overarching goal is to work with a wide variety of partners to improve the child welfare system; and (2) Raise a Child, the nationwide leader in the recruitment and support of LGBTQ and all prospective parents interested in building families through fostering and fostering-to-adopt to meet the needs of the 440,000 children in the U.S. foster care system, building loving families for foster children. Kidsave continued to partner with Raise a Child Los Angeles at their monthly Parent Matching events, where foster youth who participate in the Weekend Miracles program are frequently presented for adoption. Because Kidsave and the host families who participate in Weekend Miracles engage with and learn about participating kids in a way that their social workers and caregivers seldom do, Kidsave is able to bring a unique strength-based perspective to advocacy for these kids at matching events.

In 2020 in Texas, Kidsave was active with the Region 6 Foster Care Stakeholder Collaborative, the Texas Alliance of Child and Family Services, the Greater Houston Mentoring Alliance, the Greater Houston Area Women’s Chamber of Commerce, the Texas State Bar’s Child Abuse and Neglect Committee, the Child Welfare section of the Texas State Bar, the Texas Alliance of Child and Family Services, and the Texas Foster Care Association.

Public Education and Outreach

Kidsave’s website, blog and social media posts focused on sharing information about children in need of families and bolstered engagement and support for the children through hosting, volunteering, donating, and adopting. Through Kidsave’s social media platforms more than 20,000 people regularly saw advocacy images of specific children, which generated hundreds of inquiries and responses.

Kidsave International, Inc.
Notes to Financial Statements

Note 1—Organization—Continued

Kidsave also uses events to educate people about Kidsave’s mission, the need for children worldwide to live in families, and specific children who need permanent families. In 2020 in the midst of the Covid-19 pandemic, Kidsave supported a virtual event viewed by people across the country that brought awareness of the need for older, forgotten children to have family connections and raised funds to support permanency programs. In early 2020 before the Covid pandemic began, Kidsave staff assisted private individuals who held small events to raise awareness and funds.

Fundraising Initiatives

Kidsave Guardian Program—In 2020 Kidsave continued to promote a *Guardian Program* to major donors and individuals who have a strong commitment to Kidsave’s mission. Guardians are given the opportunity to make a multi-year pledge to Kidsave to support core operating (overhead) costs, i.e., Management and Finance, and Fundraising, so that 100% of publicly donated funds can be allocated directly to programs. Since the inception of the Guardian program in 2017 through December 31, 2020, \$1,659,441 in Guardian pledges have been received of which \$1,171,788 has been paid in cash. In 2020, \$554,441 in new or renewal Guardian pledges were received. Guardian program donors are given the opportunity to make multi-year pledges of a minimum of \$50,000 over a defined period, generally 3-5 years. Several Guardians completed their pledge commitments in 2020, one of whom subsequently renewed her pledge in 2021 at a similar commitment level. Several others continued making Guardian Program gifts in 2020 without formally renewing their pledges.

The following table shows the Guardian pledge activity, net of allowance for doubtful accounts and unamortized discount, for the years ended December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Guardian Pledges Receivable, Net at Beginning of the Year	\$ 255,344	\$ 327,689
Contributions, net	554,441	104,931
Cash received	<u>(322,132)</u>	<u>(177,276)</u>
Guardian Pledges Receivable, Net at End of the Year	<u>\$ 487,653</u>	<u>\$ 255,344</u>

The Guardian pledge receivable balances of \$487,653 and \$255,344 at December 31, 2020 and 2019, respectively, are included in contributions and grants receivable balances, net at December 31, 2020 and 2019. See Note 6 for more information.

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Kidsave recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified based on the existence or absence of donor-imposed restrictions. The net assets of Kidsave and changes therein are classified and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of Kidsave. These net assets may be used at the discretion of Kidsave’s management and the board of trustees.

Kidsave International, Inc. Notes to Financial Statements

Note 2—Summary of Significant Accounting Policies—Continued

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of Kidsave and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit Kidsave to use all or part of the income earned on related investments for general or specific purposes.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Measure of Operations—The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of Kidsave’s programs that support children in government care and foster their transition to adoptive families and/or living independently in adult society, and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—No provision has been made for federal and state income taxes because Kidsave is exempt from such taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state regulations. In addition, the Internal Revenue Service has determined that Kidsave is not a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2020. Generally, Kidsave’s information returns remain open for examination for a period of three (federal) and three or four (states) years from the date of filing.

