

**FORKIDS, INC. AND SUBSIDIARIES  
(A NONPROFIT ORGANIZATION)**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES**

*As of and for the Years Ended June 30, 2014  
and 2013*

*And Report of Independent Auditor*

**FORKIDS, INC. AND SUBSIDIARIES  
(A NONPROFIT ORGANIZATION)  
TABLE OF CONTENTS**

---

**REPORT OF INDEPENDENT AUDITOR..... 1-2**

**FINANCIAL STATEMENTS**

Consolidated Statement of Financial Position ..... 3  
Consolidated Statement of Activities and Net Assets..... 4  
Consolidated Statement of Functional Expenses ..... 5  
Consolidated Statements of Cash Flows..... 6  
Notes to the Consolidated Financial Statements..... 7-18

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Consolidated Financial Statements Performed  
in Accordance with *Government Auditing Standards*..... 19-20

Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control  
over Compliance Required by OMB *Circular A-133*..... 21-22

**SUPPLEMENTAL SCHEDULES**

Consolidated Schedule of Expenditures of Federal Awards ..... 23  
Consolidated Schedule of Support ..... 24  
Schedule of Findings and Questioned Costs..... 25  
Summary Schedule of Prior Audit Findings ..... 26

## **Report of Independent Auditor**

To the Board of Directors  
ForKids, inc.  
Norfolk, Virginia

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of ForKids, inc. and Subsidiaries (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and net assets, functional expenses, and cash flows, for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ForKids, inc. and Subsidiaries as of June 30, 2014, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited ForKids, inc. and Subsidiaries June 30, 2013 consolidated financial statements and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 2, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## **Other Matters**

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supporting information and schedules shown on pages 23-26 of the report are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements of ForKids, inc. and Subsidiaries. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget ("OMB") Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2014 on our consideration of ForKids, inc. and Subsidiaries' 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Virginia Beach, Virginia  
October 7, 2014

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*JUNE 30, 2014 (with Comparative Totals for 2013)*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>Comparative 2013 Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 188,892	\$ 227,252	\$ 416,144	\$ 445,139
United Way endowment fund	45,799	-	45,799	40,585
Inventory	60,535	-	60,535	53,743
Marketable securities	4,928	-	4,928	-
Grants receivable	366,168	273,125	639,293	388,638
Accounts receivable	39,163	-	39,163	103,276
Prepaid expenses	16,888	-	16,888	14,322
Total Current Assets	<u>722,373</u>	<u>500,377</u>	<u>1,222,750</u>	<u>1,045,703</u>
Property and equipment, net	<u>3,154,047</u>	<u>-</u>	<u>3,154,047</u>	<u>3,212,389</u>
Noncurrent Assets:				
Investments	35,774	-	35,774	35,720
Deposit	10,347	-	10,347	10,347
Total Noncurrent Assets	<u>46,121</u>	<u>-</u>	<u>46,121</u>	<u>46,067</u>
<b>Total Assets</b>	<u><b>\$ 3,922,541</b></u>	<u><b>\$ 500,377</b></u>	<u><b>\$ 4,422,918</b></u>	<u><b>\$ 4,304,159</b></u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Current portion of long-term liabilities	\$ -	\$ -	\$ -	\$ 205,000
Accounts payable, trade	24,202	-	24,202	32,966
Deferred revenue	-	-	-	1,766
Escrow liability	-	30,915	30,915	32,538
Sales tax payable	1,028	-	1,028	762
Accrued wages and related liabilities	73,299	-	73,299	64,143
Total Current Liabilities	<u>98,529</u>	<u>30,915</u>	<u>129,444</u>	<u>337,175</u>
Long-term liabilities, net of current portion	<u>61,000</u>	<u>-</u>	<u>61,000</u>	<u>61,000</u>
Total Liabilities	<u>159,529</u>	<u>30,915</u>	<u>190,444</u>	<u>398,175</u>
Net Assets	<u>3,763,012</u>	<u>469,462</u>	<u>4,232,474</u>	<u>3,905,984</u>
<b>Total Liabilities and Net Assets</b>	<u><b>\$ 3,922,541</b></u>	<u><b>\$ 500,377</b></u>	<u><b>\$ 4,422,918</b></u>	<u><b>\$ 4,304,159</b></u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND NET ASSETS**

