

NURTURE KC

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITOR'S REPORT**

March 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nurture KC
Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the Nurture KC (a nonprofit organization) (“the Organization”), which comprise the statements of financial position as of March 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. 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. 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.

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nurture KC as of March 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 or to 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2020, on our consideration of the Organization'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 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 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 the Organization's internal control over financial reporting and compliance.

Marr and Company

Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
August 26, 2020

NURTURE KC

STATEMENTS OF FINANCIAL POSITION

As of March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
<u>Current Assets</u>		
Cash	\$ 189,126	\$ 68,340
Grant receivables	224,746	204,822
Other receivables	1,813	3,765
Short-term investments	150,112	0
Prepaid expenses	<u>6,057</u>	<u>5,816</u>
Total Current Assets	571,854	282,743
<u>Noncurrent Assets</u>		
Long-term investments	381,987	560,996
Capital assets, net of accumulated depreciation	<u>11,450</u>	<u>14,889</u>
Total Noncurrent Assets	393,437	575,885
TOTAL ASSETS	\$ <u>965,291</u>	\$ <u>858,628</u>
LIABILITIES AND NET ASSETS		
<u>Current Liabilities</u>		
Accounts payable	\$ 137,393	\$ 53,940
Payroll liabilities	<u>11,591</u>	<u>11,849</u>
Total Current Liabilities	148,984	65,789
<u>Net Assets</u>		
Without donor restrictions	701,819	760,715
With donor restrictions	<u>114,488</u>	<u>32,124</u>
Total Net Assets	<u>816,307</u>	<u>792,839</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>965,291</u>	\$ <u>858,628</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

NURTURE KC

STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT, REVENUE, & OTHER INCOME</u>			
Contributions	\$ 38,373	\$ 188,461	\$ 226,834
Non-cash contributions	31,574	0	31,574
State contracts and grants	62,778	0	62,778
Federal contracts and grants	1,045,525	0	1,045,525
Conference income	11,471	0	11,471
Membership dues	6,825	0	6,825
Investment return	(45,317)	0	(45,317)
Other income	<u>196</u>	<u>0</u>	<u>196</u>
Total Support, Revenue & Other Income	1,151,425	188,461	1,339,886
<u>EXPENSES</u>			
Program Services:			
Kansas City Healthy Start Initiative	969,390	0	969,390
Safe Kids Metro KC	42,069	0	42,069
Mid-America Immunization Coalition	62,780	0	62,780
Other community initiatives	<u>112,808</u>	<u>0</u>	<u>112,808</u>
Total Program Services	1,187,047	0	1,187,047
Supporting Activities:			
Management and General	124,477	0	124,477
Fundraising	<u>4,894</u>	<u>0</u>	<u>4,894</u>
Total Supporting Activities	<u>129,371</u>	<u>0</u>	<u>129,371</u>
Total Expenses	1,316,418	0	1,316,418
Net Assets Released from Restrictions	<u>106,097</u>	<u>(106,097)</u>	<u>0</u>
Change in Net Assets	(58,896)	82,364	23,468
NET ASSETS, BEGINNING OF YEAR	<u>760,715</u>	<u>32,124</u>	<u>792,839</u>
NET ASSETS, END OF YEAR	\$ <u>701,819</u>	\$ <u>114,488</u>	\$ <u>816,307</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

