

FOSTER ADOPT CONNECT, INC.
INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
December 31, 2024 and 2023

FOSTER ADOPT CONNECT, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Foster Adopt Connect, Inc.
Independence, Missouri

Opinion

We have audited the accompanying financial statements of Foster Adopt Connect, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Foster Adopt Connect, Inc.'s ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material mis-statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Foster Adopt Connect, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about Foster Adopt Connect, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other matter

The financial statements for the year ended December 31, 2023 were audited by other auditors, whose report dated November 14, 2024, expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our reports, for the years ended December 31, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters; compliance for each major federal program and on internal control over compliance required by uniform guidance and report on expenditures of federal awards required by uniform guidance; and the schedule of expenditures of federal awards. . The purpose of those reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are integral parts of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control over financial reporting and compliance

Nash B. P. Co.
Kansas City, Missouri
August 21, 2025

FOSTER ADOPT CONNECT, INC.
STATEMENTS OF FINANCIAL POSITION
As of December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Assets:		
Cash and cash equivalents	\$ 3,259,104	\$ 3,563,734
Contracts receivable	2,219,305	953,594
Grants and contributions receivable	158,491	1,388,531
Prepaid expenses	147,049	150,782
Inventory	572,194	406,013
Investments	880,455	106,057
ROU asset - operating leases	563,588	681,921
ROU asset - financing leases	56,371	68,568
Property and equipment, net	<u>6,828,129</u>	<u>6,817,089</u>
Total Assets	<u>14,684,686</u>	<u>14,136,289</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 733,335	\$ 528,476
Refundable advance	603,707	471,590
Operating lease liabilities	587,923	701,381
Financing lease liabilities	57,402	69,236
Long-term debt	<u>1,180,215</u>	<u>1,281,752</u>
Total Liabilities	<u>3,162,582</u>	<u>3,052,435</u>
Net Assets		
Without donor restrictions	7,582,222	7,109,367
With donor restrictions	<u>3,939,882</u>	<u>3,974,487</u>
Total Net Assets	11,522,104	11,083,854
 Total Liabilities and Net Assets	 <u>\$ 14,684,686</u>	 <u>\$ 14,136,289</u>

The accompanying notes are an integral part of
this financial statement.

FOSTER ADOPT CONNECT, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2024

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Contribution and grant revenue	\$ 16,999,686	\$ 749,250	\$ 17,748,936
Contributed nonfinancial assets	1,650,480	-	1,650,480
Service contracts	2,312,581	-	2,312,581
Event income, net of cost			
direct benefits to donors	622,676	-	622,676
Licensing contract revenue	420,000	-	420,000
Interest income	138,564	-	138,564
Other income	337,946	-	337,946
Net assets released from restrictions	783,855	(783,855)	-
Total support and revenues	<u>23,265,788</u>	<u>(34,605)</u>	<u>23,231,183</u>
Expenses:			
Program services	17,413,380	-	17,413,380
Management and general	4,139,399	-	4,139,399
Fundraising	1,240,154	-	1,240,154
Total Expenses	<u>22,792,933</u>	<u>-</u>	<u>22,792,933</u>
Change in Net Assets	472,855	(34,605)	438,250
Net Assets, beginning of year	<u>7,109,367</u>	<u>3,974,487</u>	<u>11,083,854</u>
Net Assets, end of year	<u>\$ 7,582,222</u>	<u>\$ 3,939,882</u>	<u>\$ 11,522,104</u>

The accompanying notes are an integral part of
this financial statement.