*YEAR ENDED JUNE 30, 2014 (with Comparative Totals for 2013)*

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>Comparative 2013 Total</u>
Support:				
Federal agencies	\$ -	\$ 1,496,232	\$ 1,496,232	\$ 1,151,013
Contributions	1,036,019	1,122,964	2,158,983	1,393,317
Government grants	-	554,857	554,857	619,329
Donated services	3,895	-	3,895	1,305
Contributed property	302,102	-	302,102	312,571
United Way fund	-	227,871	227,871	230,145
Total	<u>1,342,016</u>	<u>3,401,924</u>	<u>4,743,940</u>	<u>3,707,680</u>
Net assets released from restrictions				
Satisfaction of restrictions	<u>3,264,075</u>	<u>(3,264,075)</u>	<u>-</u>	<u>-</u>
Total Support	<u>4,606,091</u>	<u>137,849</u>	<u>4,743,940</u>	<u>3,707,680</u>
Revenue:				
Fundraising (net of expenses of \$107,343 and \$96,973 for June 30, 2014 and 2013, respectively)	376,353	-	376,353	425,227
Interest and dividends	108	-	108	171
Rent and program fees	163,347	-	163,347	159,229
Thrift store sales	246,151	-	246,151	224,042
Realized/unrealized gain on investments	5,193	-	5,193	3,042
Miscellaneous	2,902	-	2,902	12,586
Total Revenue	<u>794,054</u>	<u>-</u>	<u>794,054</u>	<u>824,297</u>
Total Support and Revenue	<u>5,400,145</u>	<u>137,849</u>	<u>5,537,994</u>	<u>4,531,977</u>
Functional Expenses:				
Program services	4,621,859	-	4,621,859	3,867,405
Management and general	231,825	-	231,825	268,813
Fundraising	357,820	-	357,820	282,931
Total Functional Expenses	<u>5,211,504</u>	<u>-</u>	<u>5,211,504</u>	<u>4,419,149</u>
Change in net assets	188,641	137,849	326,490	112,828
Net assets, beginning of year	<u>3,574,371</u>	<u>331,613</u>	<u>3,905,984</u>	<u>3,793,156</u>
Net assets, end of year	<u>\$ 3,763,012</u>	<u>\$ 469,462</u>	<u>\$ 4,232,474</u>	<u>\$3,905,984</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED JUNE 30, 2014 (with Comparative Totals for 2013)*

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2014 Total</b>	<b>Comparative 2013 Total</b>
Childcare	\$ 24,009	\$ -	\$ -	\$ 24,009	\$ 25,685
Children's services	38,745	-	-	38,745	36,065
Consulting materials	1,215	-	-	1,215	1,065
Depreciation	167,285	15,965	-	183,250	185,381
Employee benefits	246,530	15,088	30,150	291,768	254,038
FEMA assistance	18,335	-	-	18,335	6,280
Housing assistance	802,192	-	-	802,192	617,628
Insurance	71,157	7,145	3,676	81,978	74,630
Interest	4,868	-	-	4,868	10,975
Landscaping	9,493	-	-	9,493	5,697
Miscellaneous	9,832	2,962	4,235	17,029	16,240
Payroll taxes	180,668	11,785	23,551	216,004	187,400
Pest control	7,802	-	-	7,802	3,104
Postage	5,803	347	2,467	8,617	6,993
Printing and publications	1,589	-	17,736	19,325	21,215
Professional fees	52,732	8,442	11,446	72,620	78,179
Program services	174,636	-	-	174,636	49,933
Rent	145,174	11,003	-	156,177	146,912
Repairs and maintenance	71,713	-	-	71,713	59,173
Salaries	2,042,010	132,390	264,559	2,438,959	2,125,058
Security	20,391	-	-	20,391	13,511
Small equipment	32,498	-	-	32,498	22,650
Supplies	12,082	2,239	-	14,321	16,786
Taxes and licenses	9,153	-	-	9,153	8,440
Technology	47,917	5,777	-	53,694	32,957
Telephone	60,809	6,985	-	67,794	63,997
Training	21,399	-	-	21,399	13,550
Travel/employee reimbursements	230	2,927	-	3,157	486
Utilities	81,213	8,770	-	89,983	85,463
Value of goods sold	246,151	-	-	246,151	239,909
Vehicle maintenance	14,143	-	-	14,143	9,570
Volunteer	85	-	-	85	179
<b>Total Functional Expenses</b>	<b>\$ 4,621,859</b>	<b>\$ 231,825</b>	<b>\$ 357,820</b>	<b>\$ 5,211,504</b>	<b>\$ 4,419,149</b>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 326,490	\$ 112,828
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	183,250	185,381
Realized/unrealized gain on investments	(5,193)	(3,042)
Contributed stock	(5,003)	-
Change in operating assets and liabilities:		
Inventory	(6,792)	(5,103)
Grants receivable	(250,655)	(174,576)
Accounts receivable	64,113	(34,870)
Prepaid expenses	(2,566)	4,022
Accounts payable, trade	(8,764)	9,161
Deferred revenue	(1,766)	1,766
Escrow liability and deposits	(1,623)	(1,996)
Sales tax payable	266	(1,483)
Accrued wages and related liabilities	9,156	482
Net cash provided by operating activities	<u>300,913</u>	<u>92,570</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(124,908)	(37,263)
Purchase of investments	-	1,496
Net cash used in investing activities	<u>(124,908)</u>	<u>(35,767)</u>
<b>Cash flows from financing activities:</b>		
Repayment of long-term debt	<u>(205,000)</u>	-
Net increase (decrease) in cash and cash equivalents	(28,995)	56,803
Cash and cash equivalents, beginning of year	<u>445,139</u>	<u>388,336</u>
Cash and cash equivalents, end of year	<u>\$ 416,144</u>	<u>\$ 445,139</u>
<b>Supplemental cash flow information:</b>		
Cash paid for interest	<u>\$ 4,868</u>	<u>\$ 10,975</u>
<b>Schedule of non-cash financing and investing activities:</b>		
Donated services income	\$ 3,895	\$ 1,305
Donated services expense	<u>(3,895)</u>	<u>(1,305)</u>
	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2014 and 2013*

