



Kellin Foundation

FINANCIAL STATEMENTS

December 31, 2022 and 2021

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REPORT





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INDEPENDENT AUDITORS' REPORT

Board of Directors
Kellin Foundation
Greensboro, North Carolina

Opinion

We have audited the accompanying financial statements of Kellin Foundation (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2022 and 2021, and the related statements of support, revenue, and expenses - modified cash basis for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Kellin Foundation as of December 31, 2022 and 2021, and its support, revenue, and expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kellin Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kellin Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kellin Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accord with *Government Auditing Standards*, we have also issued our report dated February 6, 2024, on our consideration of Kellin Foundation's 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 solely 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 effectiveness of Kellin Foundation's 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 Kellin Foundation's internal control over financial reporting and compliance.


CARR, RIGGS & INGRAM, P.L.L.C.

High Point, North Carolina
February 6, 2024



FINANCIAL STATEMENTS



Kellin Foundation
Statements of Assets, Liabilities, and Net Assets - Modified Cash Basis

December 31,	2022	2021
Assets		
Cash and cash equivalents	\$ 889,269	\$ 548,806
Investments	65,236	-
Total assets	\$ 954,505	\$ 548,806
Liabilities and Net Assets		
Net assets		
Without donor restrictions	\$ 729,194	\$ 423,450
With donor restrictions	225,311	125,356
Total net assets	954,505	548,806
Total liabilities and net assets	\$ 954,505	\$ 548,806

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

Kellin Foundation
Statement of Support, Revenue, and Expenses, and Changes in Net Assets -
Modified Cash Basis

<i>For the year ended December 31,</i>	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Grants	\$ 811,785	\$ 277,839	\$ 1,089,624
Contract revenue	205,507	-	205,507
Contributions	271,840	-	271,840
Services fees	3,905	-	3,905
Investment income (loss), net	246	-	246
Special events	107,046	-	107,046
Less cost of direct benefits to donors	(21,546)	-	(21,546)
Net assets released from restrictions	177,884	(177,884)	-
 Total revenue and other support	 1,556,667	 99,955	 1,656,622
Expenses			
<i>Program services</i>	988,623	-	988,623
<i>Supporting services</i>			
General and administrative	205,721	-	205,721
Fundraising	56,579	-	56,579
 Total supporting services	 262,300	 -	 262,300
 Total expenses	 1,250,923	 -	 1,250,923
 Change in net assets	 305,744	 99,955	 405,699
 Net assets at beginning of year	 423,450	 125,356	 548,806
 Net assets at end of year	 \$ 729,194	 \$ 225,311	 \$ 954,505

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

Kellin Foundation
Statement of Support, Revenue, and Expenses, and Changes in Net Assets -
Modified Cash Basis

For the year ended December 31,

2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Grants	\$ 777,745	\$ 234,865	\$ 1,012,610
Contract revenue	147,894	-	147,894
Contributions	114,168	-	114,168
Services fees	5,781	-	5,781
Special events	48,887	-	48,887
Net assets released from restrictions	240,794	(240,794)	-
Total revenue and other support	1,335,269	(5,929)	1,329,340
Expenses			
<i>Program services</i>	825,079	-	825,079
<i>Supporting services</i>			
General and administrative	171,067	-	171,067
Fundraising	88,758	-	88,758
Total supporting services	259,825	-	259,825
Total expenses	1,084,904	-	1,084,904
Change in net assets	250,365	(5,929)	244,436
Net assets at beginning of year	173,085	131,285	304,370
Net assets at end of year	\$ 423,450	\$ 125,356	\$ 548,806

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

Kellin Foundation
Statement of Functional Expenses - Modified Cash Basis

For the year ended December 31, 2022

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Payroll	\$ 664,218	\$ 79,515	\$ 49,217	\$ 792,950
Consultant fees	98,587	50,040	-	148,627
Employee benefits	61,129	7,318	4,530	72,977
Facilities and equipment rental	52,750	2,198	-	54,948
Payroll taxes	38,220	4,576	2,832	45,628
Purchased services	7,007	33,915	-	40,922
Supplies and materials	11,383	10,766	-	22,149
Travel	19,200	800	-	20,000
Communications	17,492	729	-	18,221
Printing and binding	1,804	75	-	1,879
Insurance	-	10,284	-	10,284
Office equipment	8,497	354	-	8,851
Utilities	5,185	216	-	5,401
Miscellaneous	3,151	776	-	3,927
Service charges	-	2,016	-	2,016
Dues and subscriptions	-	1,223	-	1,223
Advertising	-	920	-	920
Total	\$ 988,623	\$ 205,721	\$ 56,579	\$ 1,250,923