FOSTER ADOPT CONNECT, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended December 31, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Support and Revenues:			
Contribution and grant revenue	\$ 13,509,858	\$ 2,338,555	\$ 15,848,413
Contributed nonfinancial assets	1,727,065	-	1,727,065
Licensing contract revenue	550,654	-	550,654
Contract service income	990,689	-	990,689
Special events revenue, net of cost direct benefits to donors	377,813	-	377,813
Interest income	86,957	-	86,957
Employee retention tax credit	1,085,531	-	1,085,531
Other income	126,408	-	126,408
Net assets released from restrictions	<u>432,076</u>	<u>(432,076)</u>	<u>-</u>
Total Support and Revenues	<u>18,887,051</u>	<u>1,906,479</u>	<u>20,793,530</u>
Expenses and Losses:			
Program services	17,050,471	-	17,050,471
Management and general	3,665,456	-	3,665,456
Fundraising	<u>1,146,723</u>	<u>-</u>	<u>1,146,723</u>
Total Expenses and Losses	<u>21,862,650</u>	<u>-</u>	<u>21,862,650</u>
Change in Net Assets	(2,975,599)	1,906,479	(1,069,120)
Net Assets, beginning of year	<u>10,084,966</u>	<u>2,068,008</u>	<u>12,152,974</u>
Net Assets, end of year	<u>\$ 7,109,367</u>	<u>\$ 3,974,487</u>	<u>\$ 11,083,854</u>

The accompanying notes are an integral part of
this financial statement.

FOSTER ADOPT CONNECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Related Expenses:				
Salaries	\$ 9,662,340	\$ 2,565,195	\$ 792,390	\$ 13,019,925
Payroll taxes	705,276	187,239	57,838	950,353
Other personnel costs	<u>2,386,785</u>	<u>633,653</u>	<u>195,736</u>	<u>3,216,174</u>
Total salaries and related expenses	<u>12,754,401</u>	<u>3,386,087</u>	<u>1,045,964</u>	<u>17,186,452</u>
Expenses:				
Advertising and promotion	-	124,662	-	124,662
Client assistance	1,916,131	-	-	1,916,131
Dues and subscriptions	77,838	20,665	6,383	104,886
Insurance	149,307	39,639	12,244	201,190
Interest expense	68,710	18,241	5,635	92,586
Information technology	289,571	76,876	23,747	390,194
Office expense	141,819	37,651	11,630	191,100
Other	82,647	21,941	6,778	111,366
Program assistance	374,909	-	-	374,909
Professional services	502,219	133,331	41,186	676,736
Rental and occupancy expense	571,345	151,683	46,855	769,883
Travel	<u>224,915</u>	<u>59,712</u>	<u>18,445</u>	<u>303,072</u>
Total	<u>4,399,411</u>	<u>684,401</u>	<u>172,903</u>	<u>5,256,715</u>
Total Expenses Before Depreciation	<u>17,153,812</u>	<u>4,070,488</u>	<u>1,218,867</u>	<u>22,443,167</u>
Depreciation and Amortization	<u>259,568</u>	<u>68,911</u>	<u>21,287</u>	<u>349,766</u>
Total Expenses	<u>\$ 17,413,380</u>	<u>\$ 4,139,399</u>	<u>\$ 1,240,154</u>	<u>\$ 22,792,933</u>

The accompanying notes are an integral part of this financial statement.

FOSTER ADOPT CONNECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Related Expenses:				
Salaries	\$ 9,460,795	\$ 2,224,974	\$ 723,458	\$ 12,409,227
Payroll taxes	689,977	162,268	52,762	905,007
Other personnel costs	<u>2,215,516</u>	<u>521,041</u>	<u>169,418</u>	<u>2,905,975</u>
Total salaries and related expenses	<u>12,366,288</u>	<u>2,908,283</u>	<u>945,638</u>	<u>16,220,209</u>
Expenses:				
Advertising and promotion	-	138,738	-	138,738
Client assistance	2,004,510	-	-	2,004,510
Dues and subscriptions	56,116	13,197	4,291	73,604
Insurance	193,190	45,434	14,773	253,397
Interest expense	40,854	9,608	3,124	53,586
Information technology	285,211	67,075	21,810	374,096
Office expense	96,382	22,667	7,370	126,419
Other	98,687	23,300	7,576	129,563
Program assistance	50,407	-	-	50,407
Professional services	652,648	153,488	49,907	856,043
Rental and occupancy expense	565,736	133,049	43,261	742,046
Travel	<u>369,241</u>	<u>86,837</u>	<u>28,235</u>	<u>484,313</u>
Total	<u>4,412,982</u>	<u>693,393</u>	<u>180,347</u>	<u>5,286,722</u>
Total Expenses Before Depreciation	<u>16,779,270</u>	<u>3,601,676</u>	<u>1,125,985</u>	<u>21,506,931</u>
Depreciation and Amortization	<u>271,201</u>	<u>63,780</u>	<u>20,738</u>	<u>355,719</u>
Total Expenses	<u>\$ 17,050,471</u>	<u>\$ 3,665,456</u>	<u>\$ 1,146,723</u>	<u>\$ 21,862,650</u>

The accompanying notes are an integral part of this financial statement.