---

**Note 1—Nature of operations and summary of significant accounting policies**

*Nature of Operations* - ForKids, inc. (the "Organization") is a not-for-profit Virginia corporation. The mission of ForKids, inc. is to break the cycle of homelessness and poverty for families and children. As a not-for-profit Virginia corporation, ForKids, inc. has developed a unique continuum of services to meet the wide spectrum of need found in homeless families. Incorporated in 1988 as an 8-family shelter, ForKids now supports a daily caseload of over 150 families through a multi-modal services infrastructure designed to provide the appropriate support for families based on their unique needs and circumstances. Through both site-based and in-home programs, ForKids provides emergency shelter, transitional housing, permanent supportive housing, and prevention and rapid re-housing programs in urban, suburban and rural communities throughout South Hampton Roads. Services include housing, case management, mental health therapy, life skills, employment and housing counseling, extensive children's education services, and HMIS administration.

Emergency Shelter and Services - Provides up to 120 days of shelter, coupled with clinical case management and educational services designed to overcome barriers to housing and self-sufficiency. For the year ended June 30, 2014, 112 families with 208 children received emergency shelter and services during the year, and 94% exited to permanent or supportive housing. For the year ended June 30, 2013, 93 families with 178 children received emergency shelter and services during the year and 79% exited to permanent or supportive housing.

Transitional Supportive Housing (TSH) - Provides housing, clinical case management, and educational services for up to 2 years for families with high housing barriers, and high-acuity needs. Families develop the financial resources to obtain housing, and learn the skills needed to maintain housing. For the year ended June 30, 2014, 26 families with 66 children lived in TSH for the year, with 67% of families exiting to appropriate housing in the community. For the year ended June 30, 2013, 28 families with 62 children lived in TSH for the year, with 92% of families exiting to appropriate housing in the community.

Legacy Permanent Supportive Housing (PSH) - Families in PSH have a disabled member of the household, and cannot sustain independent housing without support. For the year ended June 30, 2014, 42 families with 87 children lived in ForKids PSH during the year, and 83% of families who exited went to other permanent housing. For the year ended June 30, 2013, 38 families with 80 children lived in ForKids PSH during the year, and 88% of families who exited went to other permanent housing.

Rapid Re-housing and Stabilization Case Management - Under contract with the cities of Norfolk, Suffolk, and Chesapeake, ForKids provided stabilization case management for families who were rapidly re-housed following an episode of homelessness. For the year ended June 30, 2014, 171 households with 349 children received services. 88% of families remained permanently housed at program exit. For the year ended June 30, 2013, 191 households with 394 children received services. 88% of families remained permanently housed at program exit.

The Organization is supported primarily through donor contributions, grants and the United Way.

ForKids Suffolk, L.L.C. (the "Company") was established in 2008 as a wholly-owned subsidiary for the purpose of holding real property located in Suffolk, Virginia.

