

THE FORGOTTEN INITIATIVE
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



TABLE OF CONTENTS

	Page Number
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Assets, Liabilities and Net Assets – Modified Cash Basis	3
Statement of Support, Revenue and Expenses – Modified Cash Basis	4
Statement of Functional Expenses – Modified Cash Basis	5
Statement of Cash Flows – Modified Cash Basis	6
Notes to Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Forgotten Initiative
Bloomington, Illinois

Opinion

We have audited the accompanying financial statements of The Forgotten Initiative (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of December 31, 2023, and the related statements of support, revenue and expenses – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of The Forgotten Initiative as of December 31, 2023, and its support, revenue and expenses and its cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis for Opinion

We conducted our audit 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 Forgotten Initiative and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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, 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 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 The Forgotten Initiative'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 Forgotten Initiative'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.

Koch Consultants, Ltd.

November 18, 2024

THE FORGOTTEN INITIATIVE
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2023

ASSETS

Cash	\$ 448,682
Property and equipment	<u>222,936</u>
	<u>\$ 671,618</u>

LIABILITIES AND NET ASSETS

Other current liabilities	<u>\$ 4,951</u>
Net assets	
Without donor restrictions - undesignated	376,354
With donor restrictions	<u>290,313</u>
	<u>666,667</u>
	<u>\$ 671,618</u>

See accompanying notes.

THE FORGOTTEN INITIATIVE
STATEMENT OF SUPPORT, REVENUE AND EXPENSES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 842,505	\$ 295,299	\$ 1,137,804
Program service revenue	7,637	-	7,637
Interest income	43	-	43
NET ASSETS RELEASED FROM RESTRICTIONS	209,058	(209,058)	-
	<u>1,059,243</u>	<u>86,241</u>	<u>1,145,484</u>
EXPENSES			
Program services	683,968	-	683,968
Supporting services			
Management and general	149,834	-	149,834
Fund raising	43,433	-	43,433
	<u>193,267</u>	<u>-</u>	<u>193,267</u>
Loss on disposal of equipment	2,445	-	2,445
	<u>879,680</u>	<u>-</u>	<u>879,680</u>
CHANGE IN NET ASSETS	179,563	86,241	265,804
NET ASSETS - BEGINNING	<u>196,791</u>	<u>204,072</u>	<u>400,863</u>
NET ASSETS - ENDING	<u>\$ 376,354</u>	<u>\$ 290,313</u>	<u>\$ 666,667</u>

See accompanying notes.

THE FORGOTTEN INITIATIVE
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2023

	Advocacy Ministries	Awareness Resources	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total Expenses
Salaries and related expenses	\$ 286,473	\$ 44,789	\$ 331,262	\$ 94,762	\$ 33,872	\$ 128,634	\$ 459,896
Advocate support	266,531	-	266,531	90	-	90	266,621
Team development	3,118	1,337	4,455	1,507	-	1,507	5,962
Conferences	2,593	1,111	3,704	-	-	-	3,704
Marketing	1,602	686	2,288	494	1,740	2,234	4,522
Occupancy	4,385	1,879	6,264	34,263	-	34,263	40,527
Office expense	24,352	10,666	35,018	8,665	5,388	14,053	49,071
Professional fees	7,052	3,022	10,074	2,182	-	2,182	12,256
Depreciation	20,082	2,720	22,802	6,249	2,433	8,682	31,484
Miscellaneous	-	1,570	1,570	1,622	-	1,622	3,192
	<u>\$ 616,188</u>	<u>\$ 67,780</u>	<u>\$ 683,968</u>	<u>\$ 149,834</u>	<u>\$ 43,433</u>	<u>\$ 193,267</u>	<u>\$ 877,235</u>

See accompanying notes.

THE FORGOTTEN INITIATIVE
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 265,804
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	31,484
(Gain) loss on disposal of property and equipment	2,445
Increase (decrease) in operating liabilities	
Other current liabilities	<u>4,951</u>
Net cash provided by operating activities	<u>304,684</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Property and equipment additions	(5,826)
Proceeds from disposal of property and equipment	<u>340</u>
Net cash used in investing activities	<u>(5,486)</u>
CHANGE IN CASH	299,198
CASH, BEGINNING OF YEAR	<u>149,484</u>
CASH, END OF YEAR	<u><u>\$ 448,682</u></u>

See accompanying notes.

THE FORGOTTEN INITIATIVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations and Purpose

The Forgotten Initiative (TFI) is a nonprofit organization established to help support the foster care community through awareness, encouragement, and advocacy. This is accomplished by TFI's two programs: advocacy ministries and awareness resources. The advocacy ministries program equips the church to engage through an advocacy model where volunteer advocates help churches and agencies work together on behalf of children in foster care. The awareness resources program creates podcasts, videos, downloads, and books with the goal of creating awareness around the foster care community and encouraging the church to engage. TFI relies primarily on contributions from the general public and other charitable organizations to support its activities.

