

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To Management
KIDS' CHANCE OF CALIFORNIA
San Francisco, California

We have reviewed the accompanying financial statements of KIDS' CHANCE OF CALIFORNIA (a non-profit organization), which comprise the statement of assets, liabilities and net assets – income tax basis as of December 31, 2017, and the related statements of revenues, expenses, and changes in net assets and cash flows – income tax basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting the company uses for income tax purposes; this includes determining that the basis of accounting the company uses for income tax purposes is an acceptable basis for the preparation of 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants (AICPA). Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the basis of accounting the company uses for income tax purposes. We believe that the results of our procedures provide a reasonable basis for our conclusion.

To Management
KIDS' CHANCE OF CALIFORNIA
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Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the basis of accounting the company uses for income tax purposes.

Basis of Accounting

The financial statements are prepared in accordance with the basis of accounting the company uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Supplementary Information

The supplementary information included in Schedule I is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

WAHL, WILLEMSE & WILSON, LLP
Certified Public Accountants
Turlock, California

Wahl, Willemse & Wilson, LLP

August 06, 2018

KIDS' CHANCE OF CALIFORNIA
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS
INCOME TAX BASIS
DECEMBER 31, 2017

	<u>Operations Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CURRENT ASSETS			
Checking - Bank of America	\$ 20,070	\$ 0	\$ 20,070
Checking - Citibank	173,838	0	173,838
Paypal	296	0	296
Investment - Bank of America	20,003	0	20,003
	<hr/>	<hr/>	<hr/>
Total Current Assets	214,207	0	214,207
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	\$ 214,207	\$ 0	\$ 214,207
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS			
TOTAL LIABILITIES	\$ 0	\$ 0	\$ 0
NET ASSETS			
Unrestricted	214,207	0	214,207
Temporarily restricted	0	0	0
	<hr/>	<hr/>	<hr/>
TOTAL NET ASSETS	214,207	0	214,207
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	\$ 214,207	\$ 0	\$ 214,207
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT
AND ACCOMPANYING NOTES

KIDS' CHANCE OF CALIFORNIA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Operations Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE			
Donations	\$ 32,148	\$ 0	\$ 32,148
Interest	3	0	3
Raffle sales	70	0	70
Registration fees	2,360	0	2,360
Sponsorships	<u>131,500</u>	<u>0</u>	<u>131,500</u>
Total Revenue	166,081	0	166,081
EXPENSES			
Program Services			
Scholarships	<u>73,225</u>	<u>0</u>	<u>73,225</u>
Total Program Services	73,225	0	73,225
Supporting Services			
Bank charges	889	0	889
Dues and subscriptions	596	0	596
Events	12,033	0	12,033
Insurance	1,366	0	1,366
Legal and professional	13,559	0	13,559
Meals and entertainment	49	0	49
Miscellaneous	562	0	562
Postage	60	0	60
Printing	138	0	138
Promotional	5,612	0	5,612
Supplies	60	0	60
Taxes and licenses	150	0	150
Travel	<u>2,811</u>	<u>0</u>	<u>2,811</u>
Total Supporting Services	<u>37,885</u>	<u>0</u>	<u>37,885</u>
Total Expenses	<u>111,110</u>	<u>0</u>	<u>111,110</u>
INCREASE (DECREASE) IN NET ASSETS BEFORE DEPRECIATION	54,971	0	54,971
Depreciation expense	<u>0</u>	<u>0</u>	<u>0</u>
INCREASE (DECREASE) IN NET ASSETS	54,971	0	54,971
NET ASSETS AT BEGINNING OF PERIOD	164,236	0	164,236
PRIOR PERIOD ADJUSTMENTS	<u>(5,000)</u>	<u>0</u>	<u>(5,000)</u>
NET ASSETS AT END OF PERIOD	<u>\$ 214,207</u>	<u>\$ 0</u>	<u>\$ 214,207</u>

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT
AND ACCOMPANYING NOTES

KIDS' CHANCE OF CALIFORNIA
STATEMENT OF CASH FLOWS
INCOME TAX BASIS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

INCREASE (DECREASE) IN NET ASSETS \$ 54,971

Adjustments to reconcile increase (decrease) in net assets to
net cash provided by operating activities:

Other current assets \$ (5,000)

Total adjustments (5,000)

Net cash from (used by) operating activities 49,971

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash from (used by) investing activities 0

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash from (used by) financing activities 0