ForKids Thrift, L.L.C. d/b/a Good Mojo (the "Thrift Store") was established in 2010 as a wholly-owned subsidiary for the purpose of dealing with donations received and the sale of thrift items for the benefit of the Organization and the community.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2014 and 2013*

---

**Note 1—Nature of operations and summary of significant accounting policies (continued)**

ForKids Foundation, L.L.C. was established in 2006 as a wholly-owned subsidiary for the purpose of dealing with the proceeds from contributions and grants received for the benefit of the Organization.

*Principles of Consolidation* - The consolidated financial statements include the accounts of ForKids, inc. and its wholly-owned subsidiaries, ForKids Suffolk, L.L.C., ForKids Foundation, L.L.C., and ForKids Thrift, LLC. All inter-company accounts and transactions have been eliminated during consolidation.

*Cash Equivalents* - For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash on hand and highly liquid investments with original maturities of three months or less.

*Method of Accounting* - The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and, as such, recognize income when earned and expenses when incurred.

*Accounts Receivable* - Accounts receivable consist of trade accounts receivable and are stated at amounts billed less an allowance for doubtful accounts. Management's determination of the allowance for doubtful accounts is based on an evaluation of the accounts receivable, past experience, current economic conditions, and other risks inherent in the receivable portfolios. An allowance was not deemed necessary at June 30, 2014 and 2013.

*Grants Receivable* - Grants receivable consist of federal, state and private grants. The Organization determines the need for an allowance for doubtful accounts based on historical data and management's opinion of the collectability of receivables. An allowance was not deemed necessary at June 30, 2014 and 2013.

*Investments* - The Organization reports investments in equity and bond/fixed income funds at their fair value in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities and net assets.

*Property and Equipment* - Property and equipment are recorded at cost, or if contributed, at the estimated fair value at the date of contribution. Contributions are reported as unrestricted support unless the donor restricted the donated asset to a specific purpose. Long-lived assets held and used by the Organization are reviewed for impairment whenever changes in circumstances indicate the carrying value of an asset may not be recoverable. Depreciation is calculated using straight-line and accelerated methods based on the following useful lives:

	<u>Life</u>
Building and improvements	15 - 40 Years
Furniture and equipment	5 - 7 Years
Transportation equipment	5 Years

*Use of Estimates* - The preparation of consolidated 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.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2014 and 2013*

---

**Note 1—Nature of operations and summary of significant accounting policies (continued)**

*Income Taxes* - The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Organization continues to satisfy the requirements of a tax-exempt organization at June 30, 2014. Management has evaluated all other tax positions that could have a significant effect on the consolidated financial statements and determined the Organization had no uncertain income tax positions at June 30, 2014 and 2013.

The Organization is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years before 2010. ForKids Suffolk, L.L.C., ForKids Foundation, L.L.C, and ForKids Thrift L.L.C. are Virginia limited liability companies. The members' share of income or loss is reported directly on the members' income tax return. Therefore, no provision for income taxes has been reflected in these consolidated financial statements.

*Inventory* - Inventory consists of contributed goods and is stated at standard thrift store prices.

*Financial Statement Presentation* - The Organization presents its consolidated financial statements in accordance with accounting standards for consolidated financial statements of not-for-profit organizations. Under accounting standards, the Organization is required to report information regarding its financial position and activities according to three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a consolidated statement of cash flows.

*Advertising Costs* - The Organization expenses advertising costs as incurred; however, they incurred no advertising costs for the years ended June 30, 2014 and 2013.

*Contributions* - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All contributions received are considered to be available for unrestricted use unless specifically restricted by the donor.

*Recognition of Donor Restrictions* - All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities and net assets as net assets released from restrictions.

*Functional Allocation of Expenses* - The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statement of activities and net assets and the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs, supporting services benefited, and fundraising.

*Grant Income* - Grant income is recognized in the year the grant is awarded. Cost reimbursement type grants are recognized as unrestricted revenue because time and purpose restrictions have been met.

*Prior Year Summarized Information* - The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 and 2013

**Note 2—Restricted cash**

Restricted cash consists of the following:

<b>Donor</b>	<b>Restriction</b>	<b>June 30, 2014 Amount</b>
Client escrow	Escrow account	\$ 3,838
Security deposits	Security deposit	27,077
Programs/services	Program/services	196,337
Total		\$ 227,252

  

<b>Donor</b>	<b>Restriction</b>	<b>June 30, 2013 Amount</b>
Client escrow	Escrow account	\$ 9,952
Security deposits	Security deposit	22,239
Programs/services	Program/services	188,782
Total		\$ 220,973

**Note 3—Investments**

Investments are as follows:

