

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL SCHEDULES**

*As of and for the Year Ended June 30, 2016
(With Comparative Information for 2015)*

And Report of Independent Auditor

FORKIDS, INC. AND SUBSIDIARIES
(A NONPROFIT ORGANIZATION)
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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, 2016, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of 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, 2016, 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, 2015 consolidated financial statements and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 15, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, 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 accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 5, 2016 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, 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.

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

Virginia Beach, Virginia

October 5, 2016, except for the Consolidated Schedule of Expenditures of Federal Awards, which the date is April 21, 2017

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

JUNE 30, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>Comparative 2015 Total</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 374,305	\$ 721,289	\$ 1,095,594	\$ 384,497
United Way endowment fund	46,910	-	46,910	46,542
Inventory	83,514	-	83,514	81,247
Marketable securities	57,888	-	57,888	-
Grants receivable	301,069	869,500	1,170,569	710,043
Accounts receivable	135,464	-	135,464	52,982
Pledges receivable, net, current portion	-	622,850	622,850	6,250
Prepaid expenses	25,625	-	25,625	25,599
Total Current Assets	<u>1,024,775</u>	<u>2,213,639</u>	<u>3,238,414</u>	<u>1,307,160</u>
Property and equipment, net	<u>2,612,144</u>	<u>435,306</u>	<u>3,047,450</u>	<u>3,515,518</u>
Noncurrent Assets:				
Pledges receivable, net, long-term portion	-	1,697,685	1,697,685	18,750
Investments	-	-	-	35,828
Deposit	13,460	-	13,460	13,460
Total Noncurrent Assets	<u>13,460</u>	<u>1,697,685</u>	<u>1,711,145</u>	<u>68,038</u>
Total Assets	<u>\$ 3,650,379</u>	<u>\$ 4,346,630</u>	<u>\$ 7,997,009</u>	<u>\$ 4,890,716</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable, trade	\$ 101,617	\$ -	\$ 101,617	\$ 28,958
Escrow liability	-	9,750	9,750	16,182
Current portion of long-term debt	8,421	-	8,421	-
Sales tax payable	1,116	-	1,116	919
Accrued wages and related liabilities	129,552	-	129,552	87,646
Total Current Liabilities	<u>240,706</u>	<u>9,750</u>	<u>250,456</u>	<u>133,705</u>
Long-term liabilities, net of current portion	<u>10,225</u>	<u>-</u>	<u>10,225</u>	<u>21,000</u>
Total Liabilities	<u>250,931</u>	<u>9,750</u>	<u>260,681</u>	<u>154,705</u>
Net Assets	<u>3,399,448</u>	<u>4,336,880</u>	<u>7,736,328</u>	<u>4,736,011</u>
Total Liabilities and Net Assets	<u>\$ 3,650,379</u>	<u>\$ 4,346,630</u>	<u>\$ 7,997,009</u>	<u>\$ 4,890,716</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, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2016 Total</u>	<u>Comparative 2015 Total</u>
Support:				
Federal agencies	\$ -	\$ 2,209,165	\$ 2,209,165	\$ 1,998,853
Contributions	973,829	1,399,405	2,373,234	2,051,989
Capital Campaign	-	3,134,157	3,134,157	30,000
Government grants	-	609,326	609,326	563,366
Contributed property and equipment	261,681	-	261,681	462,000
Contributed property subsequently sold	-	-	-	326,470
United Way fund	-	251,199	251,199	297,671
Total	<u>1,235,510</u>	<u>7,603,252</u>	<u>8,838,762</u>	<u>5,730,349</u>
Net assets released from restrictions:				
Satisfaction of restrictions	<u>4,277,658</u>	<u>(4,277,658)</u>	<u>-</u>	<u>-</u>
Total Support	<u>5,513,168</u>	<u>3,325,594</u>	<u>8,838,762</u>	<u>5,730,349</u>
Revenue:				
Fundraising (net of expenses of \$119,964 and \$160,535 for June 30, 2016 and 2015, respectively)	735,890	-	735,890	558,659
Interest and dividends	45	-	45	260
Rent and program fees	153,493	-	153,493	177,485
Thrift store sales	231,152	-	231,152	252,571
Realized/unrealized gain on investments	6,672	-	6,672	774
Gain on sale of assets	15,891	-	15,891	-
Miscellaneous	84,142	21,000	105,142	41,950
Total Revenue	<u>1,227,285</u>	<u>21,000</u>	<u>1,248,285</u>	<u>1,031,699</u>
Total Support and Revenue	<u>6,740,453</u>	<u>3,346,594</u>	<u>10,087,047</u>	<u>6,762,048</u>
Functional Expenses:				
Program services	6,113,087	-	6,113,087	5,377,402
Management and general	269,581	-	269,581	351,017
Fundraising	704,062	-	704,062	530,092
Total Functional Expenses	<u>7,086,730</u>	<u>-</u>	<u>7,086,730</u>	<u>6,258,511</u>
Change in net assets	(346,277)	3,346,594	3,000,317	503,537
Net assets, beginning of year	<u>3,745,725</u>	<u>990,286</u>	<u>4,736,011</u>	<u>4,232,474</u>
Net assets, end of year	<u>\$ 3,399,448</u>	<u>\$ 4,336,880</u>	<u>\$ 7,736,328</u>	<u>\$ 4,736,011</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, 2016 (WITH COMPARATIVE TOTALS FOR 2015)