NET INCREASE (DECREASE) IN CASH 49,971

CASH AT BEGINNING OF YEAR 164,236

CASH AT END OF YEAR \$ 214,207

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT
AND ACCOMPANYING NOTES

KIDS' CHANCE OF CALIFORNIA
LIQUIDITY
SUPPLEMENTARY INFORMATION - SCHEDULE I
DECEMBER 31, 2017

Kid's Chance of California's financial assets due within one year of the statement of assets, liabilities and net assets date for general expenditures are as follows:

Checking - Bank of America	\$	20,070
Checking - Citibank		173,838
Paypal		296
Investment - Bank of America		20,003
	\$	<u>214,207</u>

SEE INDEPENDENT ACCOUNTANTS' REVIEW REPORT
AND ACCOMPANYING NOTES

KIDS' CHANCE OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Kids' Chance of California (a non-profit organization) is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity.

Organizational Activity

Kids' Chance of California (a non-profit organization) was formed in 2012 to provide need-based scholarships to the children of injured workers in California. Revenue is generated principally from sponsorships and donations.

Method of Accounting

The accounting records are maintained, and these statements are presented, on the income tax basis of accounting. Consequently, certain revenues are recognized when received and certain expenses when paid. It differs from accounting principles generally accepted in the United States of America primarily because the Organization does not recognize assets and liabilities when earned or incurred and their related effects on revenues and expenses.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under ASC No. 958-205, the Organization is required to report information regarding its assets, liabilities and net assets and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets.

Contributions

The Organization has adopted FASB ASC No. 958-605, *Not-for-Profit Entities – Revenue Recognition*. In accordance with ASC No. 958-605, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on existence and/or nature of any donor restrictions.

KIDS' CHANCE OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (continued)

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 statement of activities as net assets released from restrictions.

Statement of Cash Flows

The statement of cash flows is presented using the indirect method, which accounts for the difference between net income and cash flows.

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Income Taxes

The Organization qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code as a not-for-profit corporation. The Organization utilizes the cash method of accounting for tax purposes. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a).

The company files income tax returns in the U.S. federal jurisdiction and the California state jurisdiction. The company is no longer subject to U.S. federal examinations by tax authorities for tax years before 2015. The company is no longer subject to California state examinations by tax authorities for tax years before 2014.

Use of Estimates

The preparation of financial statements 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.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities.

KIDS' CHANCE OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE B – TEMPORARILY RESTRICTED NET ASSETS

Net assets are released from donor restrictions by incurring expenses satisfying the purpose restrictions specifically by the donor.

NOTE C – DONATED SERVICES

No amounts have been reflected in the statements for donated services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program and support services.

NOTE D – MANAGEMENT AND ADMINISTRATIVE SERVICES AGREEMENT

The Organization had an agreement effective June 1, 2018, with B.T.F. Enterprises, to provide management and administrative services to the Organization on an hourly basis. The management fee consists of payments to B.T.F. Enterprises to perform services as defined in the agreement. The management fee paid to B.T.F. Enterprises during the year ended December 31, 2017 was \$0.00.

Not included in the management fee, but billed separately, are charges for services such as postage, printing, office supplies, long distance telephone, fax usage, travel, out-of-pocket expenses and outside professional services.

Either party has the right to terminate the agreement if performance deficiencies have not been corrected within 30 days of written notice. Termination by either party requires 60-day written notice.

NOTE E – PRIOR PERIOD ADJUSTMENTS

The Company has discovered that previously issued financial statements for the year ended December 31, 2016 included certain errors related to cash. Net Assets has been adjusted to correct these errors. Prior period adjustments to net assets consists of the following adjustment to prior years:

Overstated Cash	<u>\$ (5,000.00)</u>
Total Prior Period Adjustments	<u>\$ (5,000.00)</u>

KIDS' CHANCE OF CALIFORNIA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2017

NOTE E – PRIOR PERIOD ADJUSTMENTS (CONTINUED)

The effects of the correction of these errors on results of operations and financial position for the year ended December 31, 2016 are as follows:

	<u>As previously reported</u>	<u>Restated</u>
Donation income	\$ 109,639.00	\$ 106,249.00
Dues and subscriptions	\$ 500.00	\$ 0.00
Miscellaneous expense	\$ 561.00	\$ 2,702.00
Postage	\$ 55.00	\$ 49.00
Taxes and licenses	\$ 35.00	\$ 10.00
Net Income (Loss)	\$ 23,923.00	\$ 18,923.00
Cash	\$ 164,236.00	\$ 159,236.00
Net assets	\$ 164,236.00	\$ 159,236.00

NOTE F – DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through August 06, 2018, the date on which the financial statements were available to be issued.