NURTURE KC

STATEMENT OF ACTIVITIES
For the Year Ended March 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>SUPPORT, REVENUE, & OTHER INCOME</u>			
Contributions	\$ 28,996	\$ 103,481	\$ 132,477
Non-cash contributions	23,956	0	23,956
State contracts and grants	5,046	0	5,046
Federal contracts and grants	1,230,120	0	1,230,120
Conference income	13,145	0	13,145
Membership dues	16,675	0	16,675
Investment return	11,822	0	11,822
Other income	<u>438</u>	<u>0</u>	<u>438</u>
Total Support, Revenue & Other Income	1,330,198	103,481	1,433,679
<u>EXPENSES</u>			
Program Services:			
Kansas City Healthy Start Initiative	1,138,505	0	1,138,505
Safe Kids Metro KC	26,853	0	26,853
Mid-America Immunization Coalition	46,406	0	46,406
Other community initiatives	<u>60,390</u>	<u>0</u>	<u>60,390</u>
Total Program Services	1,272,154	0	1,272,154
Supporting Activities:			
Management and General	150,315	0	150,315
Fundraising	<u>8,442</u>	<u>0</u>	<u>8,442</u>
Total Supporting Activities	<u>158,757</u>	<u>0</u>	<u>158,757</u>
Total Expenses	1,430,911	0	1,430,911
Net Assets Released from Restrictions	<u>92,056</u>	<u>(92,056)</u>	<u>0</u>
Change in Net Assets	(8,657)	11,425	2,768
NET ASSETS, BEGINNING OF YEAR	<u>769,372</u>	<u>20,699</u>	<u>790,071</u>
NET ASSETS, END OF YEAR	\$ <u>760,715</u>	\$ <u>32,124</u>	\$ <u>792,839</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

NURTURE KC

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended March 31, 2020

	Program Services				Total Program	Supporting Activities		Total Supporting Activities	Total
	Kansas City Healthy Start Initiative	Safe Kids Metro KC	Mid-America Immunization Coalition	Other Community Initiatives		Management and General	Fundraising		
Salaries and Wages	\$ 343,250	\$ 15,973	\$ 24,582	\$ 66,872	\$ 450,677	\$ 73,836	\$ 2,900	\$ 76,736	\$ 527,413
Payroll Taxes	26,553	1,248	1,916	5,080	34,797	5,658	239	5,897	40,694
Employee Benefits	36,483	2,615	3,903	5,752	48,753	15,412	224	15,636	64,389
Other Personnel Costs	4,584	224	343	864	6,015	2,601	34	2,635	8,650
Occupancy	21,114	1,850	1,515	9,083	33,562	4,783	248	5,031	38,593
Postage and Delivery	403	15	24	68	510	80	1	81	591
Printing and Duplicating	2,373	0	153	606	3,132	0	93	93	3,225
Telephone	4,141	137	221	595	5,094	692	28	720	5,814
Office Supplies & Other Office	2,696	142	132	857	3,827	757	5	762	4,589
Contractors	449,274	0	2,550	11,299	463,123	0	0	0	463,123
IT & Equipment Maintenance	12,333	408	1,813	6,551	21,105	4,363	94	4,457	25,562
Travel, Food and Lodging	12,665	704	1,543	0	14,912	199	0	199	15,111
Program Supplies & Other Program	47,937	17,550	6,698	3,018	75,203	754	0	754	75,957
Insurance	1,785	1,096	132	843	3,856	1,652	15	1,667	5,523
Advertising and Promotion	0	0	16,853	0	16,853	0	0	0	16,853
Professional Fees	0	0	0	0	0	11,168	0	11,168	11,168
Other Operating Expenses	1,565	9	252	870	2,696	2,035	993	3,028	5,724
Depreciation	<u>2,234</u>	<u>98</u>	<u>150</u>	<u>450</u>	<u>2,932</u>	<u>487</u>	<u>20</u>	<u>507</u>	<u>3,439</u>
Total Functional Expenses	\$ <u>969,390</u>	\$ <u>42,069</u>	\$ <u>62,780</u>	\$ <u>112,808</u>	\$ <u>1,187,047</u>	\$ <u>124,477</u>	\$ <u>4,894</u>	\$ <u>129,371</u>	\$ <u>1,316,418</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