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

Kellin Foundation
Statement of Functional Expenses - Modified Cash Basis

For the year ended December 31, 2021

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Payroll	\$ 540,914	\$ 53,859	\$ 74,729	\$ 669,502
Consultant fees	137,063	40,550	-	177,613
Employee benefits	51,783	5,178	7,768	64,729
Payroll taxes	41,741	4,174	6,261	52,176
Facilities and equipment rental	35,891	1,495	-	37,386
Purchased services	3,326	23,989	-	27,315
Supplies and materials	4,910	11,122	-	16,032
Communications	-	9,408	-	9,408
Travel	5,626	2,086	-	7,712
Insurance	-	6,695	-	6,695
Office equipment	-	4,833	-	4,833
Utilities	3,497	146	-	3,643
Service charges	-	2,190	-	2,190
Miscellaneous	328	1,835	-	2,163
Printing and binding	-	1,994	-	1,994
Dues and subscriptions	-	920	-	920
Advertising	-	382	-	382
Repairs and maintenance	-	211	-	211
Total	\$ 825,079	\$ 171,067	\$ 88,758	\$ 1,084,904

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

Note 1: THE ORGANIZATION

Kellin Foundation is a non-profit organization that was incorporated in the state of North Carolina as of September 25, 2013. Their mission is to strengthen resilience among children, families, adults and communities through trauma-informed behavioral health services focused on prevention, treatment, and healing. They provide evidence-based, trauma-responsive counseling, peer support, advocacy, and case coordination services. They also provide training and facilitate teams working together to build a stronger Guilford County.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting. The modified cash basis differs from generally accepted accounting principles primarily because certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting 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.

Program Services

The Foundation provides free services and programming to help children, adults, and families break cycles of trauma that contribute to mental health and substance use challenges. In addition, the Foundation provides training to the surrounding communities through webinars, conferences and study materials.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Investments

The Organization reports investments at cost plus cash received and disbursed in accordance with the modified cash basis of accounting. Dividends and interest income and investment fees are included in the statement of revenue, expenses and changes in net assets – modified cash basis. Unrealized gains and losses are excluded in the change in net assets in the accompanying statement of revenue, expenses and changes in net assets – modified cash basis. Investment income restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income is recognized.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The Foundation reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Foundation, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Contributions with donor restrictions that are both received and released within the same year are recorded as an increase in net assets with donor restrictions and as a satisfaction of program restrictions.

Revenue Recognition

Revenue from contracts for services is recognized as revenue when received, rather than when performance obligations under the terms of the contracts are satisfied, using the modified cash basis of accounting. Grants and contributions are also recognized when cash, or other assets, are received. Conditional promises to give are not recognized as income until cash or other assets have been received.

A significant portion of the Foundation's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred are not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions.

Donated Assets

Non-cash donations received for materials as well as donated services are not recorded as contributions because they are not derived from the use of cash or cash equivalents.

Functional Expenses

Directly identifiable expenses are charged to program services and supporting services. Expenses related to payroll, payroll taxes, employee benefits and contract labor are allocated based on percentages of time spent in each functional area. Expenses related to maintenance and upkeep of the facility are allocated across functional areas based on a fixed percentage.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising

The Foundation uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended December 31, 2022 and 2021, advertising costs totaled \$920 and \$382, respectively.

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Foundation is exempt from taxes on income other than unrelated business income.