Recently Adopted Accounting Principles

Contributions—In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 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. Donors will use the same criteria as recipients (i.e., a barrier or hurdle coupled with a right of return/right of release) to determine whether gifts or grants are conditional or unconditional. Expense recognition is deferred for conditional arrangements and is immediate for unconditional arrangements. No new disclosures are required. Kidsave elected to adopt ASU No. 2018-08 for the year ended December 31, 2019. The adoption of ASU No. 2018-08 had no material impact on the financial statements.

Kidsave International, Inc.
Notes to Financial Statements

Note 2—Summary of Significant Accounting Policies—Continued

Restricted Cash—In November 2016, FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU No. 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities will be required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one line item. Kidsave has adopted ASU No. 2016-18 on a retrospective basis for the year ended December 31, 2020, and has adjusted the presentation of the financial statements accordingly.

Cash, Cash Equivalents, and Restricted Cash—For purposes of the statement of cash flows, Kidsave considers all highly liquid investments available for current use with a maturity of three months or less when purchased to be cash equivalents.

Cash, cash equivalents, and restricted cash as reported in the statement of financial position and statement of cash flows consists of the following at December 31, 2020:

Cash Accounts Reported in Statement of Financial Position	
Cash and cash equivalents	\$ 1,389,607
PPP advance—restricted cash	216,000
EIDL loan—restricted cash	<u>150,000</u>
Total Cash, Cash Equivalents, and Restricted Cash	
Reported in Statement of Cash Flows	<u>\$ 1,755,607</u>

Investments—Investments are stated at fair value. Income and gain or losses (including investments bought, sold and held during the year) are reflected in the statement of activities and reported as unrestricted income unless use of the earnings is restricted by the donor. Investments received through gifts are recorded at their estimated fair value at the date of donation.

Contributions and Grants Receivable—Contributions and grants receivable consist primarily of amounts due from donors that were not received by Kidsave at year-end. At December 31, 2020 and 2019, grants receivable includes pledges totaling \$487,653 and \$313,644 respectively, from donors to provide support without purpose restrictions.

Property and Equipment—Kidsave capitalizes all computer equipment of \$750 and above and all other property acquisitions of \$1,000 and above. Property is recorded at cost, if purchased, or fair market value at date of donation, if contributed. Depreciation and amortization are provided on the straight-line basis over the estimated useful life of the asset.

Concentrations of Credit Risk—Financial instruments which potentially subject Kidsave to concentrations of credit risk consist of cash and cash equivalents, investments in non-traded investment funds, receivables, and deposits. Kidsave maintains its domestic cash and cash equivalents at a high-quality financial institution and a large broker-dealer. Accounts at the financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000; in the normal course of business, Kidsave’s cash and cash equivalent balances may exceed the FDIC insurance limit. Management regularly reviews the financial stability of its cash and cash equivalents and deems the risk of loss due to these concentrations to be minimal.

Kidsave International, Inc.
Notes to Financial Statements

Note 2—Summary of Significant Accounting Policies—Continued

Kidsave is subject to credit risk to the extent that the investment managers of the underlying private investment fund are unable to fulfill their obligations according to their organizational documents. Kidsave is subject to the market and credit risk of those investments held or sold short by the private investment company. Due to the nature of these types of investments, the above-described risks are limited to Kidsave's investment balances and unfunded commitments to private investment funds.

Kidsave's management has assessed the credit risk associated with the investment in private investment fund held at December 31, 2020 and has determined that an allowance for potential losses due to credit risk is not necessary.

Kidsave's management has assessed the credit risk associated with its domestic deposits held at December 31, 2020 and has determined that an allowance for potential losses due to credit risk is not necessary. Management has determined that the credit risk of the deposits in foreign countries is not material to the financial statements, therefore an allowance for potential losses due to credit risk is also considered unnecessary.

Government Contracts—Revenues from government contracts are reported as increases in net assets without donor restrictions as allowable expenditures under such agreements are incurred. The amounts expended in excess of reimbursements are reported as grants receivable.

Donated Services—Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Kidsave. Such recorded donated services are discussed in Note 14 following. Kidsave also makes extensive use of volunteers in the conduct of its programs which do not meet the aforementioned recognition criteria; these services include weekend and summer hosting, event planning, communications and other essential program services and amounted to over 26,000 hours during the year ended December 31, 2020.