	Program Services	Management and General	Fundraising	2016 Total	Comparative 2015 Total
Bad debt	\$ 76	\$ -	\$ -	\$ 76	\$ -
Childcare	132,847	-	-	132,847	41,712
Children's services	18,434	-	-	18,434	17,069
Counseling materials	21,025	-	-	21,025	6,005
Depreciation	168,189	11,468	-	179,657	200,054
Employee benefits	329,055	15,906	44,002	388,963	369,050
FEMA assistance	-	-	-	-	4,306
Housing assistance	1,305,231	-	-	1,305,231	1,111,003
Insurance	104,929	2,875	8,038	115,842	100,858
Interest	324	-	-	324	376
Landscaping	11,484	-	-	11,484	7,708
Miscellaneous	81,740	20,338	1,774	103,852	25,805
Payroll taxes	210,126	12,813	36,584	259,523	240,357
Pest control	8,670	-	-	8,670	5,542
Postage	3,488	2,000	827	6,315	8,408
Printing and publications	7,655	589	11,101	19,345	36,892
Professional fees	46,770	9,897	52,713	109,380	68,840
Program services	160,596	-	-	160,596	139,416
Rent	174,755	8,520	22,720	205,995	205,579
Repairs and maintenance	80,546	-	-	80,546	74,766
Salaries	2,607,918	175,691	491,284	3,274,893	2,932,227
Security	17,130	-	-	17,130	21,492
Supplies	42,810	-	1,435	44,245	39,424
Taxes and licenses	18,064	955	2,548	21,567	14,576
Technology	43,124	4,083	27,746	74,953	66,755
Telephone	79,675	-	-	79,675	83,367
Training	20,455	1,548	828	22,831	23,688
Travel/employee reimbursements	1,027	2,898	2,462	6,387	3,319
Utilities	142,839	-	-	142,839	145,405
Value of goods sold	259,414	-	-	259,414	252,258
Vehicle maintenance	14,691	-	-	14,691	12,011
Volunteer	-	-	-	-	243
Total Functional Expenses	\$ 6,113,087	\$ 269,581	\$ 704,062	\$ 7,086,730	\$ 6,258,511