The Foundation utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2022 and 2021, the Foundation has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 6, 2024 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Foundation's expenditures come due. The following reflects the Foundation's financial assets as of the statement of assets, liabilities and net assets date, reduced by amounts not available for general use within one year of the statement of assets, liabilities and net assets date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	2022	2021
Total assets at year end	\$ 954,505	\$ 548,806
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with purpose restriction	(225,311)	(125,356)
Financial assets available to meet cash needs for general expenditures within one year	\$ 729,194	\$ 423,450

Kellin Foundation Notes to Financial Statements

Note 3: LIQUIDITY AND FINANCIAL ASSET AVAILABILITY (Continued)

The Foundation is supported by its steady stream of revenue from contributions and grants. The Foundation's expenses are relative to those services provided, thus supporting the monthly cash needs of the Foundation.

Note 4: BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The beneficial interest in assets consists of funds given to the Foundation by donors to establish an endowment to provide annual funding for specific activities and general operations. The Foundation provided these funds as well as additional funds to the Community Foundation of Greater Greensboro to hold and invest on its behalf. The endowment also includes certain unrestricted net assets designated for the endowment by the Board of Directors. Net assets associated with the endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Foundation has granted the Community Foundation variance power. The Foundation's endowment complies with the Community Foundation's investment policies which attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the assets, to provide then necessary capital to fund the distributions, and to cover the costs of managing the investments.

The Foundation's distribution policy is subject to the Community Foundation's spending policy. The rate, determined and adjusted from time to time by the Community Foundation, is applied to the average fair value of the investments for the prior 12 quarters of each year to determine the spending amount for the upcoming year. The rate has not been determined as of December 31, 2022.

Changes in the endowment by the net asset class for the year ended December 31, 2022 are as follows:

<i>December 31, 2022</i>	Board Designated
Endowment net assets, beginning of year	\$ -
Contributions from merger	30,114
Contributions by Kellin Foundation	35,000
Dividend and interest income	762
Investment fees	(640)
Distributions	-
Endowment net assets, end of year	\$ 65,236

Kellin Foundation
Notes to Financial Statements

Note 5: NET ASSETS

A summary of net assets without donor restrictions consists of the following:

<i>For the years ended December 31,</i>	2022	2021
Undesignated	\$ 729,194	\$ 423,450

Net assets with donor restrictions are restricted for the following purposes:

<i>For the years ended December 31,</i>	2022	2021
Purposed restricted		
Forsyth County program	\$ 7,698	\$ 8,263
Greensboro HEALS program	77,259	33,185
Integrated behavior health program	52,534	-
Capacity building	17,873	-
Adolescent mental health program	69,947	83,908
Total net assets with donor restrictions	\$ 225,311	\$ 125,356

A summary of the release of donor restrictions consists of the following:

<i>For the years ended December 31,</i>	2022	2021
Purpose restricted		
Forsyth County program	\$ 564	\$ 98,092
Greensboro HEALS program	122,632	125,110
Summer intern	-	1,500
Integrated behavior health program	38,600	-
Capacity building	2,127	-
Adolescent mental health program	13,961	16,092
Total net assets released from donor restrictions	\$ 177,884	\$ 240,794

Note 6: CONCENTRATIONS

The Foundation maintains cash deposits with financial institutions at December 31, 2022 and 2021 in excess of federally insured limits of \$628,810 and \$298,227, respectively.

Note 7: DEFINED CONTRIBUTION PLAN

Kellin Foundation sponsors a defined contribution plan (the Plan) covering all employees working more than 1,000 hours annually. The Foundation makes a contribution to the Plan each year equal to 100% of the participants' salary deferrals of 2% or less of compensation.

Total expense for the years ended December 31, 2022 and 2021 was \$12,532 and \$10,906, respectively.



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**INDEPENDENT AUDITORS' 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**

Board of Directors
Kellin Foundation
Greensboro, North Carolina

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 financial statements of Kellin Foundation (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2022, and the related statements of support, revenue, and expenses – modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 6, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Kellin Foundation's internal control over financial reporting (internal control) as a basis for designing 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 Kellin Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Kellin Foundation's 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 the audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kellin Foundation's 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 financial statements. 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.

Carr, Riggs & Ingram, P.L.L.C.

CARR, RIGGS & INGRAM, P.L.L.C.

High Point, North Carolina

February 6, 2024