NURTURE KC

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended March 31, 2019

	Program Services				Total Program	Supporting Activities		Total Supporting Activities	Total
	Kansas City Healthy Start Initiative	Safe Kids Metro KC	Mid-America Immunization Coalition	Other Community Initiatives		Management and General	Fundraising		
Salaries and Wages	\$ 419,285	\$ 13,344	\$ 26,654	\$ 34,516	\$ 493,799	\$ 93,968	\$ 4,989	\$ 98,957	\$ 592,756
Payroll Taxes	32,765	1,043	2,082	2,697	38,587	7,245	382	7,627	46,214
Employee Benefits	47,793	2,335	4,581	4,891	59,600	17,150	944	18,094	77,694
Other Personnel Costs	5,084	140	289	359	5,872	2,870	56	2,926	8,798
Occupancy	19,753	1,009	1,226	1,284	23,272	4,582	237	4,819	28,091
Postage and Delivery	799	99	51	43	992	185	72	257	1,249
Printing and Duplicating	4,217	17	219	289	4,742	2,009	5	2,014	6,756
Telephone	4,065	102	200	223	4,590	727	33	760	5,350
Office Supplies & Other Office	7,610	70	229	438	8,347	923	220	1,143	9,490
Contractors	486,381	0	0	14,000	500,381	0	0	0	500,381
IT & Equipment Maintenance	24,922	380	752	731	26,785	3,160	144	3,304	30,089
Travel, Food and Lodging	12,389	422	138	358	13,307	743	0	743	14,050
Program Supplies & Other Program	48,503	6,128	9,217	74	63,922	1,221	0	1,221	65,143
Insurance	2,202	1,452	139	142	3,935	1,728	27	1,755	5,690
Advertising and Promotion	14,283	0	0	0	14,283	0	0	0	14,283
Professional Fees	0	0	0	0	0	11,047	0	11,047	11,047
Other Operating Expenses	5,937	233	469	115	6,754	2,096	1,311	3,407	10,161
Depreciation	<u>2,517</u>	<u>79</u>	<u>160</u>	<u>230</u>	<u>2,986</u>	<u>661</u>	<u>22</u>	<u>683</u>	<u>3,669</u>
Total Functional Expenses	\$ <u>1,138,505</u>	\$ <u>26,853</u>	\$ <u>46,406</u>	\$ <u>60,390</u>	\$ <u>1,272,154</u>	\$ <u>150,315</u>	\$ <u>8,442</u>	\$ <u>158,757</u>	\$ <u>1,430,911</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

NURTURE KC

STATEMENTS OF CASH FLOWS For the Years Ended March 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 23,468	\$ 2,768
Adjustments to reconcile changes in net assets to net cash		
Provided by (used in) operating activities:		
(Gain)/Loss on Investments	68,276	1,509
Depreciation	3,439	3,669
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Grant Receivable	(19,924)	(112,236)
Other Receivable	1,952	(1,598)
Prepaid expenses	(241)	1,087
Increase (Decrease) in:		
Accounts Payable	83,453	11,149
Payroll withholdings	(258)	2,943
Deferred Revenue	<u>0</u>	<u>(3,000)</u>
Net Cash from Operating Activities	160,165	(93,709)
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of property and equipment	0	(11,956)
Purchase of investments	(574,311)	(11,019)
Sale of investments	<u>534,932</u>	<u>(150,000)</u>
Net Cash from Investing Activities	<u>(39,379)</u>	<u>(22,975)</u>
Net Increase (Decrease) in Cash	120,786	(116,684)
CASH, BEGINNING OF YEAR	<u>68,340</u>	<u>185,024</u>
CASH, END OF YEAR	\$ <u>189,126</u>	\$ <u>68,340</u>

See Accompanying Independent Auditor's Report and Notes to these Financial Statements.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS
March 31, 2020 and 2019

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NURTURE KC

NOTES TO FINANCIAL STATEMENTS

March 31, 2020 and 2019

NOTE 1: ORGANIZATION

Nurture KC (the “Organization”) adopted a name change from the Maternal and Child Health Coalition of Greater Kansas City, Inc. dba Mother and Child Health Coalition in November 2019. The Organization was originally formed under its former name in June 2000 in the State of Missouri as a nonprofit corporation.

The Organization is a membership organization open to all individuals, organizations and agencies interested in working towards the betterment of maternal and child health. The Organization works to ensure quality health care access for area mothers and children. Membership includes groups and individuals from approximately 200 organizations and agencies. Together, members work to address problems such as infant mortality, prenatal care, immunization, low birth weight, childhood obesity, access to health care, teen pregnancy, injuries, substance abuse and child abuse. The Board of Directors consists of community health providers, physicians, nurses, social workers, nutritionists, business leaders, program participants, provide guidance and direction regarding specific community health related issues.

The mission of the Organization is “Every child deserves a healthy start; it is the best gift a community can give its children and itself. Nurture KC works together with community partners and families to promote wellness and advocate excellence in health care.”