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, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,000,317	\$ 503,537
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	179,657	200,054
Realized/unrealized gain on investments	(6,672)	(774)
Realized/unrealized gain on sale of property	(15,891)	-
Contributed property and equipment	-	(462,000)
Provision for discount on pledges receivable	77,007	-
Contributed stock sold (received)	(51,584)	4,905
Change in operating assets and liabilities:		
Inventory	(2,267)	(20,712)
Grants receivable	(460,526)	(70,750)
Pledges receivable	(2,372,542)	(25,000)
Accounts receivable	(82,482)	(13,819)
Prepaid expenses	(26)	(8,711)
Deposits	-	(3,113)
Accounts payable, trade	72,659	4,756
Escrow liability and deposits	(6,432)	(14,733)
Sales tax payable	197	(109)
Accrued wages and related liabilities	41,906	14,347
Net cash provided by operating activities	<u>373,321</u>	<u>107,878</u>
Cash flows from investing activities:		
Proceeds from sale of property	411,230	-
Proceeds from sale of investments	35,828	-
Purchase of property and equipment	<u>(106,928)</u>	<u>(99,525)</u>
Net cash provided by (used in) investing activities	<u>340,130</u>	<u>(99,525)</u>
Cash flows from financing activities:		
Repayment of long-term debt	<u>(2,354)</u>	<u>(40,000)</u>
Net increase (decrease) in cash and cash equivalents	711,097	(31,647)
Cash and cash equivalents, beginning of year	<u>384,497</u>	<u>416,144</u>
Cash and cash equivalents, end of year	<u>\$ 1,095,594</u>	<u>\$ 384,497</u>
Supplemental cash flow information:		
Cash paid for interest	<u>\$ 324</u>	<u>\$ 376</u>

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

JUNE 30, 2016 AND 2015

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 165 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 and operates the "Regional Housing Crisis Hotline". Services include housing, case management, mental health therapy, life skills, employment and housing counseling, extensive children's education services, and HMIS administration.

Regional Housing Crisis Hotline - Provides a central point of contact for those experiencing a housing crisis. These hotline services are offered to those throughout South Hampton Roads as well as the Peninsula. For the year ended June 30, 2016, the hotline received 27,478 calls from 20,178 callers.

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, 2016, 150 families with 305 children received emergency shelter and services during the year, and 96% exited to permanent or supportive housing. For the year ended June 30, 2015, 171 families with 351 children received emergency shelter and services during the year and 95% 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, 2016, 29 families with 84 children lived in TSH for the year, with 87% of families exiting to appropriate housing in the community. For the year ended June 30, 2015, 40 families with 107 children lived in TSH for the year, with 88% of families exiting to appropriate housing in the community.

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, 2016, 38 families with 93 children lived in ForKids PSH during the year, and 100% of families who exited went to other permanent housing. For the year ended June 30, 2015, 36 families with 78 children lived in ForKids PSH during the year, and 100% 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, 2016, 172 households with 379 children received services. 95% of families remained permanently housed at program exit. For the year ended June 30, 2015, 134 households with 274 children received services. 85% of families remained permanently housed at program exit.

Support Services for Veteran Families - As a sub-grantee of VBCDC, ForKids provides rapid re-housing and prevention services to veteran families in Norfolk, Chesapeake, and Western Tidewater. For the year ended June 30, 2016, 67 families with 116 children received these services. 94% of families remained permanently housed at program exit.

Children's Education Services - For the year ended June 30, 2016, 484 children received education services with 177 of these children also receiving individualized remediation through Beyond the Bell (formerly Hot Meals and Homework).

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

JUNE 30, 2016 AND 2015

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

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 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, 2016 and 2015.

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, 2016 and 2015.

Pledges Receivable - Pledges receivable are stated at amounts pledged less a discount and an allowance for uncollectible accounts. The discount is calculated based on a present value formula using the applicable federal rate index, which approximates fair value. A discount of \$77,007 was recorded for June 30, 2016. The applicable federal rate was 1.92% for June 30, 2016. Management’s determination of the allowance for doubtful accounts is based on an evaluation of the receivable, past collection experience and current economic conditions, and other risks inherent in the receivables portfolio. An allowance for doubtful accounts was not deemed necessary for the year ended June 30, 2016.

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.

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

JUNE 30, 2016 AND 2015

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

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.

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, 2016. 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, 2016 and 2015.

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, 2016 and 2015.

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.

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

JUNE 30, 2016 AND 2015

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

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. Many grants require the Organization to provide matching funds. Grants whose time and purpose restrictions have not been met are recognized as temporarily restricted.

