

THE FORGOTTEN INITIATIVE
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025



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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 financial position as of December 31, 2025, 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 financial statements referred to above present fairly, in all material respects, the financial position of The Forgotten Initiative as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Forgotten Initiative's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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.

July 15, 2026

THE FORGOTTEN INITIATIVE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2025

ASSETS

Cash	\$ 442,415
Certificates of deposit	257,844
Prepaid expenses	3,708
Property and equipment	160,833
Right-of-use lease asset	<u>94,363</u>
	<u>\$ 959,163</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 28,733
Accrued expenses	22,937
Operating lease liability	<u>94,363</u>
	<u>146,033</u>
Net assets	
Without donor restrictions - undesignated	471,265
With donor restrictions	<u>341,865</u>
	<u>813,130</u>
	<u>\$ 959,163</u>

See accompanying notes.

THE FORGOTTEN INITIATIVE
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions	\$ 749,461	\$ 271,758	\$ 1,021,219
Program service revenue	250	-	250
Interest income	12,306	-	12,306
NET ASSETS RELEASED FROM RESTRICTIONS	246,865	(246,865)	-
	<u>1,008,882</u>	<u>24,893</u>	<u>1,033,775</u>
EXPENSES			
Program services	706,782	-	706,782
Supporting services			
Management and general	253,912	-	253,912
Fund raising	57,924	-	57,924
	<u>311,836</u>	<u>-</u>	<u>311,836</u>
	<u>1,018,618</u>	<u>-</u>	<u>1,018,618</u>
CHANGE IN NET ASSETS	(9,736)	24,893	15,157
NET ASSETS - BEGINNING, AS RESTATED	<u>481,001</u>	<u>316,972</u>	<u>797,973</u>
NET ASSETS - ENDING	<u>\$ 471,265</u>	<u>\$ 341,865</u>	<u>\$ 813,130</u>

See accompanying notes.

THE FORGOTTEN INITIATIVE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2025

	Advocacy Ministries	Awareness Resources	Total Program Services	Management and General	Fund Raising	Total Supporting Services	Total Expenses
Salaries and related expenses	\$ 208,314	\$ 89,277	\$ 297,591	\$ 161,374	\$ 33,796	\$ 195,170	\$ 492,761
Advocate support	315,179	-	315,179	-	-	-	315,179
Team development	4,767	2,043	6,810	19,501	2,789	22,290	29,100
Conferences	18,891	8,096	26,987	-	-	-	26,987
Marketing	3,353	1,437	4,790	55	3,339	3,394	8,184
Occupancy	11,363	4,870	16,233	21,090	2,081	23,171	39,404
Office expense	8,389	4,545	12,934	10,166	7,286	17,452	30,386
Professional fees	620	266	886	29,964	443	30,407	31,293
Depreciation	12,553	5,380	17,933	11,321	2,447	13,768	31,701
Miscellaneous	36	7,403	7,439	441	5,743	6,184	13,623
	<u>\$ 583,465</u>	<u>\$ 123,317</u>	<u>\$ 706,782</u>	<u>\$ 253,912</u>	<u>\$ 57,924</u>	<u>\$ 311,836</u>	<u>\$ 1,018,618</u>

See accompanying notes.

THE FORGOTTEN INITIATIVE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 15,157
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	31,701
(Increase) decrease in operating assets	
Prepaid expenses	(243)
Right-of-use lease asset	11,369
Increase (decrease) in operating liabilities	
Accounts payable	(248)
Accrued expenses	1,584
Operating lease liability	<u>(11,369)</u>
Net cash provided by (used in) operating activities	<u>47,951</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Property and equipment additions	(1,082)
Purchase of certificates of deposit	<u>(257,844)</u>
Net cash provided by (used in) investing activities	<u>(258,926)</u>
CHANGE IN CASH	(210,975)
CASH, BEGINNING OF YEAR	<u>653,390</u>
CASH, END OF YEAR	<u><u>\$ 442,415</u></u>

See accompanying notes.