	<b>Fair Value</b>	<b>Fair Value Measurements at June 30, 2014</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Certificate of deposit	\$ 35,774	\$ 35,774	\$ -	\$ -
Marketable equity securities	11,574	11,574	-	-
Mutual funds	39,153	39,153	-	-
Total assets	\$ 86,501	\$ 86,501	\$ -	\$ -

  

	<b>Fair Value</b>	<b>Fair Value Measurements at June 30, 2013</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Certificate of deposit	\$ 35,720	\$ 35,720	\$ -	\$ -
Marketable equity securities	8,986	8,986	-	-
Mutual funds	31,599	31,599	-	-
Total assets	\$ 76,305	\$ 76,305	\$ -	\$ -

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
NOTES TO THE FINANCIAL STATEMENTS

*JUNE 30, 2014 and 2013*

**Note 3—Investments (continued)**

Presented on balance sheet as follows:

	<b>June 30,</b>	
	<b>2014</b>	<b>2013</b>
Current assets	\$ 50,727	\$ 40,585
Noncurrent assets	35,774	35,720
Total	<u>\$ 86,501</u>	<u>\$ 76,305</u>

The United Way endowment fund is an affiliate account the Organization holds with the United Way of South Hampton Roads Foundation and contains equity and bond/fixed income fund investments. It is a pooled endowment fund with other institutions and foundations to achieve optimal investment returns and cost savings. Net realized/unrealized gains on investments of \$5,193 and \$3,042 are included in the consolidated statements of activities and net assets for the years ended June 30, 2014 and 2013, respectively.

**Note 4—Donated services and property**

These consolidated statements reflect donated professional services that can be reasonably valued. The Organization recorded donated professional services of \$3,895 and \$1,305 for the years ended June 30, 2014 and 2013, respectively. Community volunteers donate a significant amount of non-professional time to program services which cannot be objectively valued and are not reflected.

The consolidated statements also reflect donated property of \$302,102 and \$312,571 which consisted of thrift store items and various other goods for the years ended June 30, 2014 and June 30, 2013, respectively. In addition, it is the Organization’s policy to immediately sell all stock donations upon receipt. The Organization received a stock contribution of approximately \$5,000 on June 30, 2014 that was held as stock on June 30, 2014 but was sold immediately with cash received for the gift in July 2014.

**Note 5—Paid time off accrual**

Beginning October 1, 2008, the Organization no longer pays paid time off (“PTO”) balances upon separation from employment. All employees signed the transition policy allowing employees with eligible balances to elect to bank a portion of PTO for pay out upon separation from employment or elect to have the entire PTO balance converted with no payout upon separation from employment. The accrued liability as of June 30, 2014 and 2013 includes the value of only those employees who elected to bank a portion of their eligible PTO for payout upon separation.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
NOTES TO THE FINANCIAL STATEMENTS

*JUNE 30, 2014 and 2013*

**Note 6—Property and equipment**

Property and equipment consists of the following at June 30:

	<b>2014</b>	<b>2013</b>
Land	\$ 448,562	\$ 448,562
Buildings and improvements	3,674,388	3,502,177
Furniture and equipment	428,851	502,270
Transportation equipment	215,838	215,838
	<u>4,767,639</u>	<u>4,668,847</u>
Less allowance for depreciation	<u>(1,613,592)</u>	<u>(1,456,458)</u>
	<u>\$ 3,154,047</u>	<u>\$ 3,212,389</u>

Depreciation expense was \$183,250 and \$185,381 for the years ended June 30, 2014 and 2013, respectively.

**Note 7—Grant revenue**

During the years ended June 30, 2014 and 2013, the Organization was the recipient of Supportive Housing Program (“SHP”) grants from the Department of Housing and Urban Development (“HUD”). These are renewing grants with varying expiration dates in fiscal years 2014 and 2013, respectively. The Organization must expend funds prior to requesting reimbursement from HUD and must provide 25% in matching funds.

SHP grant information is as follows:

	<b>2014</b>	<b>2013</b>
SHP Grants award by HUD	\$ 1,009,793	\$ 790,620
Expended and reimbursed for current year award	\$ 627,402	\$ 466,327
Reimbursed for prior year	\$ 364,444	\$ 388,141
Grants available	\$ 382,391	\$ 324,293

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
NOTES TO THE FINANCIAL STATEMENTS

*JUNE 30, 2014 and 2013*

---

**Note 8—Lease commitment**

The Organization leases the premises it occupies for office space with lease payments of an escalating base rent (plus certain allocable direct costs) required under present commitment agreements for the building space. The original rental agreement expired December 2012. The agreement was renewed in January 2013 and again in January 2014 for additional, one-year periods. The Organization has the option to renew for one additional one-year period.

