

THINK OF US

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Period from Inception (April 10, 2017) to December 31, 2017

THINK OF US

Financial Statements

Period from Inception (April 10, 2017) to December 31, 2017

Contents

Independent Auditors' Report..... 1 – 2

Financial Statements

Statement of Financial Position..... 3

Statement of Activities..... 4

Statement of Cash Flows..... 5

Notes to Financial Statements..... 6 – 10

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Think of Us

We have audited the accompanying financial statements of Think of Us (the Organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities and cash flows for the period from inception (April 10, 2017) to December 31, 2017, 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.

Auditors' 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 auditors' 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 auditors consider 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 Think of Us as of December 31, 2017, and the changes in its net assets and its cash flows for the period from inception (April 10, 2017) to December 31, 2017 in accordance with accounting principles generally accepted in the United States of America.

DRAFT

HAN GROUP LLC
Washington, DC
[REPORT DATE]

THINK OF US
Statement of Financial Position
December 31, 2017

Assets	
Cash	\$ 84,850
Grants and contributions receivable	261,126
Property and equipment, net	<u>17,247</u>
Total assets	<u>\$ 324,698</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	<u>\$ 14,848</u>
Total liabilities	<u>14,848</u>
Net Assets	
Unrestricted	84,850
Temporarily restricted	<u>225,000</u>
Total net assets	<u>309,850</u>
Total liabilities and net assets	<u>\$ 324,698</u>

See accompanying notes.

THINK OF US

Statement of Activities

Period from Inception (April 10, 2017) to December 31, 2017

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contributions	\$ 314,664	\$ 479,508	\$ 794,172
Donated goods and services	156,471	-	156,471
Contract revenue	125,000	-	125,000
Other income	5,310		5,310
Net assets released from restrictions:			
Satisfaction of purpose restrictions	254,508	(254,508)	-
Total revenue and support	<u>855,953</u>	<u>225,000</u>	<u>1,080,953</u>
Expenses			
Program services	523,331	-	523,331
Supporting services:			
Management and general	136,014	-	136,014
Fundraising	111,758	-	111,758
Total supporting services	<u>247,772</u>	<u>-</u>	<u>247,772</u>
Total expenses	<u>771,103</u>	<u>-</u>	<u>771,103</u>
Change in Net Assets	84,850	225,000	309,850
Net Assets, beginning of period	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, end of period	<u>\$ 84,850</u>	<u>\$ 225,000</u>	<u>\$ 309,850</u>

See accompanying notes.

THINK OF US

Statement of Cash Flows

Period from Inception (April 10, 2017) to December 31, 2017

Cash Flows from Operating Activities	
Change in net assets	\$ 309,850
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,146
Change in operating assets and liabilities:	
Grants and contributions receivable	(261,126)
Accounts payable and accrued expenses	14,848
	<hr/>
Net cash provided by operating activities	64,718
Cash Flows from Investing Activities	
Purchases of property and equipment	(18,393)
	<hr/>
Net cash used in investing activities	(18,393)
Net Increase in Cash	46,325
Cash, beginning of period	<hr/> -
Cash, end of period	<hr/> <u>\$ 46,325</u>

See accompanying notes.

THINK OF US

Notes to Financial Statements

Period from Inception (April 10, 2017) to December 31, 2017

1. Nature of Operations

Think of Us (the Organization), incorporated on April 10, 2017, is a not-for-profit organization whose mission is to leverage innovative technology to improve the lives of youth in foster care. The Organization's ultimate goal is for foster youth to successfully transition into a prosperous adulthood. The Organization sees this process as a communal endeavor that connects employment, education and abilities. The Organization envisions a future where communities are designed to maximize the development and wellness of maturing youth, so that they can transition into healthy, stable and thriving adults. The Organization's work to-date taught that it is possible to develop a collective impact, not only providing the tools, but also streamlining the systems that help young people utilize the resources at their disposal.

Previous to its incorporation on April 10, 2017, Think of Us was a program under Youth Catalytics, Inc., a not-for-profit organization, whose mission is to promote innovation and excellence in child, youth and family services by providing leadership, training and critical support services.