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, 2016, from which the summarized information was derived.

Note 2—Restricted cash

Restricted cash consists of the following:

Donor	Restriction	June 30, 2016 Amount
Client escrow	Escrow account	\$ 260
Security deposits	Security deposit	9,490
Programs/services	Program/services	711,539
Total		\$ 721,289
Donor	Restriction	June 30, 2015 Amount
Client escrow	Escrow account	\$ 1,033
Security deposits	Security deposit	15,149
Programs/services	Program/services	119,658
Total		\$ 135,840

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

JUNE 30, 2016 AND 2015

Note 3—Investments

Investments are as follows:

	Fair Value	Fair Value Measurements at June 30, 2016		
		Level 1	Level 2	Level 3
Marketable equity securities	\$ 63,624	\$ 63,624	\$ -	\$ -
Mutual funds	41,174	41,174	-	-
Total assets	\$ 104,798	\$ 104,798	\$ -	\$ -

	Fair Value	Fair Value Measurements at June 30, 2015		
		Level 1	Level 2	Level 3
Certificate of deposit	\$ 35,828	\$ 35,828	\$ -	\$ -
Marketable equity securities	5,957	5,957	-	-
Mutual funds	40,585	40,585	-	-
Total assets	\$ 82,370	\$ 82,370	\$ -	\$ -

Presented on statement of financial position as follows:

	June 30,	
	2016	2015
Current assets:		
United Way endowment fund	\$ 46,910	\$ 46,542
Marketable securities	57,888	-
	104,798	46,542
Noncurrent assets	-	35,828
Total	\$ 104,798	\$ 82,370

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 \$6,672 and \$774 are included in the consolidated statements of activities and net assets for the years ended June 30, 2016 and 2015, respectively.

Note 4—Donated services and property

These consolidated statements reflect donated professional services that can be reasonably valued. The Organization recorded no donated professional services for the years ended June 30, 2016 and 2015. 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 \$261,681 and \$788,470 which consisted of thrift store items, property, and various other goods for the years ended June 30, 2016 and 2015, respectively. In addition, it is the Organization's policy to immediately sell all stock donations upon receipt.

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

JUNE 30, 2016 AND 2015

Note 5—Pledges receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Pledges receivables consist of the following:

	<u>2016</u>	<u>2015</u>
Receivable in less than one year	\$ 622,850	\$ 6,250
Receivable in one to eight years	1,774,692	18,750
Total pledges receivable	2,397,542	25,000
Less unamortized discount	77,007	-
Net pledges receivable	<u>\$ 2,320,535</u>	<u>\$ 25,000</u>
As shown on balance sheets:		
Current portion of pledges receivable	\$ 622,850	\$ 6,250
Long-term portion of pledges receivable	1,697,685	18,750
	<u>\$ 2,320,535</u>	<u>\$ 25,000</u>

Note 6—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, 2016 and 2015 includes the value of only those employees who elected to bank a portion of their eligible PTO for payout upon separation.

Note 7—Property and equipment

Property and equipment consists of the following at June 30:

	<u>2016</u>	<u>2015</u>
Land	\$ 482,191	\$ 607,662
Buildings and improvements	3,653,458	3,991,917
Furniture and equipment	530,273	421,747
Transportation equipment	244,852	218,425
	4,910,774	5,239,751
Less allowance for depreciation	<u>(1,863,324)</u>	<u>(1,724,233)</u>
	<u>\$ 3,047,450</u>	<u>\$ 3,515,518</u>

Depreciation expense was \$179,657 and \$200,054 for the years ended June 30, 2016 and 2015, respectively.

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

JUNE 30, 2016 AND 2015

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. Since then a new agreement was established for additional space in the existing unit expiring February 28, 2019.

In addition, the Organization leases the premises it occupies for ForKids Thrift, LLC with annual payments of \$61,566 and \$60,560, for 2016 and 2015, 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 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, 2016 and 2015 was \$327,554 and \$392,165, respectively.

