



Childkind, Inc.

FINANCIAL STATEMENTS

December 31, 2021 and 2020



	Page
REPORT	
Independent Auditors' Report	1
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5
Statements of Functional Expenses	6
Statements of Cash Flows	8
Notes to Financial Statements	9
Single Audit Section	
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18
Independent Auditors' Report on Compliance for each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	20
Schedule of Expenditures of Federal Awards	23
Notes to Schedule of Expenditures of Federal Awards	24
Schedule of Findings, Questioned Costs and Other Recommendations	25



REPORT





Carr, Riggs & Ingram, LLC
4004 Summit Boulevard NE
Suite 800
Atlanta, GA 30319

770.394.8000
770.451.2873 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

Board of Directors and Management of
Childkind, Inc.

Report on the Audits of the Financial Statements

Opinion

We have audited the accompanying financial statements of Childkind, Inc. (a non-profit organization referred to as "the Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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 opinions.

Responsibilities of Management 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, and for 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 and *Government Auditing Standards* will always detect a material misstatement 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 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 and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of these 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 audits 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 Organization'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on these financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2022, 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. The purpose of that report is solely 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 the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering Childkind, Inc.'s internal control over financial reporting and compliance.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
February 18, 2022



FINANCIAL STATEMENTS



Childkind, Inc.
Statements of Financial Position

<i>December 31,</i>	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 211,002	\$ 231,156
Contract receivables, net	299,467	316,275
Investments	2,280	1,123
Prepaid expenses	28,257	30,597
Total current assets	541,006	579,151
Non-current assets		
Furniture, fixtures and equipment, net	7,944	2,553
Total assets	\$ 548,950	\$ 581,704
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 148,313	\$ 138,843
Accrued liabilities	16,277	19,842
Total current liabilities	164,590	158,685
Long-term liabilities		
Deferred rent	20,040	27,690
Total liabilities	184,630	186,375
Net assets		
Without donor restrictions	364,320	395,329
Total liabilities and net assets	\$ 548,950	\$ 581,704

The accompanying notes are an integral part of these financial statements.

Childkind, Inc.
Statements of Activities

<i>For the years ended December 31,</i>	2021	2020
Revenues and Other Support		
State and federal program service fees	\$ 3,265,866	\$ 3,146,673
Government grant - Paycheck Protection Program	-	223,416
Local grant contributions	5,000	136,000
Contributions	20,725	19,197
Other income	31,175	1,217
Total revenues and other support	3,322,766	3,526,503
Expenses		
Program services	3,195,354	3,306,196
Fundraising	21,959	13,219
General and administrative	136,462	75,175
Total expenses	3,353,775	3,394,590
Change in net assets	(31,009)	131,913
Net assets at beginning of year	395,329	263,416
Net assets at end of year	\$ 364,320	\$ 395,329

The accompanying notes are an integral part of these financial statements.

Childkind, Inc.
Statement of Functional Expenses

For the year ended December 31, 2021

	Program Services	Fund- Raising	General and Administrative	Total
Personnel costs				
Salaries	\$ 988,609	\$ 14,908	\$ 59,168	\$ 1,062,685
Employee benefits	243,828	-	49,033	292,861
Total personnel costs	1,232,437	14,908	108,201	1,355,546
Foster care, family services and transition services	1,692,925	-	3,224	1,696,149
Rent	120,685	2,645	10,363	133,693
Insurance	38,078	-	9,520	47,598
Office	37,584	517	1,415	39,516
Professional fees	18,308	400	1,716	20,424
Auto expense	15,833	2	36	15,871
Repairs and maintenance	12,034	158	785	12,977
Memberships	9,892	2,704	115	12,711
Staff development	8,313	399	194	8,906
Depreciation	2,609	-	514	3,123
Bank service charges	1,807	100	78	1,985
Communications	1,660	70	133	1,863
Public relations and marketing	1,768	-	-	1,768
Postage and delivery	1,421	56	168	1,645
Total expenses	\$ 3,195,354	\$ 21,959	\$ 136,462	\$ 3,353,775

The accompanying notes are an integral part of these financial statements.

Childkind, Inc.
Statement of Functional Expenses

For the year ended December 31, 2020

	Program Services	Fund- Raising	General and Administrative	Total
Personnel costs				
Salaries	\$ 1,094,196	\$ 7,445	\$ 24,760	\$ 1,126,401
Employee benefits	307,621	1,451	5,139	314,211
Total personnel costs	1,401,817	8,896	29,899	1,440,612
Foster care, family services and transition services	1,605,943	-	-	1,605,943
Rent	106,909	-	26,727	133,636
Insurance	38,321	-	9,580	47,901
Office	37,103	299	4,748	42,150
Bad debt expense	36,205	-	-	36,205
Auto expense	22,302	6	218	22,526
Professional fees	18,465	233	1,513	20,211
Staff development	9,740	3,216	115	13,071
Memberships	9,927	100	325	10,352
Repairs and maintenance	9,401	30	491	9,922
Communications	3,275	43	213	3,531
Public relations and marketing	2,049	281	557	2,887
Bank service charges	1,868	90	302	2,260
Depreciation	1,460	-	343	1,803
Postage and delivery	1,351	24	139	1,514
Interest expense	60	1	5	66
Total expenses	\$ 3,306,196	\$ 13,219	\$ 75,175	\$ 3,394,590

The accompanying notes are an integral part of these financial statements.