Functional Expenses—Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Kidsave. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Rent is allocated on the basis of square footage. Salaries, employee benefits, and payroll taxes are allocated on the basis of estimates of time and effort. All other functional expenses are charged directly to programs.

Advertising Costs—Advertising costs are expensed as incurred and amounted to \$33,416 and \$21,088 for the years ended December 31, 2020 and 2019.

Comparative Totals for 2019—The accompanying financial statements include certain prior-year summarized comparative financial information in total, but not by net asset class. 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 Kidsave's audited financial statements for the year ended December 31, 2019, from which the summarized information was derived.

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

Kidsave International, Inc.
Notes to Financial Statements

Note 3—Availability and Liquidity

Kidsave's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$415,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

The following represents the availability and liquidity of Kidsave's financial assets at December 31, 2020 to cover operating expenses for the next fiscal year:

Cash and cash equivalents	\$	1,231,435
Contributions and grants receivable, current portion		<u>280,988</u>
Current Availability of Financial Assets	\$	<u>1,512,423</u>

The organization also has a \$200,000 line of credit, which can be drawn down to meet unforeseen financial hurdles. At December 31, 2020, there were no such draws.

Note 4—Foreign Office

Kidsave has an office in Colombia. The office has no significant assets and no cash at December 31, 2020 and 2019. Management is aware of and monitors potential risks that may occur to U.S. organizations operating in foreign countries due to changes in government leadership or government policies regarding foreign entities. Based on this process, Kidsave has determined that, while the likelihood or probability of such occurrences is difficult to predict, the impact on the overall Kidsave organization would not be material.

Note 5—Investments and Fair Value Measurements

During the year ended December 31, 2016, Kidsave invested \$105,000 in Lake Show 220, LLC, (LLC), a non-traded real estate investment fund. Kidsave's ownership percentage is 2.5%. An additional \$6,000 was invested during the year ended December 31, 2017. No additional investments were made during the years ended December 31, 2018, 2019 and 2020. The LLC purchased a commercial building located at 220 Lake Drive, Newark, DE for \$10,800,000, of which \$6,600,000 was financed through Goldman Sachs. As noted in the table below, Kidsave received monthly operating distributions totaling \$11,250 and \$12,375 for the years ended December 31, 2020 and 2019, respectively. The property was sold on October 6, 2020, and a closing distribution was made to Kidsave amounting to \$170,225. Income from the partnership totaled \$129,810 and \$3,843 for the years ended December 31, 2020 and 2019, respectively.

In determining the fair value of investments, Kidsave utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Kidsave determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market.

When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Quoted market prices in active markets for identical assets or liabilities. Level 1 assets include equity securities and mutual funds valued at the closing price reported on the active market on which the individual securities are traded.

Kidsave International, Inc.
Notes to Financial Statements

Note 5—Investments and Fair Value Measurements—Continued

Level 2—Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs that can be corroborated by observable market data.

Level 3—Unobservable inputs that are supported by little or no market activity which are significant to the fair value of the asset or liability. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. Kidsave’s Level 3 assets at December 31, 2020 and 2019 consist of an investment in a non-traded real estate investment fund, described above, totaling \$0 and \$51,665, respectively.

Kidsave may utilize a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by Kidsave to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Kidsave had no assets or liabilities classified at NAV as a practical expedient during the years ended December 31, 2020 and 2019.

Fair values of assets measured on a recurring basis at December 31, 2020 and 2019, consist of investments in Lake Show 220 LLC, which was considered to have Level 3 inputs. Following is a table of this Level 3 investment activity for the years ended December 31, 2020 and 2019:

Balance at January 1, 2019	\$	60,197
Distributions received		(12,375)
Income from Partnership		3,843
		<hr/>
Balance at December 31, 2019		51,665
Operating distributions received		(11,250)
Closing distribution received		(170,225)
Income from Partnership		129,810
		<hr/>
Balance at December 31, 2020	\$	-

Note 6—Contributions and Grants Receivable

Contributions and grants receivable, net, consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Guardian pledges	\$ 490,988	\$ 264,784
Other receivables		58,300
		<hr/>
Contributions and Grants Receivable, Gross	490,988	323,084
Less allowance for doubtful accounts		(7,500)
Less unamortized discount	(3,335)	(1,940)
		<hr/>
Contributions and Grants Receivable, Net	\$ 487,653	\$ 313,644

