



Certified Public Accountants and Advisors

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Partner

**FELIX ORGANIZATION -
ADOPTees FOR CHILDREN, INC.
(A NOT-FOR-PROFIT ORGANIZATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

**FELIX ORGANIZATION -
ADOPTees FOR CHILDREN, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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INDEPENDENT AUDITORS' 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, 2018, and the related statements of activities, functional expenses 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.

Auditors' 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, 2018, 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.

KVLSM LLP

Woodbury, NY
March 30, 2019

FELIX ORGANIZATION - ADOPTees FOR CHILDREN, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 434,158
Investments	22,369
Unconditional promises to give:	
Without donor restrictions	39,358
Prepaid expenses	<u>5,895</u>
TOTAL ASSETS	<u>\$ 501,780</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accrued expenses	\$ 28,500
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NET ASSETS:

Without donor restrictions	<u>473,280</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 501,780</u>

FELIX ORGANIZATION - ADOPTees FOR CHILDREN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

REVENUES:

Donations	\$ 264,964
Special events	360,185
Other income	9,680
Interest and dividends	1,560
Total Revenues	<u>636,389</u>

EXPENSES:

Program expenses	496,681
General and administrative	37,142
Fundraising costs	108,476
Unrealized loss on investment	423
Total Expenses	<u>642,722</u>

CHANGE IN NET ASSETS (6,333)

NET ASSETS - BEGINNING OF YEAR 479,613

NET ASSETS - END OF YEAR \$ 473,280

FELIX ORGANIZATION - ADOPTees FOR CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Bank charges and credit card fees	\$ -	\$ 10,060	\$ -	\$ 10,060
Beyond Camp event	14,620	-	-	14,620
Camp Felix event	192,405	-	-	192,405
Camp Felix West event	67,820	-	-	67,820
Christmas Spectacular event	5,800	-	-	5,800
Computer expense	3,224	248	1,488	4,960
Creative consulting expense	42,250	3,250	19,500	65,000
Dance this Way - fundraising	-	-	21,874	21,874
Dance this Way event	18,999	-	-	18,999
Donations	-	994	-	994
Insurance	-	1,666	-	1,666
Marketing	-	-	1,742	1,742
Office and general expenses	3,803	293	1,755	5,851
Other event expenses	191	-	-	191
Other fundraising expenses	-	-	2,452	2,452
Payroll and other employee related expenses	111,497	8,577	51,460	171,534
Pergament Wedding - fundraising	-	-	5,940	5,940
Professional fees	-	9,438	-	9,438
Rent	880	-	220	1,100
Secret Santa event	27,010	-	-	27,010
Telephone and internet	-	2,616	-	2,616
Travel and meetings expense	8,182	-	2,045	10,227
Total Expenses	\$ 496,681	\$ 37,142	\$ 108,476	\$ 642,299

FELIX ORGANIZATION - ADOPTees FOR CHILDREN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

Cash Flows From Operating Activities:

Change in net assets	\$ (6,333)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Unrealized loss on investment	(423)
(Increase) in grants and other receivables	(4,358)
(Increase) in prepaid expenses	(365)
Increase in accrued expenses	23,931
	<hr/>
Net Cash Provided by Operating Activities	12,452
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	421,706
	<hr/>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 434,158
	<hr/> <hr/>

**FELIX ORGANIZATION -
ADOPTees FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1. ORGANIZATION AND BUSINESS 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

b. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

c. Investments

Investments are carried at fair value based on quoted prices in active markets (all Level 1 measurements) and consist primarily of mutual funds. Unrealized gains and losses are included in the change in net assets.

d. Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

e. Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

f. 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.

**FELIX ORGANIZATION -
ADOPTees FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications using the basis determined by management to be reasonable.

h. Net Assets

The classification of the Organization's net assets and its statement of activities is based on the existence, or absence, of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets, with donor restrictions and without donor restrictions, be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

The two classes that comprise Net Assets are defined as follows:

- **Without donor restrictions** – The part of net assets of the Organization that is not subject to donor-imposed restrictions.
- **With donor restrictions** – The part of net assets of the Organization that is subject to donor-imposed restrictions.

The Organization does not have any assets with donor restrictions.

i. Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service ("IRS") as other than a private foundation.

The Organization's Form 990, Return of Organization Exempt from Income Tax, is generally no longer subject to examination by the IRS for years before 2015.

j. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

k. Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days depending on job classification, length of service, and other factors. It is not practicable for the Organization to estimate the amount of compensation for future absences. Accordingly, no liability for compensated absences has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to the employee.

**FELIX ORGANIZATION -
ADOPTees FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Recently Adopted Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, "*Presentation of Financial Statements of Not-for-Profit Entities*" (Topic 958). The ASU amended the past reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, and (f) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for fiscal years beginning after December 15, 2017. The Organization has adopted this ASU for the year ended December 31, 2018 on a retrospective basis. The impact of adopting this ASU is reflected in the accompanying financial statements.

NOTE 3. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially expose the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash balances at two financial institutions which at times may exceed federally insured limits. The Organization's bank balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in the aggregate, per financial institution.

NOTE 4. PROMISES TO GIVE

Unconditional promises to give consists of the following:

Grants receivable	\$ 35,000
Other contributions receivable	4,358
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Unconditional promises to give	\$ 39,358
	<hr/>
Amounts due in:	
Less than one year	\$ 39,358
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**FELIX ORGANIZATION -
ADOPTees FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for use within one year of the balance sheet date.

Financial assets at year-end	\$ 495,885
Less those unavailable for general expenditures within one year due to:	
Assets with donor imposed restrictions	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 495,885</u>

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in money market accounts and short-term investments in mutual funds.

NOTE 6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 30, 2019, the date the financial statements were available to be issued. The effects of those events and transactions that provide additional information about conditions that existed at the financial statement date have been recognized in the accompanying financial statements.