Childkind, Inc.
Statements of Cash Flows

<i>For the years ended December 31,</i>	2021	2020
Operating Activities		
Change in net assets	\$ (31,009)	\$ 131,913
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,123	1,803
Realized and unrealized gain on investments	(1,157)	(334)
Bad debts	-	36,205
Change in operating assets and liabilities:		
Contract receivables	16,808	12,475
Prepaid expenses	2,340	(157)
Accounts payable	9,470	(16,456)
Accrued liabilities	(3,565)	10,636
Deferred rent	(7,650)	(4,473)
Net cash provided by (used in) operating activities	(11,640)	171,612
Investing activities		
Purchase of equipment	(8,514)	-
Net cash provided by (used in) investing activities	(8,514)	-
Net change in cash and cash equivalents	(20,154)	171,612
Cash and cash equivalents at beginning of year	231,156	59,544
Cash and cash equivalents at end of year	\$ 211,002	\$ 231,156
Schedule of Certain Cash Flow Information		
Interest paid	\$ -	\$ 66

The accompanying notes are an integral part of these financial statements.

Note 1: DESCRIPTION OF THE ORGANIZATION

Childkind, Inc. (the Organization) was created for the purpose of providing foster care and support services for medically fragile children, including providing foster placement, adoption conversion, family reunification and other supportive programs. The Organization's principal means of support is from contracts with governmental agencies.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for doubtful accounts, depreciable lives of furniture, fixtures and equipment and the allocation of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Contract Receivables

Contract receivables are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on contract receivables using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of agencies to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible contract receivable when management determines the receivable will not be collected.

Investments

The Organization reports investments in equity securities with readily determinable fair values at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Furniture, Fixtures and Equipment

All acquisitions of furniture, fixtures and equipment in excess of \$1,000 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Furniture, fixtures and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

There were no net assets with donor restrictions as of December 31, 2021 and 2020.

Revenue Recognition

State and federal program service fees and payments under cost-reimbursable contracts are accounted for under ASC Topic 606, *Revenue from Contracts with Customers* (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

Contributions and local grants are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to salaries, benefits and rent are allocated based on actual percentages of time spent in each functional area. Expenses related to office, insurance and other administrative expenses are allocated across functional areas based on a fixed percentage.

Income Taxes

Under section §501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2021 and 2020, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 18, 2022, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Accounting Guidance Not Yet Adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). This ASU requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating in existing lease accounting guidance. As a result, the effect of leases in the statement of activities and changes in net assets and the statement of cash flows will be substantially unchanged from the existing lease accounting guidance. The ASU is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU specifies requirements for the recognition and initial measurement of contributions and disclosure requirements for contributed services. The ASU is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents, investments and contract receivables to provide liquidity to ensure funds are available as the Organization's expenditures come due. At December 31, 2021 and 2020, the Organization had approximately \$513,000 and \$549,000 available for use. Financial assets at year-end exclude prepaid expenses and furniture, fixtures and equipment. The Organization is principally supported by its state and federal program service fees. The goal of the Organization is to maintain available financial assets to meet its next 60 days of operating expenses. In the event of unanticipated liquidity needs, the Organization has a line of credit with available borrowings of \$150,000.

Note 4: CONTRACT RECEIVABLES, NET

Contract receivables consist of amounts due from federal and state agencies in the amount of approximately \$299,000 and \$316,000 for the years ended December 31, 2021 and 2020, respectively.

The Organization provides for doubtful receivables equal to the estimated losses that will be incurred in the collection of all receivables. The allowance is based on prior years' experience and management's analysis of specific contracts.

The allowance for doubtful accounts as of December 31, 2021 and 2020 was \$5,800 and \$41,900, respectively.

During the fiscal year ended December 31, 2021, the Organization recovered approximately \$29,000 of receivables written off as bad debt in the prior year. This amount is included in other income on the Statements of Activities.

Bad debt expense totaled \$-0- and \$36,205 for 2021 and 2020, respectively.

Note 5: INVESTMENTS

At December 31, 2021, the cost and market value in mutual funds was approximately \$900 and \$2,280, respectively. At December 31, 2020, the cost and market value in mutual funds was approximately \$900 and \$1,100, respectively.