FOSTER ADOPT CONNECT, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities:		
Change in net assets	\$ 438,250	\$ (1,069,120)
Items not requiring cash		
Depreciation and amortization	349,766	355,719
Loss on sale of fixed assets	-	41,439
Non-cash operating lease expense	118,333	364,870
Contribution of investments	(774,398)	(106,057)
Contributions restricted for acquisition of long-lived assets	(151,297)	(2,193,261)
Inherent contribution related to asset acquisition	-	-
Changes in contracts receivable	(1,265,711)	(675,576)
Changes in grants and contributions receivable, net	(26,008)	3,192,744
Changes in prepaid expenses	3,733	281,593
Changes in operating lease liability	(113,458)	(353,824)
Changes in Inventory	(166,181)	(51,268)
Changes in accounts payable and accrued expenses	204,859	(113,501)
Changes in refundable advance	132,117	162,323
Net Cash provided by (used in) Operating Activities	(1,249,995)	(163,919)
 Cash Flows From Investing Activities:		
Purchases/sales of property and equipment	(312,255)	(230,385)
Net Cash provided by (used in) investing activities	(312,255)	(230,385)
 Cash Flows From Financing Activities:		
Proceeds from contributions restricted	1,385,265	927,543
Issuance of long-term debt	-	1,000,000
Repayment of long-term debt	(101,537)	(72,491)
Principal payments on finance lease liabilities	(26,108)	(18,668)
Net Cash provided by (used in) financing activities	1,257,620	1,836,384
 Net Change In Cash	(304,630)	1,442,080
Cash, beginning of year	3,563,734	2,121,654
Cash, end of year	\$ 3,259,104	\$ 3,563,734

The accompanying notes are an integral part of
this financial statement.

FOSTER ADOPT CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Foster Adopt Connect, Inc. ("the Organization") is a non-profit organization. The Organization was organized with the purpose of providing foster and adoptive children with a stable, loving, and nurturing family environment by support and advocacy for abused and neglected children and the families caring for them.

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.

Cash Equivalents - The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. Deposit accounts restricted internally by the Board are considered to be cash and cash equivalents. At December 31, 2024, cash equivalents consisted primarily of cash balances on deposit and money market accounts.

At December 31, 2024 and 2023, the Organization's cash accounts exceeded federally insured limits by approximately \$292,595 and \$565,000.

Contracts Receivable - Contracts receivable are stated at the amount of consideration from customers, of which the Organization has an unconditional right to receive. The Organization provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts.

Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. At December 31, 2024 and 2023, the Organization determined no allowance was necessary.

Contributions and Grants Receivable - Grants receivable consist mainly of grant funds received from federal and local agencies and other grantors and are carried at original invoice less an estimate for doubtful receivables based on a review of all outstanding amounts. Government grants are recorded as revenues in the period the Organization meets the conditions for revenue recognition, namely when expenses have been incurred for the purposes specified by the contracts. To the extent amounts received exceed amounts spent, the Organization records the excess as refundable advances.

FOSTER ADOPT CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Organization believes all contributions and grants receivable at December 31, 2024 and 2023 will be fully collected. Accordingly, no allowance for credit losses is required.

Inventories - Inventory consists mainly of contributed food and clothing. Contributed items are stated at fair value as determined by the Organization according to certain guidelines.

Property and Equipment - Property and equipment acquisitions over \$1,000 are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under finance lease obligations and leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Buildings and improvements	5-39
Leasehold improvements	5-7
Furniture and fixtures	5-7
Computer equipment and software	3-5
Vehicles and trailer	5-7
Playground	15

Refundable Advance - Refundable advance consists of amounts received prior to incurring qualifying expenditures from cost reimbursable federal and state contracts and grants.

Net Assets - Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. Some 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions - Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions.