THE FORGOTTEN INITIATIVE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Operations and Purpose

The Forgotten Initiative (TFI) is a nonprofit organization established to help churches support foster care agencies across America. 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 accounting principles generally accepted in the United States of America 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 accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other assets and liabilities. Revenues are recognized when earned and expenses when incurred. Previously, TFI had prepared financial statements using the modified cash basis of accounting. Following is information regarding the restatement of beginning net assets relating to the change in basis of accounting:

Modified cash basis net assets previously reported as of December 31, 2024	\$ 829,964
Additions of non-cash items:	
Prepaid expenses	3,465
Right-of-use lease asset	105,732
Accounts payable	(14,103)
Accrued expenses	(21,353)
Operating lease liability	<u>(105,732)</u>
Net assets, restated, as of December 31, 2024	<u><u>\$ 797,973</u></u>

TFI's restated beginning net assets decreased by \$31,991 which was all attributable to net assets without donor restrictions.

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, TFI considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. As of December 31, 2025, TFI held no cash equivalents. TFI holds the majority of its cash at a single financial institution. As of December 31, 2025, the carrying amount of TFI's deposits at this institution exceeded the FDIC insurance amount by approximately \$170,000 and was uninsured.

Certificates of Deposit

Certificates of deposit are recorded at cost which approximates fair value. The certificates of deposit held by TFI as of December 31, 2025 had initial maturities of six months and have subsequently been renewed. Certificates of deposit mature as follows: \$206,239 in 2026 and \$51,605 in 2027.

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 \$31,701 for the year ended December 31, 2025.

Management reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition.

Leases

For leases with a term greater than twelve months, TFI records the related right-of-use lease asset and lease liability at the present value of future lease payments over the term of the lease. Lease payments are discounted using either the rate implicit in the lease (if readily determinable) or the risk-free rate.

Non-component items such as real estate taxes and other pass-through charges, if present, are not included in measurement of the right-of-use lease asset and lease liability. Right-of-use lease assets include all contractual lease payments and initial direct costs less any lease incentives received from the lessor. Operating lease expense is recognized on the straight-line basis over the lease term.

Revenue and Support

Contributions are recognized as support when the donor makes a promise to give to TFI that is, in substance, unconditional. Contributions 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 activities as net assets released from restrictions.

During the year, TFI received contributions from two donors that totaled 10% and 10%, respectively, of total public support and revenue. A significant reduction in support from these donors 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 activities. The statement of functional expenses 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 financial position, 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 \$648,654 available for general expenditures within one year of the December 31, 2025 financial statement date as follows – cash of \$442,415 and certificates of deposit maturing during 2026 of \$206,239.

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 \$30,000 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 2022.

Subsequent Events

TFI has evaluated subsequent events through July 15, 2026, the date which the financial statements were available to be issued. TFI has not identified any subsequent events requiring disclosure in these financial statements except the renewal of the line of credit described below.

NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2025:

Leasehold improvements	\$	204,148
Furniture/equipment		41,711
Computer equipment		<u>24,651</u>
		270,510
Less accumulated depreciation		<u>(109,677)</u>
	\$	<u><u>160,833</u></u>

NOTE 3. LINE OF CREDIT

TFI has access to a \$30,000 revolving line of credit which bears interest at 7.78% and is secured by a certificate of deposit. Subsequent to year end, the line of credit was renewed to mature March 18, 2027 at 7.10% interest. As of December 31, 2025, there was no outstanding balance on this line of credit.

NOTE 4. LEASE

TFI entered into a ten-year operating lease agreement for office space in Bloomington, Illinois. This lease commenced on February 1, 2022 and provides for a monthly payment of \$1,660 which may be increased after the fifth year in relation to CPI increase. Total lease expense for this lease during the year ended December 31, 2025 was \$19,920. The lease was discounted using a rate of 8.50%.

Future maturities of payments under the office space lease are as follows:

During the year ended December 31,

2026	\$	19,920
2027		19,920
2028		19,920
2029		19,920
2030		19,920
2031		19,920
2032		<u>1,660</u>
Total future lease payments		121,180
Less imputed interest		<u>(26,817)</u>
Total operating lease liability	\$	<u>94,363</u>

NOTE 5. NET ASSETS

During the year ended December 31, 2025, net assets were released from donor restrictions by incurring expenses satisfying the following restricted purpose specified by donors: \$246,865 for advocate location expenses.

Net assets with donor restrictions as of December 31, 2025 are restricted for the following purposes: \$341,865 for advocate locations.

NOTE 6. 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. Expense incurred under the plan during the year ended December 31, 2025, was \$12,846.