Accounting Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis differs from generally accepted accounting principles primarily because TFI has not recorded receivables or payables and their related effects on the change in net assets. Recorded non-cash assets and liabilities result from previous cash transactions. Depreciation expense is provided on the property and equipment. TFI does not recognize lease related assets or liabilities at inception of the lease, but instead recognizes expenses as related payments are made.

TFI's financial statement presentation reports information regarding its net assets and changes therein according to two classes: without donor restrictions and with donor restrictions.

Cash

For purposes of the statement of cash flows – modified cash basis, TFI considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. As of December 31, 2023, TFI held no cash equivalents. TFI holds the majority of its cash at a single financial institution. As of December 31, 2023, the carrying amount of TFI's deposits at this institution exceeded the FDIC insurance amount by \$131,379 and was uninsured.

Property and Equipment

Property and equipment is stated at cost in the financial statements. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis.

Estimated useful lives are as follows:

Leasehold improvements	10 years
Furniture/equipment	5 - 7 years
Computer equipment	5 years

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized. Depreciation was \$31,484 for the year ended December 31, 2023.

Revenue and Support

Contributions are recognized as revenue when received. Gifts of cash are reported as support with donor restrictions if they are received with donor restrictions that limit their use. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires (when a stipulated time restriction ends or when purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of support, revenue and expenses – modified cash basis as net assets released from restrictions.

During the year, TFI received contributions from one donor that totaled 21% of total public support and revenue. A significant reduction in support from this donor would have a significant impact on TFI's ability to carry out its mission.

Functional Allocation of Expense

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of support, revenue and expenses – modified cash basis. The statement of functional expenses – modified cash basis presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Certain other categories of expenses are allocated to more than one program or supporting function, including salaries and related expenses, occupancy, office expense, depreciation, and certain other expenses. These expenses are allocated on the basis of estimated time, effort, and usage.

Liquidity and Availability of Resources

In the statement of assets, liabilities and net assets – modified cash basis, TFI has sequenced its assets based on nearness of conversion to cash. Similarly, TFI has sequenced its liabilities based on nearness to maturity and use of cash. TFI has financial assets of \$448,682 available for general expenditures within one year of the December 31, 2023 financial statement date as follows – cash of \$448,682.

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the financial statement date. As part of its liquidity management, TFI periodically evaluates available cash balances and anticipated cash receipts to determine if its cash levels are sufficient for planned expenditures and adjusts planned expenditures accordingly to ensure that cash is available to meet all obligations when they come due. TFI also has access to a \$70,000 line of credit should the need arise.

Income Taxes

TFI is a charitable organization as defined in Internal Revenue Code Section 501(c)(3) and is therefore exempt from the payment of income taxes, except for income, if any, unrelated to TFI's charitable purpose. Management has analyzed tax positions taken and believes that income tax filing positions will more-likely-than-not be sustained upon examination by taxing authorities. TFI is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. TFI believes it is no longer subject to income tax examinations for years prior to 2020.

Subsequent Events

TFI has evaluated subsequent events through November 18, 2024, the date which the financial statements were available to be issued. TFI has not identified any subsequent events requiring disclosure in these financial statements.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2023:

Leasehold improvements	\$	204,148
Furniture/equipment		41,711
Computer equipment		<u>23,570</u>
		269,429
Less accumulated depreciation		<u>(46,493)</u>
	\$	<u><u>222,936</u></u>

NOTE 3. LINE OF CREDIT

TFI has access to a \$70,000 revolving line of credit bearing interest at 3.53%, secured by its checking account, and expiring in October 2025. As of December 31, 2023, TFI had not drawn on this line of credit.

NOTE 4. NET ASSETS

During the year ended December 31, 2023, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose specified by donors: \$209,058 for advocate location expenses.

Net assets with donor restrictions as of December 31, 2023 are restricted for the following purposes: \$290,313 for advocate locations.

NOTE 5. RETIREMENT PLAN

TFI maintains a defined contribution retirement plan covering all employees that meet certain eligibility requirements. At the discretion of the board of directors, TFI may contribute an amount up to 5% of the annual compensation of each plan participant. Contributions to the plan during the year ended December 31, 2023 were \$17,788.

NOTE 6. LEASE

TFI leases its office space under an agreement which requires monthly payments of \$1,660 and expires on September 2031. Expense incurred under this lease for the year ended December 31, 2023 was \$19,920. The annual minimum lease payments under the lease are as follows:

During the year ended December 31,

2024	\$	19,920
2025		19,920
2026		19,920
2027		19,920
2028		19,920
2029		19,920
2030		19,920
2031		<u>16,600</u>
	\$	<u>156,040</u>