The Organization funds its program and supporting services primarily through grants, contributions and contract fees from individuals, corporate, foundations and individuals.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Grants and Contributions Receivable

Grants and contributions receivable represents amounts due from the Organization's various grantors and contributors. There was no allowance recorded at December 31, 2017 as the entire balances have been deemed by management to be fully collectible within one year. If an amount becomes uncollectible, it is expensed when that determination is made.

Property and Equipment

Property and equipment over \$500 with a projected useful life exceeding one year are capitalized and recorded at cost or fair value at date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Leasehold improvements are amortized over the lesser of their useful lives or the life of the lease.

THINK OF US

Notes to Financial Statements

Period from Inception (April 10, 2017) to December 31, 2017

2. Summary of Significant Accounting Policies (continued)

Classification of Net Assets

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations.
- *Temporarily restricted net assets represent funds subject to donor-imposed restrictions that are met either by actions of the Organization or the passage of time.*

Revenue Recognition

Unconditional grants and contributions are recognized as revenue when received or promised and are reported as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Revenue from all other sources is recognized when earned.

Donated Goods and Services

Donated goods and services are recognized as revenue and expense at fair value at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the organization. During the period from inception (April 10, 2017) to December 31, 2017, the Organization received \$139,269 in donated legal services, \$10,506 in donated salaries, \$3,478 in event catering services and \$2,192 in software license and \$1,026 of donated goods.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Certain management and related expenses have been allocated to program and supporting services on the basis of time spent.

Use of Estimates

The preparation of financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

THINK OF US

Notes to Financial Statements

Period from Inception (April 10, 2017) to December 31, 2017

3. Concentrations

During the period from inception (April 10, 2017) to December 31, 2017, the Organization received ___% of its revenue from ___ entities. At December 31, 2017, approximately 96% of grants and contributions receivable were due from three entities.

4. Property and Equipment

The Organization held the following property and equipment at December 31, 2017:

Office equipment	\$ 18,393
Total property and equipment	18,393
Less: accumulated depreciation	<u>(1,146)</u>
Property and equipment, net	<u>\$ 17,247</u>

5. Operating Leases

On May 15, 2017, the Organization entered into a non-cancellable sublease agreement for office space commencing on May 15, 2017 and terminating in November 2019. The terms of the sublease require monthly payments of \$2,300 with periodic rent increases based on scheduled increases provided for in the lease.

On July 14, 2017, the Organization entered into another office lease agreement which commenced on July 20, 2017 and terminates in December 2017. This lease is cancellable with 30-day notice.

At December 31, 2017, future minimum sublease payments are as follows for the years ending December 31:

2018	\$ 28,642
2019	<u>29,906</u>
Total future minimum lease payments	<u>\$ 55,548</u>

Rent expense from these sublease and lease was \$14,087 for the period from inception (April 10, 2017) to December 31, 2017. Deferred rent is not recorded due to its immateriality.

THINK OF US

Notes to Financial Statements

Period from Inception (April 10, 2017) to December 31, 2017

6. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2017:

Santa Clara	\$	200,000
Nebraska		<u>25,000</u>
Total temporarily restricted net assets	\$	<u>225,000</u>

7. Related Party Transactions

The Organization received grants and contributions from board members and from organizations related to the board members. The total of such contributions was \$94,478 for the period from inception (April 10, 2017) to December 31, 2017, which is included in grants and contributions in the accompanying statement of activities.

In addition, the Organization received \$30,508 in grants and \$ [REDACTED] in intellectual property from Youth Catalytics, Inc. as the Organization spun off as its own entity.

8. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the period from inception (April 10, 2017) to December 31, 2017, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in Accounting Standards Codification Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

The Organization performed an evaluation of uncertain tax positions for the period from inception (April 10, 2017) to December 31, 2017, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. At December 31, 2017, there are no information returns open with the U.S. federal jurisdiction or the various states and local jurisdictions as the Organization has not yet filed its first information return. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

THINK OF US

Notes to Financial Statements

Period from Inception (April 10, 2017) to December 31, 2017

9. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through [REPORT DATE], the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.