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

FOSTER ADOPT CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When a donor 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 statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Government Grants - Support funded by grants is recognized as the Organization meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Licensing and Contract Service Revenue - The Organization recognizes licensing and contract service revenue in accordance with Topic 606, *Revenue from Contracts with Customers*. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. The Organization determines the transaction price based on standard charges for services provided

Special Events Revenue - The portion of the special events revenue that relates to the commensurate value the donor received in return is recognized when the related events are held and performance obligations are met. The transaction price is determined based on the value of direct benefits provided to donors, which was \$233,745 and \$273,071 for the years ended December 31, 2024 and 2023, respectively. All special events revenue is recognized as of the point in time the event is held and benefits are provided to the donor, which is when the performance obligations are met. The portion of special events revenue considered to be a contribution is recognized in accordance with the Organization's contribution revenue policies

Income Taxes - The Organization is exempt from income taxes under Section 501(c)3 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction. With few exceptions, the Organization is no longer subject to income tax examinations by the applicable tax authorities for the years before 2020. If any were to be incurred, the Organization's policy is to record penalties and interest assessed by income tax authorities as operating expenses.

FOSTER ADOPT CONNECT, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2024 and 2023

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses – The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on management's estimate of resources devoted to the program or support service. Salaries and related expenses, office expenses, office equipment rental, depreciation, rent and occupancy expenses are allocated on the basis of management's estimates of time and effort spent by each employee.

Current Expected Credit Loss (CECL) - In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instrument- Credit Losses* (Topic 326). This guidance, commonly referred to as Current Expected Credit Loss ("CECL"), changes impairment recognition to a model that is based on expected losses rather than incurred losses. The Organization adopted this standard on January 1, 2023, using a modified retrospective transition approach for trade and finance receivables existing as of January 1, 2023.

NOTE B – CONTRIBUTIONS AND GRANTS RECEIVABLE

Contributions and grants receivable consisted of the following:

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 158,491	\$ -	\$ 158,491
Due within one to five years	-	-	-
	\$ 158,491	\$ -	\$ 158,491
	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 122,813	\$1,210,000	\$ 1,332,813
Due within one to five years	-	55,718	55,718
	\$ 122,813	\$1,265,718	\$ 1,388,531

FOSTER ADOPT CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE C – CONDITIONAL GRANTS AND CONTRIBUTIONS

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. At December 31, 2024 and 2023, the Organization had funding available of approximately \$7,554,000 and \$8,183,000, respectively, conditional upon incurring qualifying expenses. As the barrier to entitlement has not been met, these conditional promises to give are not recorded in these financial statements.

NOTE D PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2024 and 2023 consists of:

	2024	2023
Land	\$ 337,863	\$ 337,863
Building and improvements	7,200,801	6,993,893
Furniture and fixtures	872,376	871,908
Computer equipment and software	245,420	245,245
Vehicles and trailer	259,315	165,578
Playground	78,934	78,934
Construction in progress	86,625	27,105
	9,081,334	8,720,526
Less accumulated depreciation and amortization	<u>(2,253,205)</u>	<u>(1,903,437)</u>
	<u>\$6,828,129</u>	<u>\$6,817,089</u>

NOTE E LONG-TERM DEBT

	2024	2023
Note payable, bank (A)	\$ 231,274	\$ 294,051
Note payable, bank (B)	948,941	987,701
	<u>\$1,180,215</u>	<u>\$1,281,752</u>

(A) The Organization has a loan payable in monthly installments through March 2025. Payments are \$6,019 monthly including interest at fixed rate of 3.5%. The final payment will be for all principal and accrued interest not yet paid. The loan is secured by building, land and pledge campaign receivables.

(B) In June 2023, the Organization entered into a term-loan agreement for \$1,000,000. The loan matures in June 2028 and bears interest at 7.25% with monthly principal and interest payments of \$9,189. The final payment will be for all principal and accrued interest not yet paid. The loan is secured by a deed of pledge and security agreement covering certain property and business assets.

FOSTER ADOPT CONNECT, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2024 and 2023

NOTE E LONG-TERM DEBT (Continued)

Under the term-loan agreements, the Organization is required to maintain a debt service coverage ratio of not less than 1.25 to 1.00. During 2024, the Organization did not meet its debt service ratio requirement.