In addition, the Organization leases the premises it occupies for ForKids Thrift, LLC with annual payments of \$59,372 and \$59,175, for 2014 and 2013, respectively. The rental agreement, having an original term of three years, expired June 2014. The agreement was renewed for an additional, three-year period.

During 2012, the Organization began a new program leasing multiple premises for use in program services. Payments are reimbursed by the U.S. Department of Housing and Urban Development under the Supportive Housing Program. Lease terms are one year or month to month thereafter.

Due to the new program mentioned in the preceding paragraph, a portion of the rental expense is classified as housing assistance on the consolidated statement of functional expense. Rental expense under the various leases for the years ended June 30, 2014 and 2013 was \$312,815 and \$249,640, respectively.

Future minimum lease payments under these lease agreements are:

2015	\$	206,796
2016	\$	86,470
2017	\$	62,798

The Organization leases office equipment under various lease agreements expiring in fiscal year 2018. Equipment lease commitments are as follows:

2015	\$	18,876
2016	\$	18,876
2017	\$	18,876
2018	\$	11,011

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2014 and 2013*

---

**Note 9—Lessor arrangements**

The Organization has leasing operations that consist principally of leasing buildings. The Organization's leases are classified as operating leases. Total rental income from unrelated parties for the year ended June 30, 2014 and 2013 was \$111,220, and \$117,268, respectively.

The following schedule provides an analysis of the Organization's investment in property on operating leases and property held for lease by major classes as of June 30, 2014:

Building	\$	385,185
Less accumulated depreciation		(179,575)
	\$	<u>205,610</u>

Minimum future rentals are:

2015	\$	37,876
2016	\$	9,888

**Note 10—Pension plan**

The Organization maintains a Simple IRA retirement plan that allows employees making more than \$5,000 to participate. The Organization will provide a dollar-for-dollar match up to 3% of each participant's annual salary. During the years ended June 30, 2014 and 2013, the Organization incurred pension expense of \$53,901 and \$43,897, respectively.

**Note 11—Support**

The amount shown on the accompanying consolidated statements as being received from the United Way of South Hampton Roads is net of the Organization's proportionate share of federal fundraising costs of \$31,571 and \$23,801 for the years ended June 30, 2014 and 2013, respectively.

**Note 12—Line of credit**

As of November 2011, the Organization entered into a line of credit in the amount of \$135,000 secured by a deed of trust. Interest is payable on the line at an annual rate equal to 1% over the Wall Street Journal prime rate with a floor of 5.25%. At June 30, 2014 and 2013, there was no outstanding balance.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 and 2013

**Note 13—Long-term liabilities**

Long-term liabilities at June 30 are summarized as follows:

	<u>2014</u>	<u>2013</u>
<i>Deed of trust note</i>		
Trust, including interest-only payments at 5.25%, through December 16, 2013, secured by real estate. The Trust is owned by the estate of a parent of a member of the Organization's board of directors. Note paid in full in January 2014.	\$ -	\$ 205,000
<i>Notes payable</i>		
Federal Home Loan Bank of Atlanta, Affordable Housing Program through Wachovia, noninterest bearing, due in full if the Organization ceases to operate as low income housing prior to September 2024, secured by real estate at 7th Bay Street, Norfolk, Virginia.	40,000	40,000
City of Norfolk, noninterest bearing, due in full upon sale of building, secured by real estate at 131D View Avenue, Norfolk, Virginia.	21,000	21,000
	<u>61,000</u>	<u>266,000</u>
Less current portion	-	(205,000)
Long-term portion	<u>\$ 61,000</u>	<u>\$ 61,000</u>

Maturities of the long-term liabilities in each of the next five fiscal years are as follows:

2014	\$ -
2015	-
2016	-
2017	-
2018	-
Thereafter	61,000
	<u>\$ 61,000</u>

Interest of \$4,868 and \$10,975 was paid during the years ended June 30, 2014 and 2013, respectively.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
NOTES TO THE FINANCIAL STATEMENTS

*JUNE 30, 2014 and 2013*

**Note 14—Temporarily restricted net assets**

Temporarily restricted net assets are available for the following purposes at June 30:

	<b>2014</b>	<b>2013</b>
Children Services	\$ 230,000	\$ -
Emergency Shelter Services	-	31,315
Operating	25,000	72,867
Program and Services	214,462	227,431
	<u>\$ 469,462</u>	<u>\$ 331,613</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the other events specified by donors as follows:

	<b>2014</b>	<b>2013</b>
Thrift	\$ -	\$ 1,787
Children Services	-	81,557
Emergency Shelter Services	31,315	49,764
Operating	72,867	45,000
Program and Services	3,159,893	2,261,681
	<u>\$ 3,264,075</u>	<u>\$ 2,439,789</u>

**Note 15—Concentration of revenue**

The Organization receives a significant amount of its support from the U.S. Department of Housing and Urban Development. If a significant reduction in the level of support was to occur, it would affect the Organization's future programs and activities.