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statement Presentation

The Organization has implemented the Financial Accounting Standards Board (FASB) Accounting Standards Update (“ASU”) 2016-14 as it relates to FASB’s Accounting Standards Codification (“ASC”) Topic 958-205, *Not-for-Profit Entities: Presentation of Financial Statements*. FASB ASC 958-205 requires that all not-for-profit organizations provide a statement of financial position, a statement of activities and a statement of cash flows. FASB ASC 958-205 requires disclosing the amounts of expenses by both their natural classification and their functional classification. The Organization is required to report information regarding its financial position and activities according to two classes of net assets, which is as follows.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Donor-imposed restrictions may be temporarily in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions may be perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed into service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See Note 7 for detail.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. See Note 6 for account balance detail.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS

March 31, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Program Services

The Organization's programs include the following:

Kansas City Healthy Start Initiative – This program is designed to improve the health of pregnant women and babies and decrease infant mortality and health disparities. The program offers outreach, care coordination, depression screening and health education. Fetal and Infant Mortality Review (FIMR) focuses on reducing infant mortality through learning what in the community causes babies to die, particularly among African Americans and Hispanics, and combining area resources to implement change.

Safe Kids Metro KC – This program is part of a national program that works to prevent injuries and deaths from vehicular, home, bicycle and pedestrian accidents to children under the age of 19.

Mid-America Immunization Coalition - This program promotes public awareness about the consequences of vaccine-preventable diseases and promotes community resources for immunization through education, collaborations and advocacy.

Other Community Initiatives consist of the following:

Safe Haven is a public awareness program designed to educate the public about the Missouri and Kansas safe haven laws for newborns to reduce infant abuse and abandonment. It identifies help and resources available in the area.

Breastfeeding Public Awareness and Demonstration Project works toward increasing breastfeeding initiation and duration to improve the health of mothers and babies. Activities to promote breastfeeding benefits include advertising campaigns and educator workshops.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of checking accounts and money market accounts. For purposes of the statement of cash flows, the Organization considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents. Deposits held in the Organization's checking accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization had no deposits in excess of insurance levels at March 31, 2020 and 2019.

D. Receivables

Grants receivable are stated at the amount management expects to collect. Management makes a regular assessment of the collectability of outstanding accounts and if deemed necessary, establishes an allowance for uncollectible accounts. At March 31, 2020 and 2019, the Organization considered all receivables fully collectible.

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NOTES TO FINANCIAL STATEMENTS

March 31, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Inventory

Inventory, which consists of videos and car seats, is stated at the lower of cost (first-in, first-out method) or market.

F. Investments

The Organization has complied with ASC 958-320, *Not-for-Profit Entities: Investments, Debt, and Equity Securities*. Under ASC 958-320, the Organization carries investments in marketable securities with readily determinable fair values (Level 1 measurements) and all investments in debt securities at their fair values based on valuation model (Level 2 measurements) in the statement of financial position. Unrealized gains or losses are included in the change in net assets in the accompanying statement of activities.

Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as "short-term investments". Certificates of deposit with remaining maturities greater than one year are classified as "long-term investments".

G. Property and Equipment

Property and equipment are recorded at cost, if acquired, or fair value, if donated. The Organization's policy is to capitalize property and equipment with a cost of \$1,000 or more and a useful life of three years or more. Depreciation is calculated over the estimated useful lives of the respective assets on a straight-line basis.

	<u>Years</u>
Video Production	7
Office Equipment and Furniture	5
Computer Equipment	3

Depreciation expense for each of the years ended March 31, 2020 and 2019, was \$3,439 and \$3,669, respectively.

H. Contributions

The Organization has elected to report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is 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 restriction and reported on the statement of activities as net assets released from restriction. Promises to give are recognized as income when the promise is received.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS

March 31, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Income Taxes

Nurture KC qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted the provisions of the FASB ASC 740-10 as it might apply to the Organization's financial transactions. The Organization's policy is to record a liability for any tax position that is beneficial to the Organization, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of March 31, 2020 and 2019 and, accordingly, no liability has been accrued.

