



Kellin Foundation

FINANCIAL STATEMENTS

December 31, 2021 and 2020



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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, 2021 and 2020, and the related statements of support, revenue, and expenses, and changes in net assets - modified cash basis, and functional 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, 2021 and 2020, 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. Our responsibilities under those standards are further described in the Auditor's 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 of 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.

Auditor's 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 auditor's 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 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, 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.

Carr, Riggs & Ingram, P.L.L.C.
CARR, RIGGS & INGRAM, P.L.L.C.

High Point, North Carolina
April 5, 2023



FINANCIAL STATEMENTS



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

December, 31	2021	2020
Assets		
Cash	\$ 548,806	\$ 308,714
Total assets	\$ 548,806	\$ 308,714
Liabilities and Net Assets		
Accrued payroll liabilities	\$ -	\$ 4,344
Net assets		
Without donor restrictions	423,450	173,085
With donor restrictions	125,356	131,285
Total net assets	548,806	304,370
Total liabilities and net assets	\$ 548,806	\$ 308,714

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 Support, Revenue, and Expenses, and Changes in Net Assets -
Modified Cash Basis

For the year ended December 31,

2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Grants	\$ 838,966	\$ 280,061	\$ 1,119,027
Contract revenue	76,078	-	76,078
Contributions	34,252	-	34,252
Services fees	4,183	-	4,183
Special events	24,883	-	24,883
less cost of direct benefits to donors	(1,453)	-	(1,453)
Net assets released from restrictions	171,623	(171,623)	-
Total revenue and other support	1,148,532	108,438	1,256,970
Expenses			
<i>Program services</i>	864,791	-	864,791
<i>Supporting services</i>			
General and administrative	152,350	-	152,350
Fundraising	25,107	-	25,107
Total supporting services	177,457	-	177,457
Total expenses	1,042,248	-	1,042,248
Change in net assets	106,284	108,438	214,722
Net assets at beginning of year	66,801	22,847	89,648
Net assets at end of year	\$ 173,085	\$ 131,285	\$ 304,370

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
Supplies and materials	4,910	11,122	-	16,032
Office equipment	-	4,833	-	4,833
Purchased services	3,326	23,989	-	27,315
Travel	5,626	2,086	-	7,712
Communications	-	9,408	-	9,408
Insurance	-	6,695	-	6,695
Service charges	-	2,190	-	2,190
Printing and binding	-	1,994	-	1,994
Utilities	3,497	146	-	3,643
Repairs and maintenance	-	211	-	211
Advertising	-	382	-	382
Dues and subscriptions	-	920	-	920
Miscellaneous	328	1,835	-	2,163
Total	\$ 825,079	\$ 171,067	\$ 88,758	\$ 1,084,904

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, 2020

	Program Services	Supporting Services		Total
		General and Administrative	Fundraising	
Payroll	\$ 596,354	\$ 28,748	\$ 24,774	\$ 649,876
Consultant fees	99,634	30,790	-	130,424
Employee benefits	56,416	2,351	-	58,767
Payroll taxes	48,228	2,009	-	50,237
Facilities and equipment rental	47,043	1,960	-	49,003
Supplies and materials	5,187	22,413	-	27,600
Office equipment	-	26,194	-	26,194
Purchased services	950	12,442	333	13,725
Travel	9,392	1,814	-	11,206
Communications	-	8,318	-	8,318
Insurance	-	5,538	-	5,538
Service charges	-	2,419	-	2,419
Printing and binding	-	2,148	-	2,148
Utilities	1,395	58	-	1,453
Repairs and maintenance	-	946	-	946
Advertising	-	831	-	831
Dues and subscriptions	-	500	-	500
Miscellaneous	192	2,871	-	3,063
Total	\$ 864,791	\$ 152,350	\$ 25,107	\$ 1,042,248

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. Estimates that are particularly susceptible to significant change in the near term are related to allocation of functional expenses.

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.

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.

Functional Allocation of 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.

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, 2021 and 2020, advertising costs totaled \$382 and \$831, respectively.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2021 and 2020, the Foundation has no uncertain tax positions 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, April 5, 2023. See Note 8 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU and its amendments supersedes the leasing guidance in Topic 840, entitled *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. For nonpublic entities, the standard is now effective for fiscal years beginning after December 15, 2021, as a delay in adoption was recently approved. Early adoption is permitted. The Foundation is currently evaluating the impact of the guidance on its financial statements.

Kellin Foundation
Notes to 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>	2021	2020
Total assets at year end	\$ 548,806	\$ 308,714
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions		
Restricted by donor with purpose restrictions	(125,356)	(131,285)
Financial assets available to meet cash needs for general expenditures within one year	\$ 423,450	\$ 177,429

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: OPERATING LEASES

The Foundation leases office space at \$2,925 per month under a lease that expires July 31, 2022, but then continues until such time as either party gives the other 90 days' notice of lease cancellation. Rental expense amounted to \$35,100 and \$27,975 for the years ended December 31, 2021 and 2020. The Foundation leases office equipment under a lease agreement expiring in April 2024.

Minimum lease payments under the operating leases as of December 31, 2021 for future years are as follows:

<i>For the years ending December 31,</i>		
2022	\$	22,629
2023		2,154
2024		718
Total	\$	25,502

Rental expense amounted to \$37,386 and \$49,003 for the years ended December 31, 2021 and 2020.

Kellin Foundation
Notes to Financial Statements

Note 5: NET ASSETS

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

<i>December 31,</i>	2021	2020
Undesignated	\$ 423,450	\$ 173,085

A summary of net assets with donor restrictions consists of the following:

<i>December 31,</i>	2021	2020
Purposed restricted		
Forsyth County program	\$ 8,263	\$ 106,354
Greensboro HEALS program	33,185	24,931
Adolescent mental health program	83,908	-
Total net assets with donor restrictions	\$ 125,356	\$ 131,285

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

<i>For the years ended December 31,</i>	2021	2020
Purpose restricted		
Forsyth County program	\$ 98,092	\$ 34,092
Greensboro HEALS program	125,110	131,281
Summer intern	1,500	1,250
Adolescent mental health program	16,092	5,000
Total net assets released from donor restrictions	\$ 240,794	\$ 171,623

Note 6: CONCENTRATIONS

The Foundation maintains cash deposits with financial institutions at December 31, 2021 and 2020 in excess of federally insured limits of \$298,337 and \$59,954, 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, 2021 and 2020 was \$10,906 and \$11,674, respectively.

Note 8: SUBSEQUENT EVENTS

On April 1, 2022, the Kellin Foundation and the Mental Health Association in Greensboro, Inc. activated a Plan of Merger with the surviving organization being the Kellin Foundation. The Association donated or assigned all assets, mainly cash and receivables. Kellin did not absorb any debt in the transfer.