Aggregate annual maturities of long-term debt, assuming no calls on the term-loan agreements, are as follows:

2025	\$	274,273
2026		46,226
2027		49,691
2028		<u>810,025</u>
Total long-term debt		<u>\$ 1,180,215</u>

The Organization has established a \$1,000,000 working capital line of credit with a bank. Interest varies with the *Wall Street Journal* prime rate and is payable monthly. The line of credit matures in June 2028. There were no amounts drawn on the line of credit as of December 31, 2024.

NOTE F - NET ASSETS

Net Assets With Donor Restrictions – Net assets with donor restrictions at December 31, 2024 and 2023 are restricted for the following purposes or periods:

	<u>2024</u>	<u>2023</u>
Expansion of the Kansas office	\$3,807,790	\$3,738,118
Give Joy	51,549	55,670
Vehicle	-	55,000
Lawyers for kids	16,196	34,587
Expansion of Springfield office	63,347	63,346
Scholarships	-	15,300
Other	1,000	12,466
Total net assets with donor restrictions	<u>\$3,939,882</u>	<u>\$3,974,487</u>

FOSTER ADOPT CONNECT, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2024 and 2023

NOTE F - NET ASSETS (Continued)

Net Assets Released From Restrictions – Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors:

	<u>2024</u>	<u>2023</u>
Expansion of the Kansas office	\$ 81,625	\$ -
K.C. Soul project	-	325,000
Youthrive Program	46,505	-
CCYP program	34,247	-
Give Joy	38,226	48,693
Lawyers for kids	38,891	49,108
Sammy's Window	157,989	-
Vehicle	55,000	-
Scholarships	15,300	-
Other/misc	316,072	9,275
Total	<u>\$ 783,855</u>	<u>\$ 432,076</u>

NOTE G – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within the years of December 31, 2024 and 2023, comprise the following:

	<u>2024</u>	<u>2023</u>
Financial assets, end of year		
Cash and cash equivalents	\$ 3,259,104	\$ 854,965
Restricted cash	-	2,708,769
Investments	880,455	106,057
Contracts receivable, net	2,219,305	953,594
Grants and contributions receivable, net	<u>158,491</u>	<u>1,388,531</u>
	6,517,355	6,011,916
Less amounts not available to be used within one year		
Accounts payable	(733,335)	(528,476)
Donor restricted net assets	<u>(3,939,882)</u>	<u>(3,974,487)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,844,138</u>	<u>\$1,508,953</u>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity and reserves.

FOSTER ADOPT CONNECT, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2024 and 2023

NOTE H – REVENUE FROM CONTRACTS WITH CUSTOMERS

Licensing Contract Revenue and Contract Service Income - Licensing contract revenue and contract service income (contract revenue) revenue represents fees for services and is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. Customers are generally billed on a monthly basis based on the hourly rate or unit rate stated in the contract. Revenue is recognized as the performance obligation is satisfied, which is over time as the services are provided as the customer simultaneously receives and consumes the benefit.

Transaction Price and Recognition - The Organization determines the transaction price based on standard charges for services provided, reduced by discounts provided in accordance with the Organization's policy and implicit price concessions provided to clients. From time to time the Organization will receive overpayments of customer balances resulting in amounts owed back to either the customers or third parties. These amounts are excluded from revenues and are recorded as liabilities until they are refunded. As of December 31, 2024 and 2023, the Organization did not record a liability for refunds to customers. The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the service provided and payers that have different payment methodologies.

For the years ended December 31, 2024 and 2023, the Organization recognized revenue of \$1,042,676 and \$1,541,343, respectively, from services that transfer to the customer over time.

Contract Balances - Contracts receivable at December 31, 2024 and 2023, were:

	<u>2024</u>	<u>2023</u>
Contracts receivable, beginning of year	\$ 953,594	\$ 278,018
Contracts receivable, end of year	2,219,305	953,594

NOTE I – LEASES

Accounting Policies - The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization combines lease and non-lease components, such as common area and other maintenance costs, and accounts for them as a single lease component in calculating the ROU assets and lease liabilities for its office buildings.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

FOSTER ADOPT CONNECT, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2024 and 2023

NOTE I – LEASES – (Continued)

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases - The Organization has entered into the following lease arrangements:

Finance Leases - These leases mainly consist of office equipment, such as copiers and printers. Termination of the leases generally are prohibited unless there is a violation under the lease agreement.