Future minimum lease payments under these lease agreements are:

2017	\$	266,097
2018	\$	202,310
2019	\$	82,101

The Organization leases office equipment under various lease agreements expiring in fiscal year 2020. Equipment lease commitments are as follows:

2017	\$	35,400
2018	\$	25,962
2019	\$	16,524
2020	\$	15,147

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 years ended June 30, 2016 and 2015 was \$126,541 and \$129,049, 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, 2016:

Building	\$	385,185
Less accumulated depreciation		(198,969)
	\$	<u>186,216</u>

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

JUNE 30, 2016 AND 2015

Note 9—Lessor arrangements (continued)

Minimum future rentals are:

2017	\$	14,145
2018	\$	14,569
2019	\$	15,006
2020	\$	15,457
2021	\$	2,589

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, 2016 and 2015, the Organization incurred pension expense of \$97,320 and \$71,337, respectively, which is included in employee benefits in the consolidated statement of functional expenses.

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 \$24,125 and \$20,546 for the years ended June 30, 2016 and 2015, respectively.

Note 12—Line of credit

The Organization closed their \$135,000 line of credit during the year ended June 30, 2016. The Organization opened a line of credit with a new agreement on October 2, 2015 with a limit of \$300,000. The amount available is 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 3.5% (4% at June 30, 2016). At June 30, 2016 and 2015, there was no outstanding balance.

Note 13—Long-term liabilities

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

	<u>2016</u>	<u>2015</u>
<i>Notes payable</i>		
City of Norfolk, noninterest bearing, due in full upon sale of building, secured by real estate at 131D View Avenue, Norfolk, Virginia.	\$ -	\$ 21,000
TowneBank vehicle loan, monthly interest of 4%, due in full by August 10, 2018, secured by the vehicle.	18,646	-
Less current portion	(8,421)	-
Long-term portion	<u>\$ 10,225</u>	<u>\$ 21,000</u>

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

JUNE 30, 2016 AND 2015

Note 13—Long-term liabilities (continued)

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

2017	\$	8,421
2018		8,774
2019		1,451
	\$	<u>18,646</u>

Interest of \$324 and \$376 was paid during the years ended June 30, 2016 and 2015, respectively.

Note 14—Temporarily restricted net assets

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

	<u>2016</u>	<u>2015</u>
Children Services	\$ 160,000	\$ 388,089
Operating	32,901	3,550
Capital Campaign	3,625,173	30,000
Fixed assets	435,306	414,306
Program and Services	83,500	154,341
	<u>\$ 4,336,880</u>	<u>\$ 990,286</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:

	<u>2016</u>	<u>2015</u>
Children Services	\$ 258,089	\$ 317,793
Operating	-	84,598
Program and Services	4,019,569	3,479,926
	<u>\$ 4,277,658</u>	<u>\$ 3,882,317</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.

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

JUNE 30, 2016 AND 2015

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, 2016, the Organization had \$820,425 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.

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.

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

JUNE 30, 2016 AND 2015

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, 2016 and 2015 is \$42,548 and \$44,495, 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, 2016 and 2015 is \$1,017,712 and \$1,117,313, respectively.

Note 19— Related-party transactions

The Organization has pledged receivables of \$1,451,000 from members of the Organization’s Board of Trustees at June 30, 2016.

Note 20—Subsequent events

Management of the Organization has evaluated subsequent events October 5, 2016, in connection with the preparation of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued.

Report of Independent Auditor 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, 2016, and the related consolidated statements of activities and net assets, functional expenses, and cash flows for the year ended June 30, 2016, and have issued our report thereon dated October 5, 2016.

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 Bevant LLP". The signature is written in a cursive, flowing style.

Virginia Beach, Virginia
October 5, 2016

**Report of Independent Auditor on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

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 *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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance 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 the 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, 2016.