Childkind, Inc.
Notes to Financial Statements

Note 6: FURNITURE, FIXTURES AND EQUIPMENT

The components of furniture, fixtures and equipment at December 31, 2021 and 2020, are as follows:

	Estimated Useful Lives (in years)	2021	2020
Furniture and fixtures	5 - 7	\$ 64,238	\$ 60,484
Equipment	5	43,980	39,221
Total furniture, fixtures and equipment		108,218	99,705
Less accumulated depreciation and amortization		100,274	97,152
Furniture, fixtures and equipment, net		\$ 7,944	\$ 2,553

Depreciation expense for the years ended December 31, 2021 and 2020 was \$3,123 and \$1,803, respectively.

Note 7: LINE OF CREDIT

The Organization maintains a line of credit agreement with a financial institution. Available borrowings related to the agreement are \$150,000, with an interest rate of 5.50%, secured by certain assets of the Organization. The credit line expires June 2022 and renews annually. There was no outstanding balance as of December 31, 2021 and 2020.

Note 8: REVENUE

State and federal program service fees and other service fees are accounted for in accordance with ASC 606. The agreements are generally for a duration of one year and the related revenue is recorded at a point in time.

Childkind, Inc.
Notes to Financial Statements

Note 8: REVENUE (Continued)

Disaggregated Revenue

A summary of disaggregated revenue information follows:

<i>For the years ended December 31,</i>	2021	2020
State and federal program service fees		
Department of Family and Child Services	\$ 3,191,234	\$ 2,958,141
Promoting Safe and Stable Families	74,632	131,366
Georgia Department of Human Resources	-	57,166
Total state and federal program service fees	3,265,866	3,146,673
Government grant - Paycheck Protection Program	-	223,416
Contributions and other revenue		
Contributions	25,725	155,197
Other income	30,000	-
Interest income	1,175	1,217
Total contributions and other revenue	56,900	156,414
Total revenues	\$ 3,322,766	\$ 3,526,503

Contract Balances

A summary of contract balances follows:

<i>For the years ended December 31,</i>	2021	2020
Contract receivables, net, beginning of year	\$ 316,275	\$ 364,955
Contract receivables, net, end of year	\$ 299,467	\$ 316,275

Note 9: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Note 9: FAIR VALUE MEASUREMENTS (Continued)

Level 2 – Significant other observable inputs other than Level 1 prices, such as:

Quoted prices for similar assets or liabilities in active markets;

- Quoted prices for identical or similar assets or liabilities in inactive markets'
- Inputs, other than quoted prices, that are:
 - Observable; or
 - Can be corroborated by observable market data.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2021 and 2020.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in different fair value measurements at the reporting date.

Assets and liabilities measured at fair value on a recurring basis, are summarized for the years ended December 30, 2021 and 2020:

<i>December 31, 2021</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,280	\$ -	\$ -	\$ 2,280
<hr/>				
<i>December 31, 2020</i>	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 1,123	\$ -	\$ -	\$ 1,123

Note 9: FAIR VALUE MEASUREMENTS (Continued)

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the years ended December 31, 2021 and 2020, there were no significant transfers in or out of Levels 1, 2 or 3.

Note 10: CONCENTRATIONS OF CREDIT RISK

The Organization has cash deposits with a financial institution which fluctuate from time to time in excess of federally insured limits. If this financial institution were not to honor its contractual liability, the Organization could incur losses. Management is of the opinion that there is no risk of loss because of the financial strength of the financial institution.

Financial instruments which potentially subject the Organization to concentrations of credit risk are principally contract receivables. Concentrations of credit risk with respect to contract receivables are limited due to the credit worthiness of the grantor agencies.

Note 11: COMMITMENTS AND CONTINGENCIES

The Organization leases office space and certain office equipment accounted for as operating leases. The leases expire in various years through 2023.

Minimum lease payments under non-cancellable operating leases are as follows:

For the years ending December 31,

2022		\$		146,100
2023				93,700
Total		\$		239,800

Rent expense for the years ended December 31, 2021 and 2020, was approximately \$134,000. The office lease contains provisions for future rent increases, rent free provisions and provisions for tenant improvement allowances. The total amount of rental payments due over the lease term is being charged to rent expense on the straight-line method over the term of the lease. The difference between rent expense recorded and the amount paid is charged to deferred rent, which is included as a long-term liability in the accompanying statements of financial position.

From time to time, the Organization may have asserted and unasserted claims arising in the normal course of business. The Organization does not expect losses, if any, arising from these asserted and unasserted claims to have a material effect on the financial statements.