**Note 16—Concentration of credit risk**

The Organization places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Organization from time to time may have amounts on deposit in excess of the insured limits. As of June 30, 2014, the Organization had \$152,531 which exceeded these insured amounts.

Accounts receivable also potentially subjects the Organization to concentration of credit risk. This risk is limited due to the number of sources comprising the Organization's revenue base.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
**NOTES TO THE FINANCIAL STATEMENTS**

*JUNE 30, 2014 and 2013*

---

**Note 17—Fair value measurements**

The Organization determines the fair value of its financial instruments based on the fair value hierarchy established in accounting standards which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Accounting standards define fair value as the exchange price that would be received for an asset or liability in the most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accounting standards describe three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

Level 2 - Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

*Certificates of Deposit* - Investments in certificates of deposit are valued based on unamortized cost. Unamortized cost is a quoted price in an active market and classified within Level 1.

*Marketable Equity Securities* - Investments in marketable equity securities are valued based on quoted market prices (Level 1).

*Mutual Funds* - These investments are public investment vehicles valued using the Net Asset Value ("NAV") provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market and classified within Level 1 of the valuation hierarchy.

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 the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**Note 18—Funds held by others**

ForKids, inc. is the designated recipient of income from two funds maintained at the Hampton Roads Community Foundation ("HRCF"). The ForKids, inc. endowment is an organizational fund held by HRCF of which the Organization may request annual distributions of 5% of asset value based on a trailing 12-quarter average asset value. The value of this fund as of June 30, 2014 and 2013 is \$43,425 and \$37,649, respectively. The Mary Ludlow Home fund is a donor advised fund from which the Organization receives annual distributions. These distributions are approximately 4.5% based on a trailing twelve-quarter average asset value. The value of this fund as of June 30, 2014 and 2013 is \$1,140,372 and \$1,032,101, respectively.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
NOTES TO THE FINANCIAL STATEMENTS

*JUNE 30, 2014 and 2013*

---

**Note 19—Subsequent events**

Management of the Organization has evaluated subsequent events October 7, 2014, in connection with the preparation of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued.

On July 1, 2014, ForKids assumed the assets of Our House Families (OHF). Primary assets were a six-unit apartment building and Victorian house, both located in the South Norfolk area of Chesapeake. No staff were transferred from OHF to ForKids.

ForKids has signed a contract agreement to purchase the property located at 4200 Colley Avenue. The estimated closing date is January 31, 2015. Concurrently, ForKids signed a lease to expand current space at 4200 Colley Avenue and occupy another suite of offices with monthly rental payments of \$3,113 (in addition to current monthly rental payments for occupied space in 4200 Colley Ave) to begin 1 October and continue until closing.

Subsequent to year end, the Organization received a bill related to common area maintenance charges for the building at 4200 Colley Avenue, dating back to 2008. The Organization disputes these charges and is working with the landlord and its agent to resolve this matter.

**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**

The Board of Directors  
ForKids, inc.  
Norfolk, Virginia

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 consolidated financial statements of ForKids, inc. and Subsidiaries, which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities and net assets, functional expenses, and cash flows for the year ended June 30, 2014, and have issued our report thereon dated October 7, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered ForKids, inc. and Subsidiaries' 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 ForKids, inc. and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of the ForKids, inc. and Subsidiaries' 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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether ForKids, inc. and Subsidiaries' 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 this 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

A handwritten signature in black ink that reads "Cheryl Bexant LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia  
October 7, 2014

**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control over Compliance Required by  
OMB Circular A-133**

The Board of Directors  
ForKids, inc.  
Norfolk, Virginia

**Report on Compliance for Each Major Federal Program**

We have audited ForKids, inc. and Subsidiaries' compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of ForKids, inc. and Subsidiaries' major federal programs for the year ended June 30, 2014. ForKids, inc. and Subsidiaries' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of ForKids, inc. and Subsidiaries' major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about ForKids, inc. and Subsidiaries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of ForKids, inc. and Subsidiaries' compliance.