Operating Leases - The Organization has leases for office space that expire in various years through 2027. These leases generally require the Organization to pay all executory costs (property taxes, maintenance and insurance). Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

All Leases - The Organization has no material related-party leases. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Quantitative Disclosures

The lease cost and other required information for the years ended December 31, 2024 and 2023 are:

	<u>2024</u>	<u>2023</u>
Finance lease cost		
Amortization of right-of-use asset	\$ 26,490	\$ 19,336
Interest on lease liabilities	1,490	1,382
Operating lease cost	328,758	421,096
Short-term lease cost	<u>26,190</u>	<u>27,476</u>
Total lease cost	<u>\$ 382,928</u>	<u>\$ 469,290</u>

FOSTER ADOPT CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE I – LEASES (Continued)

	2024	2023
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from finance leases	\$ 1,490	\$ 1,382
Financing cash flows from finance leases	27,298	18,668
Operating cash flows from operating leases	304,839	330,372
Right-of-use assets obtained in exchange for new financing lease liabilities	14,293	87,904
Right-of-use assets obtained in exchange for new operating lease liabilities	173,949	178,739
Weighted-average remaining lease term		
Finance leases	1 year	2 Years
Operating leases	1 year	2 Years
Weighted -average discount rate		
Finance leases	2.47%	2.63%
Operating leases	2.90%	2.73%

Future minimum lease payments and reconciliation to the statement of financial position at December 31, 2023, are as follows:

	Finance Leases	Operating Leases
2025	\$ 27,357	\$ 298,890
2026	23,306	239,902
2027	7,256	67,981
2028/Thereafter	1,383	-
Total future undiscounted cash flows	59,302	606,773
Less present value discount	(1,900)	(18,850)
Lease liabilities	\$ 57,402	\$ 587,923

NOTE J – CONTRIBUTED NONFINANCIAL ASSETS

For the years ended December 31, 2024 and 2023, contributed nonfinancial assets recognized within the statements of activities included:

	2024	2023
Clothing and supplies	\$1,473,130	\$1,291,211
Food	177,350	435,854
	\$1,650,480	\$1,727,065

FOSTER ADOPT CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE J – CONTRIBUTED NONFINANCIAL ASSETS - Continued

The nonfinancial assets listed above were recognized within revenue and did not have donor-imposed restrictions. The Organization estimated the fair value of clothing and household goods on the basis of estimates of wholesale values that would be received for selling similar products in the United States. Contributed items are distributed to individuals caring for youth who are in foster care or have been adopted.

NOTE K – EMPLOYEE BENEFIT PLAN

The Organization sponsors a 403(b) retirement plan. The Organization provides matching funds for each employee dollar contributed up to a maximum contribution of 6% per year. Matching contributions from the Organization are only effective if the employee remains with the Organization through the end of the plan year. Effective July 1, 2022, the plan was amended and employees are no longer required to remain with the Organization through the end of the plan year to be eligible for matching contributions. Total retirement contributions charged to other personnel costs were \$290,522 and \$361,361 for the years ended December 31, 2024 and 2023, respectively.

NOTE L – RELATED PARTY TRANSACTIONS

During the years ended December 31, 2024 and 2023, the Organization received contributions from members of the Board of Directors or entities which are managed by members of the Board totaling approximately \$137,452 and \$35,500, respectively.

NOTE N – EMPLOYEE RETENTION TAX CREDIT (ERTC)

The *Coronavirus Aid, Relief, and Economic Security Act* (CARES), and subsequent legislation, provides a refundable employee retention tax credit (ERTC) to eligible employers who meet either a gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits. The Organization accounts for these employee retention credits in accordance with Accounting Standards Update No. 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions*.

Received and Contributions Made, Subtopic 958-605 Not-for-Profit Entities - Revenue Recognition. Under ASC 958-605, the ERTC may be recognized once the conditions attached to the grant have been substantially met. The Organization considers acceptance by the IRS a condition of the award.

During 2023, the Organization received approximately \$1,085,000 of tax credits and has determined conditions have been met for revenue recognition. Amounts are recorded within the statement of activities as Employee Retention Tax Credit.