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 Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Virginia Beach, Virginia
October 5, 2016

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

YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	CFDA Number	Number	Expenditures
U.S. Department of Housing and Urban Development			
Pass-through from Norfolk Department of Human Services			
Emergency Solutions Grant Program	14.231	25-000013660B	\$ 120,035
Community Development Block Grants/Entitlement Grants	14.246	25-000013165	20,000
Supportive Housing Program			
Legacy	14.235	VA0023B3F011306	531,250
Leap ESI/MP merged	14.235	VA0022L3F011205	397,243
Elizabeth Place	14.235	VA0019L3F011407	81,490
Rapid Rehousing	14.235	VA0239L3F011300	213,996
Chesapeake Transitional	14.235	VA0077L3F011305	94,088
Pass-through City of Suffolk			
Emergency Solutions Grant Program	14.218		10,000
Pass-through from City of Chesapeake			
CDBG - Via City of Chesapeake	14.218		110,550
U.S. Department of Health and Human Services			
Pass-through from Virginia Department of Housing and Community Development			
Child Care for Homeless Children Program (CCHCP)	93.575		110,745
Emergency Shelter Grants Program	14.231		146,023
Federal Emergency Management Agency			
Pass-through from City of Norfolk, Virginia			
Emergency Food and Shelter Program - Phase 32	97.024		22,323
U.S. Department of Veterans Affairs			
Supportive Services for Veterans Families	64.003		362,174
Total			<u>\$ 2,219,917</u>

Note A—Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of ForKids, inc. under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of ForKids, inc., it is not intended to and does not present the financial position, change in net assets, or cash flows of ForKids, inc.

Note B—Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principle contained in the Uniform Guidance and/or OMB Circular A0122, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

YEAR ENDED JUNE 30, 2016

Federal Agencies:

Supportive Housing Program (Legacy)	\$ 531,250	
Supportive Housing Program (ESI/Leap/TIP/Morgan Place)	397,243	
Supportive Housing Program (Elizabeth Place)	81,490	
Supportive Housing Program (Rapid Rehousing)	213,996	
Supportive Housing Program (Chesapeake Transitional)	94,088	
Supportive Services for Veterans families	362,174	
Child Care for Homeless Children Program	110,745	
Community Development Block Grant (Norfolk)	20,000	
Community Development Block Grant (Chesapeake)	110,550	
Community Development Block Grant (Suffolk)	10,000	
Emergency Solutions Grant	266,058	
Emergency Food and Shelter Program	<u>11,571</u>	
Total Federal Agencies		\$ 2,209,165

Contributions:

Individuals, churches, businesses, and foundation grants		5,507,391
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Other Government Grants:

City of Suffolk	23,000	
USDA	43,593	
Housing Trust Fund	8,869	
Human Services Grant (Chesapeake)	1,406	
Human Services Grant (Norfolk)	94,248	
Human Services Grant (State)	<u>438,210</u>	
Total Other Government Grants		609,326

United Way		251,199
Contributed Property		<u>261,681</u>
Total Support		<u>\$ 8,838,762</u>

Reconciliation of Schedule of Expenditures of Federal Awards to total from Federal Agencies:

Total from federal agencies above	\$ 2,209,165
Amount received from Emergency Food and Shelter Program during the year ended June 30, 2015, spent during the year ended June 30, 2016	<u>10,752</u>
Total of Schedule of Expenditures of Federal Awards	<u><u>\$ 2,219,917</u></u>

**FORKIDS, INC. AND SUBSIDIARIES
(A NONPROFIT ORGANIZATION)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

YEAR ENDED JUNE 30, 2016

Section I - Summary of auditors' results

Consolidated Financial Statements

Type of auditors' report issued [*unmodified, qualified, adverse, or disclaimer*]: Unmodified

Internal control over financial reporting:

- Material weakness(s) identified? yes no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(s) identified? yes no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

Type of auditors' report issued on compliance for major programs [*unmodified, qualified, adverse, or disclaimer*]: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Office of Management and Budget Circular Uniform Guidance, Audits of States, Local Governments, and Non-Profit Organizations?

yes no

Identification of major program:

CFDA Number
14.235

Name of Federal Program or Cluster
Supportive Housing Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II - Financial statement findings

None noted

Section III - Federal award findings and questioned costs

None noted

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

YEAR ENDED JUNE 30, 2016

Findings - Financial statement audit

None noted

Findings and questioned costs - Major federal award programs audit

None noted