Note 12: EMPLOYEE BENEFIT PLAN

The Organization sponsors an Internal Revenue Code Section 403(b) Pension Plan (the Plan) covering all full time employees after meeting certain age and length of service requirements. Employee contributions may not exceed \$10,000 or 20% of their annual compensation. The Organization may make discretionary matching contributions up to 2% of the employee's annual compensation. For the years ended December 31, 2021 and 2020, no matching contributions were made.

Note 13: ECONOMIC DEPENDENCY

The Organization receives the majority of its revenue and support from contracts with governmental agencies. The future receipt of such funding, however, is indeterminate due to the uncertainty of resources in future years. Should this support be discontinued, the Organization would have to replace the funding from other sources or discontinue certain programs.

Note 14: UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have risen that may have a significant negative impact on the operating activities and results from the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain.



SINGLE AUDIT SECTION





Carr, Riggs & Ingram, LLC
4004 Summit Boulevard NE
Suite 800
Atlanta, GA 30319

770.394.8000
770.451.2873 (fax)
CRIcpa.com

**INDEPENDENT AUDITORS' 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**

Board of Directors and Management of
Childkind, Inc.

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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Childkind, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements and have issued our report thereon dated February 18, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 Organization'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 or significant deficiencies may exist that were not 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 financial statements. 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 this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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 *Governmental Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
February 18, 2022



Carr, Riggs & Ingram, LLC
4004 Summit Boulevard NE
Suite 800
Atlanta, GA 30319

770.394.8000
770.451.2873 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors and Management of
Childkind, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Childkind, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB 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, 2021. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing 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 Administrative 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 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.

Auditors' 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Atlanta, Georgia
February 18, 2022

Childkind, Inc.
Schedule of Expenditures of Federal Awards

For the year ended December 31, 2021

	Federal Assistance Listing	Contract Number	Federal Expenditures
<u>Department of Health and Human Services</u>			
Passed through the Georgia Department of Human Resources			
Division of Family and Children Services			
Promoting Safe and Stable Families	93.556	42700-040C-PSSF-21-030	\$ 56,831
Division of Family and Children Services			
Promoting Safe and Stable Families	93.556	42700-040C-PSSF-22-104	17,801
Total Promoting Safe and Stable Families			74,632
Foster Care - Title IV-E			
Room, Board and Watchful Oversight	* 93.658	42700-040C-RBWO-21-0231	1,535,917
Foster Care - Title IV-E			
Room, Board and Watchful Oversight	* 93.658	42700-040C-RBWO-22-0536	1,520,591
Total Foster Care - Title IV-E - Room, Board and Watchful Oversight			3,056,508
Passed through the Georgia Department of Community Health			
Community Mental Health Services Block Grant	93.958		12,116
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,143,256

There were no subrecipient amounts for the year ended December 31, 2021.

*Major Program

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

Childkind, Inc.
Notes to Schedule of Expenditures of Federal Awards
Year ended December 31, 2021

Note 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Childkind, Inc. under programs of the federal government for the year ended December 31, 2021. 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, Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through identifying numbers are presented where available.

Note 3: CONTINGENCIES

Grant monies received and disbursed are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Management does not believe that such disallowance, if any, would have a material effect on its financial position. As of December 31, 2021 there were no material questioned or disallowed costs as a result of the grant audits in process or completed.

Note 4: INDIRECT COST

Childkind, Inc. has not elected to use the 10% de minimis indirect cost rate.

Note 5: OTHER INFORMATION

There were no endowments, insurance in effect, noncash assistance nor loan balances or guarantee programs for the year ended December 31, 2021.

Childkind, Inc.

Schedule of Findings, Questioned Costs and Other Recommendations

For the year ended December 31, 2021

SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of auditors' report issued Unmodified
2. Internal control over financial reporting:
- A. Material weakness(es) identified _____ Yes _____ X _____ No
- B. Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes _____ X _____ None noted
3. Noncompliance material to financial statements noted? _____ Yes _____ X _____ No

Federal Awards

4. Internal control over major programs:
- A. Material weakness(es) identified? _____ Yes _____ X _____ No
- B. Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes _____ X _____ None noted
5. Type of auditors' report issued on compliance for major programs Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? _____ Yes _____ X _____ None noted
7. There were no questioned costs that are required to be reported under the Uniform Guidance.

8. The programs tested as major programs included:

<u>Assistance Listing Number</u>	<u>Program Name</u>
93.658	Foster Care - Title IV -E

9. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
10. The auditee does qualify as a low-risk auditee.

Childkind, Inc.
Schedule of Findings, Questioned Costs and Other Recommendations
(Continued)

SECTION I - FINANCIAL STATEMENT FINDINGS

None reported for the year ended December 31, 2021

SECTION II - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported for the year ended December 31, 2021

SCHEDULE OF FINDINGS, QUESTIONED COSTS AND OTHER RECOMMENDATIONS - PRIOR YEAR AUDITS

None reported for the year ended December 31, 2020.