Laws and regulations concerning the employee retention credit are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the employee retention credit, and it is not possible to determine the impact this would have on the Organization.

FOSTER ADOPT CONNECT, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2024 and 2023

NOTE O– SIGNIFICANT ESTIMATES AND CONCENTRATIONS

Valuation of Contributed Nonfinancial Assets - See Note J for estimates relating to the valuation of contributed nonfinancial assets.

Expenses - See Note A for estimates relating to depreciation and amortization expense and allocation of functional expenses.

General Litigation - The Organization is subject to claims and lawsuits that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position or change in net assets and cash flows of the Organization. Events could occur that would change this estimate materially in the near term.

Contributions and Grants Receivable – Approximately 83% and 84% of the Organization's contributions and grants receivable was from one grantor at December 31, 2024 and 2023, respectively.

Contribution and Grant Revenue - Approximately 53% and 66% of the Organization's total revenue was from one and three government or state agencies for the years ended December 31, 2024 and 2023, respectively.

NOTE P– SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 21, 2025, which is the date the financial statements were available to be issued.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Foster Adopt Connect, Inc.
Independence, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Foster Adopt Connect, Inc. (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2024, and related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of the Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kansas City, Missouri
August 21, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors
Foster Adopt Connect, Inc.
Independence, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Foster Adopt Connect, Inc. (a not-for-profit organization) compliance with the types of compliance requirements described in the *Uniform Guidance Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Foster Adopt Connect, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our audit was not conducted for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the financial statements of Foster Adopt Connect, Inc. as of and for the year ended December 31, 2024 and have issued our report thereon dated August 21, 2025, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Kansas City, Missouri
August 21, 2025

FOSTER ADOPT CONNECT, INC.
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/ Program Title	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
US Department of Justice			
Victims of Crime Assistance (VOCA)	ER130220063	16.575	\$ 438,051
	ER130220061	16.575	847,389
	ER130220067	16.575	47,562
	ER130220066	16.575	42,925
	ER130220065	16.575	85,216
	ER130220064	16.575	203,774
	ER130220062	16.575	87,173
Total Department of Justice			<u>1,752,090</u>
 US Department of Health and Human Services			
Passed through Kansas Department of Children and Families	PPS-2021-FCPS-02	93.603	80,225
	PPS-2023-FAC-BI	93.603	380,039
	PPS-2023-FAC-Y00	93.558	120,529
	EES-2025-FAC2Gen-04	93.558	112,236
Total Department of Health and Human Services			<u>693,029</u>
 US Department of Housing and Urban Development			
Passed through Missouri Housing Development Commission	24-733	14.231	13,111
	25-729	14.231	4,607
			<u>17,718</u>
Total Expenditures of Federal Awards			<u>\$ 2,462,837</u>

FOSTER ADOPT CONNECT, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2024

Note A: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Foster Adopt Connect, Inc. (the Organization) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Note B: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note C: Indirect Cost Rate

The Organization has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance

NOTE D: Major Programs

In accordance with Uniform Guidance, major programs for the Organization are individual programs or a cluster of programs determined using a risk-based analysis. The threshold for distinguishing Type A and Type B programs was \$750,000. Student Financial Aid is designated as a cluster of programs which was determined to be a major program.

FOSTER ADOPT CONNECT, INC
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For The Year Ended December 31, 2024

Section I

Financial Statements

- | | |
|----------------------------------------------------------|---------------|
| 1. Type of auditors' report issued: | Unmodified |
| 2. Internal controls over financial reporting: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 3. Noncompliance material to financial statements noted? | None |

Federal Awards

- | | |
|-------------------------------------------------------------------------------------------------------|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies identified? | None Reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

Identification of major programs

CFDA Number
16.575

Name of Federal Program
Victims of Crime Assistance (VOCA)

- | | |
|-----------------------------------------------------------------------------|-----------|
| 1. Dollar Threshold used to distinguish between Type A and Type B Programs? | \$750,000 |
| 2. Auditee qualified as a low-risk auditee? | No |

Section II

Financial Statements Findings

None reported

Section III

Federal Award Findings and Questioned Costs

None reported

Summary Schedule of Prior Audit Findings

All prior audit findings have been corrected at December 31, 2024