**Opinion on Each Major Federal Program**

In our opinion, ForKids, inc. and Subsidiaries 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 June 30, 2014.

## **Report on Internal Control over Compliance**

Management of ForKids, inc. and Subsidiaries is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered ForKids, inc. and Subsidiaries' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ForKids, inc. and Subsidiaries' 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 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Charley Bekant LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia  
October 7, 2014

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
**CONSOLIDATED SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Number	Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<b>Pass-through from Norfolk Department of Human Services</b>			
Emergency Solutions Grant Program	14.231	25-000013660	\$ 108,228
Community Development Block Grants/Entitlement Grants	14.246	25-000013165	13,176
<b>Supportive Housing Program</b>			
Legacy	14.235	VA0023B3F011104	55,717
Legacy	14.235	VA0023L3F011205	355,744
Leap ESI/MP merged	14.235	VA0022B3F011004	126,833
Leap ESI/MP merged	14.235	VA0022B3F011205	242,333
Elizabeth Place	14.235	VA0019B3F011104	29,325
Elizabeth Place	14.235	VA0019L3F011205	77,377
Western Tidewater Legacy	14.235	VA0189B3F011100	42,179
Chesapeake Legacy 1	14.235	VA0173B3F121000	8,661
Chesapeake Legacy 2	14.235	VA0174B3F121000	4,018
Norfolk Legacy Exp II	14.235	VA0168B3F011000	49,659
<b>Pass-through City of Suffolk</b>			
Emergency Solutions Grant Program	14.218		20,000
<b>Pass-through from City of Chesapeake</b>			
CDBG - Via City of Chesapeake	14.218		54,261
<b>U.S. Department of Health and Human Services</b>			
<b>Pass-through from Virginia Department of Housing and Community Development</b>			
Child Care for Homeless Children Program (CCHCP)	93.575	13-CC-060	10,426
<b>Federal Emergency Management Agency</b>			
<b>Pass-through from City of Norfolk, Virginia</b>			
Emergency Food and Shelter Program - Phase 31	97.024		20,060
Emergency Shelter Grants Program	14.231		82,540
<b>U.S. Department of Agriculture</b>			
Child and Adult Food Care Program	10.558		6,870
Child and Adult Food Care Program	10.558	59436-2013	3,100
<b>U.S. Department of Veterans Affairs</b>			
Supportive Services for Veterans Families	64.003		182,158
Total			<u>\$ 1,492,665</u>

**Method of Accounting:** The accompanying schedule of expenditures of federal awards includes the federal grant activity of ForKids, inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts present in, or used in the preparation of the basic financial statements.

**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
**CONSOLIDATED SCHEDULE OF SUPPORT**

YEAR ENDED JUNE 30, 2014

Federal Agencies:		
Supportive Housing Program (Legacy)	\$	165,731
Supportive Housing Program (ESI/Leap/TIP/Morgan Place)		369,166
Supportive Housing Program (Elizabeth Place)		106,702
Supportive Housing Program (Chesapeake Legacy 1)		8,661
Supportive Housing Program (Chesapeake Legacy 2)		4,018
Supportive Housing Program (Norfolk Legacy Expansion 2)		208,037
Supportive Housing Program (Western Tidewater Legacy)		129,532
Supportive Services for Veterans families		182,158
Child Care for Homeless Children Program		10,427
Community Development Block Grant (Norfolk)		33,176
Community Development Block Grant (Chesapeake)		54,261
Emergency Solutions Grant		190,768
Emergency Food and Shelter Program - Phase 30		23,625
Child and Adult Food Care Program		9,970
Total Federal Agencies		<u>1,496,232</u>
Contributions:		
Individuals, churches, businesses, and foundation grants		2,158,983
Other Government Grants:		
City of Suffolk		26,790
County of Isle of Wight		8,000
Human Services Grant (Norfolk)		95,955
Human Services Grant (State)		424,112
Total Other Government Grants		<u>554,857</u>
Donated Services		3,895
Contributed Property		302,102
United Way		227,871
Total Support		<u><u>\$ 4,743,940</u></u>



**FORKIDS, INC. AND SUBSIDIARIES**  
**(A NONPROFIT ORGANIZATION)**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

*YEAR ENDED JUNE 30, 2014*

---

**Findings - Financial statement audit**

None noted

**Findings and questioned costs - Major federal award programs audit**

None noted