

FELIX ORGANIZATION -
ADOPTees FOR CHILDREN, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2016

FELIX ORGANIZATION - ADOPTees FOR CHILDREN, INC.

(A NOT-FOR-PROFIT ORGANIZATION)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Felix Organization - Adoptees For Children, Inc.

We have audited the accompanying financial statements of Felix Organization - Adoptees For Children, Inc. (a not-for-profit organization) which comprise the statement of financial position as of December 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 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 financial statements referred to above present fairly, in all material respects, the financial position of Felix Organization - Adoptees For Children, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses 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 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.

Lipner, Sofferman & Co., LLP

Jericho, NY
March 29, 2017



FELIX ORGANIZATION - ADOPTees FOR CHILDREN, INC.

(A NOT-FOR-PROFIT ORGANIZATION)

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

ASSETS

| | |
|---|------------------|
| Current assets; | |
| Cash and cash equivalents - Unrestricted funds (Schedule 1) | \$425,074 |
| Grants receivable | 40,700 |
| Prepaid expenses | <u>7,780</u> |
| Total current assets | <u>\$473,554</u> |

LIABILITIES AND NET ASSETS

| | |
|----------------------------------|------------------|
| Current liabilities: | |
| Accounts payable | \$ 6,000 |
| Net assets- unrestricted | <u>467,554</u> |
| Total liabilities and net assets | <u>\$473,554</u> |

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

FELIX ORGANIZATION - ADOPTees FOR CHILDREN, INC.

(A NOT-FOR-PROFIT ORGANIZATION)

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2016

| | |
|--|------------------|
| Unrestricted net assets | |
| Donations | \$ 215,423 |
| Special events | 308,252 |
| Interest and dividends | <u>1,292</u> |
| Total revenue | <u>524,967</u> |
| Expenses | |
| Indirect costs - (Schedule 2) | 85,474 |
| Fundraising costs - (Schedule 3) | 100,323 |
| Program expenses - (Schedule 4) | <u>363,892</u> |
| Total expenses | <u>549,689</u> |
| (Decrease) in unrestricted net assets | (24,722) |
| Net unrestricted assets at beginning of year | <u>\$492,276</u> |
| Net unrestricted assets at end of year | <u>\$467,554</u> |

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

FELIX ORGANIZATION - ADOPTees FOR CHILDREN, INC.

(A NOT-FOR-PROFIT ORGANIZATION)

STATEMENT OF CASH FLOWS

(UNAUDITED)

YEAR ENDED DECEMBER 31, 2016

| | |
|--|------------------|
| Cash flows from operating activities | |
| (Decrease) in unrestricted net assets | \$(24,722) |
| Adjustments to reconcile (decrease) in unrestricted net assets to net cash (used) in operating activities: | |
| (Increase) in grants receivable | (700) |
| (Decrease) in prepaid expenses | <u>15,700</u> |
| Total adjustments | <u>15,000</u> |
| Net cash (used) in operating activities | <u>(9,722)</u> |
| Net (decrease) in cash | (9,722) |
| Cash, beginning of year | <u>434,796</u> |
| Cash, end of year | <u>\$425,074</u> |

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

FELIX ORGANIZATION - ADOPTEES FOR CHILDREN, INC.

(A NOT-FOR-PROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

1. Nature of activities and significant accounting policies:

Nature of activities

Felix Organization - Adoptees For Children, Inc. (the "Organization") is a not-for-profit organization incorporated in the State of New York on January 25, 2006. The Organization provides programs that attempt to enrich the lives of children growing up in the foster care system by providing opportunities and new experiences including camp and other year-round activities. The Organization is supported primarily through sponsorships, grants and donor contributions. The Organization is a Section 501(c)(3) charitable organization.

Cash and cash equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less when purchased to be cash equivalents.

Promises to give

Contributions are considered to be available for unrestricted use unless specifically restricted by the donors. Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions.

The Organization does not have any permanently restricted net assets.

Contributed services

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization receives more than 2,000 volunteer hours per year; however, these services do not meet the criteria for recognition as contributed services, and, are not reflected in the financial statements.

Contributions

Contributions are recognized as revenue upon receipt and are considered to be unrestricted unless they are received with donor restrictions as to their purpose or time period. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are recorded as unrestricted contributions.

Functional allocation of expenses

The cost of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

FELIX ORGANIZATION - ADOPTEES FOR CHILDREN

(A NOT-FOR-PROFIT ORGANIZATION)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2016

1. Nature of activities and significant accounting policies (continued):

Concentration of risk

The corporation maintains its cash balances with various financial institutions. At times, the corporation's cash balances with these institutions exceeded the insured amount under the Federal Deposit Insurance Corporation ("FDIC") of \$250,000. Management monitors the financial condition of the financial institutions and does not anticipate any losses from its counter parties.

Income taxes

The Organization is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and have been determined not to be private foundations under Section 509(a)(1) of the Code. Accordingly, no provision for income taxes has been reflected in the Organization's financial statements.

Estimates

The preparation of financial statements to conform with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Evaluation of Subsequent Events

The Organization has evaluated subsequent events through March 29, 2017, the date on which the financial statements were available to be issued.

3. Commitments:

The Organization is committed to spending \$125,000 for Camp Felix in 2017, and approximately \$65,000 in 2017 for "Dance This Way".

FELIX ORGANIZATION - ADOPTees FOR CHILDREN, INC.

(A NOT-FOR-PROFIT ORGANIZATION)

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2016

Schedule 1 - Cash and Cash Equivalents - Unrestricted Funds

| | |
|-----------------------------------|------------------|
| Signature One Bank - checking | \$ 38,558 |
| Signature One Bank - money market | 185,433 |
| HSBC - money market | 179,111 |
| Morgan Stanley | 21,739 |
| Petty cash | 233 |
| | <u>\$425,074</u> |

Schedule 2 - Indirect Costs

| | |
|-----------------------------------|-----------------|
| Salaries, wages and consulting | \$21,774 |
| Professional fees | 21,515 |
| Fringe benefits | 2,400 |
| Bank charges and credit card fees | 8,589 |
| Telephone and internet | 2,257 |
| Travel and meeting expenses | 6,205 |
| Computer expenses | 4,200 |
| Insurance | 3,517 |
| Advertising | 1,857 |
| Payroll expenses | 1,874 |
| Marketing | 40 |
| Office expense | 2,944 |
| Dues and subscriptions | 402 |
| Gifts | 184 |
| Equipment rental and maintenance | 96 |
| Postage | 825 |
| Rent | 1,120 |
| Taxes | 2,606 |
| Training and development | 1,240 |
| Trademark | 1,100 |
| Donations | 479 |
| Filing fees | 250 |
| | <u>\$85,474</u> |

Schedule 3 - Fundraising Costs

| | |
|--------------------------------|------------------|
| Dance This Way | \$ 40,229 |
| Laugh This Way | 420 |
| Online auction | 6,000 |
| Other | 1,140 |
| Salaries, wages and consulting | 47,610 |
| Payroll expenses | 4,924 |
| | <u>\$100,323</u> |

Schedule 4 - Program Expenses

| | |
|--------------------------------|------------------|
| Thanksgiving | \$ 770 |
| Camp Felix | 124,018 |
| Camp Felix West | 40,627 |
| Secret Santa | 22,612 |
| Beyond Camp | 21,160 |
| Christmas Spectacular | 5,742 |
| Dance This Way | 40,229 |
| Salaries, wages and consulting | 101,348 |
| Payroll expenses | 7,386 |
| | <u>\$363,892</u> |

The accompanying notes are an integral part hereof.