Kidsave International, Inc.
Notes to Financial Statements

Note 6—Contributions and Grants Receivable—Continued

Following is a table of expected future payments of contributions and grants receivable at December 31, 2020:

<u>Year Ending December 31,</u>	
2021	\$ 280,988
2022	115,000
2023	65,000
2024	30,000
	<hr/>
Total	<u>\$ 490,988</u>

Note 7—Line of Credit

At December 31, 2020, Kidsave has an available \$200,000 revolving line of credit from a bank, bearing interest at the prime rate as published in the Wall Street Journal (3.25% at December 31, 2020), payable monthly, which expires on November 15, 2022. The credit facility is secured by cash. There were no amounts were outstanding under the line of credit at December 31, 2020 and 2019. In addition, there were no draw-downs of the line of credit during the years ended December 31, 2020 and 2019.

Note 8—PPP Advance

On May 4, 2020, Kidsave received a \$216,000 Paycheck Protection Program (PPP) funding from the U.S. Small Business Administration (SBA), in response to the COVID-19 pandemic (see Notes 17 and 18). While these funds carry loan repayment terms, it is the opinion of management that all funds received will be forgiven under the present terms of the PPP in the upcoming fiscal year. Kidsave has elected to record the PPP grant revenue only upon receipt of the forgiveness letter from the SBA. Kidsave received notification from the SBA on January 13, 2021, forgiving the entire \$216,000 advance.

Note 9—EIDL Loan

On May 19, 2020, Kidsave received a \$150,000 SBA Economic Injury Disaster Loan (EIDL). The loan was funded net of a \$109 bank wire fee and requires monthly payments of principal and interest at \$641, beginning twelve months from the date of the agreement. Interest will accrue at a rate of 2.75% per annum and the balance of the loan will be payable in thirty years from the date of the agreement.

<u>Year Ending December 31,</u>	
2021	\$ 2,397
2022	3,679
2023	3,782
2024	3,887
2025	3,995
Thereafter	132,260
	<hr/>
Total	<u>\$ 150,000</u>

Kidsave International, Inc.
Notes to Financial Statements

Note 10—Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2020 and 2019 are restricted for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purpose:		
Summer Miracles	\$ 63,377	\$ 112,370
CIS Programs	47,875	68,081
Weekend Miracles	46,920	79,207
Africa programs		768
Colombian programs		638
Subject to time restrictions:		
Guardian pledges receivable, net	<u>487,653</u>	<u>255,344</u>
Total Net Assets With Donor Restrictions	<u>\$ 645,825</u>	<u>\$ 516,408</u>

Net assets released from donor restrictions for the years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions:		
Weekend Miracles	\$ 318,908	\$ 331,656
Summer Miracles	213,503	363,345
CIS Programs	85,886	106,155
Africa programs	34,119	7,793
Permanency initiatives	28,919	72,685
Colombian programs	1,020	1,679
Satisfaction of time restrictions:		
Guardian pledges receivable, net	<u>322,132</u>	<u>177,276</u>
Total Net Assets Released From Donor Restrictions	<u>\$ 1,004,487</u>	<u>\$ 1,060,589</u>

A rollforward of net assets with donor restrictions activity for the year ended December 31, 2020 is as follows:

	<u>Balance at December 31, 2019</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance at December 31, 2020</u>
Guardian pledges receivable, net	\$ 255,344	\$ 554,441	\$ (322,132)	\$ 487,653
Summer Miracles	112,370	164,510	(213,503)	63,377
CIS programs	68,081	65,680	(85,886)	47,875
Weekend Miracles	79,207	286,621	(318,908)	46,920
Africa programs	768	33,351	(34,119)	
Colombian programs	638	382	(1,020)	
Permanency initiatives		28,919	(28,919)	
Totals	<u>\$ 516,408</u>	<u>\$ 1,133,904</u>	<u>\$ (1,004,487)</u>	<u>\$ 645,825</u>

Kidsave International, Inc.
Notes to Financial Statements

Note 10—Net Assets with Donor Restrictions—Continued

A rollforward of net assets with donor restrictions activity for the year ended December 31, 2019 is as follows:

	Balance at December 31, 2018	Contributions	Releases	Balance at December 31, 2019
Guardian pledges receivable, net	\$ 327,689	\$ 104,931	\$ (177,276)	\$ 255,344
Summer Miracles	89,805	385,910	(363,345)	112,370
CIS programs	65,499	108,737	(106,155)	68,081
Weekend Miracles	92,847	318,016	(331,656)	79,207
Africa programs	7,704	857	(7,793)	768
Colombian programs		2,317	(1,679)	638
Permanency initiatives	8,459	64,226	(72,685)	
Totals	<u>\$ 592,003</u>	<u>\$ 984,994</u>	<u>\$ (1,060,589)</u>	<u>\$ 516,408</u>

Note 11—Contingencies

Grants require the fulfillment of certain conditions as set forth in the instrument of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantor. Although that is a possibility, Kidsave deems the contingency remote, since it has made its best efforts to comply in all material respects with the provisions of each grant.

Note 12—Operating Leases

Kidsave leases office space in two domestic cities, Washington, D.C. and Culver City, California. Kidsave also leases office equipment under several lease agreements. Minimum future lease payments under these leases as of December 31, 2020, are as follows:

<u>Year Ending December 31,</u>	
2021	\$ 68,906
2022	70,973
2023	<u>36,011</u>
Total	<u>\$ 175,889</u>

Note 13—Retirement Plan

Kidsave has a defined contribution 401(k) savings plan (Plan) which covers all eligible full-time employees who have completed one year of service and have attained age 21. Participants may elect to make voluntary contributions to the Plan. Kidsave makes a safe harbor matching contribution of the lesser of 100% of a participant's aggregate deferral contribution for the entire Plan year, or 4% of eligible compensation for the Plan year.

Kidsave may also make additional discretionary contributions which vest over a period of six years. Contributions made by Kidsave were approximately \$17,400 and \$12,700 for the years ended December 31, 2020 and 2019, respectively.

Kidsave International, Inc.
Notes to Financial Statements

Note 14—In-Kind Contributions

For the years ended December 31, 2020 and 2019, in-kind contributions included the services of program coordinators, as well as legal and other professional services. The values of these in-kind contributions are recorded as support and expenses in the statements of activities and functional expenses, and are summarized by program as follows:

	<u>2020</u>	<u>2019</u>
Summer Miracles	\$ 11,750	\$ 213,375
Weekend Miracles	17,500	17,500
General and administrative	7,627	8,137
Totals	<u>\$ 36,877</u>	<u>\$ 239,012</u>

In-kind expenses are included in the following expenses captions in the statement of functional expenses for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Professional fees	\$ 29,250	\$ 26,125
Telephone	7,627	8,137
Travel		126,000
Contractors		78,750
Totals	<u>\$ 36,877</u>	<u>\$ 239,012</u>

Note 15—Joint Cost Allocation

Kidsave incurred joint costs in 2020 and 2019 for informational materials and special events that included fundraising appeals. The costs were allocated as follows:

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Note 16—Recent Accounting Pronouncements

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2021; early adoption is permitted. Kidsave is currently evaluating the impact that the adoption of ASU No. 2016-02 will have on its financial statements.

Kidsave International, Inc.
Notes to Financial Statements

Note 16—Recent Accounting Pronouncements—Continued

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. There are additional required disclosures regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity’s policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. ASU No. 2020-07 is to be applied retrospectively and is effective for annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. Early adoption is permitted. Kidsave is currently evaluating the impact that the adoption of ASU 2020-07 will have on its financial statements.

Note 17—Risks and Uncertainties

In early March 2020, the COVID-19 virus was declared a global pandemic. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, has been, and continues to be, severely impacted, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. The Organization has continued to conduct its activities, primarily on a remote basis, and to monitor the ongoing impact of the pandemic response on its overall operations. At the time of this reporting, the cumulative financial impact of the pandemic on the Organization, if any, cannot be fully determined, therefore no related adjustment has been made to these financial statements.

Note 18—Subsequent Events

On February 6, 2021, the Organization received a second draw of PPP funding from the SBA in the amount of \$216,000 under the same terms as the first draw; Kidsave received notification of forgiveness from the SBA on August 19, 2021.

Management evaluated all activities of Kidsave through October 7, 2021, which is the date the financial statements were available to be issued, and concluded that other than the PPP notification of forgiveness described above and in Note 8, no other material subsequent events have occurred that would require adjustments to the financial statements of disclosure in the notes to the financial statements.