J. Estimates

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

K. Donated Facility, Materials and Services

Donated facility usage, materials and services are reflected as a contribution at their estimated fair value at the date of receipt. The Organization recognized these gifts-in-kind as a contribution and corresponding expense. The Organization received the following items for the years ended March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Diapers to support the Healthy Start Program	\$ <u>31,574</u>	\$ <u>23,956</u>

L. Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of time, space, or use of estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

M. Concentrations

The Organization receives financial assistance through grants from various federal and state agencies. Approximately 90.0% and 91.6% of the Organization's revenues were provided through grants from U.S. Department of Health and Human Services for the years ended March 31, 2020 and 2019, respectively.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS March 31, 2020 and 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Subsequent Events

Management has evaluated subsequent events to August 26, 2020, which is the date the financial statements were available for issuance.

NOTE 3: RECEIVABLES

Receivables at March 31, 2020 and 2019, consisted of the following:

	<u>2020</u>	<u>2019</u>
Governmental programs	\$ 189,393	\$ 173,969
United Way	<u>35,353</u>	<u>30,853</u>
	<u>\$ 224,746</u>	<u>\$ 204,822</u>

NOTE 4: INVESTMENTS

The Organization has complied with ASC 820, *Fair Value Measurements and Disclosures*. The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three-tier hierarchy of inputs is summarized in the following three broad levels.

Level 1 - Inputs are unadjusted quoted market prices in active independent markets for identical assets and liabilities.

Level 2 - Inputs are directly or indirectly observable estimates from quotes or similar but not identical assets and liabilities, market trades for identical assets not actively traded or other external independent means.

Level 3 - Inputs are unobservable and reflect assumptions on the part of the reporting entity.

The common funds are held and invested by the trustee in collective funds valued as a proportion of the number of shares held in that fund compared to the total outstanding fund's shares multiplied times the net asset value (NAV) per share as of the reporting date. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities.

The fair value of the fixed income mutual funds (Level 2) is based on a valuation model that uses inputs that include recently executed transactions, market price quotations (where observable), spreads, and interest rate yield curves.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS March 31, 2020 and 2019

NOTE 4: INVESTMENTS (continued)

The following tables set forth information about the level within the fair value hierarchy at which the Organization's financial assets and liabilities are measured on a recurring basis.

As of March 31, 2020				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Fair Value Investments</u>				
Money Market Funds	\$ 23,492	\$ 23,492	\$ 0	\$ 0
Certificates of Deposit	150,000	0	150,000	0
Exchange Traded Funds	53,472	53,472	0	0
Bond Mutual Funds	197,316	197,316	0	0
Equity Mutual Funds	<u>107,819</u>	<u>107,819</u>	<u>0</u>	<u>0</u>
Total Investments	<u>\$ 532,099</u>	<u>\$ 382,099</u>	<u>\$ 150,000</u>	<u>\$ 0</u>

The following tables set forth information about the level within the fair value hierarchy at which the Organization's financial assets and liabilities are measured on a recurring basis.

As of March 31, 2019				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Fair Value Investments</u>				
Money Market Funds	\$ 2,702	\$ 2,702	\$ 0	\$ 0
Certificates of Deposit	450,991	0	450,991	0
Exchange Traded Funds	70,935	70,935	0	0
Equity Mutual Funds	<u>36,368</u>	<u>36,368</u>	<u>0</u>	<u>0</u>
Total Investments	<u>\$ 560,996</u>	<u>\$ 110,005</u>	<u>\$ 450,991</u>	<u>\$ 0</u>

NOTE 5: CAPITAL ASSETS

Capital assets consist of the following at March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 22,994	\$ 24,154
Office furniture	11,928	14,627
Computer software	13,859	13,859
Vehicles	<u>6,565</u>	<u>6,565</u>
	55,346	59,205
Accumulated depreciation	<u>(43,896)</u>	<u>(44,316)</u>
Net Capital Assets	<u>\$ 11,450</u>	<u>\$ 14,889</u>

NURTURE KC

NOTES TO FINANCIAL STATEMENTS

March 31, 2020 and 2019

NOTE 6: NET ASSETS WITHOUT DONOR RESTRICTIONS

The net assets without donor restrictions were as follows at March 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Undesignated net assets without donor restrictions	\$ 501,819	\$ 560,715
Board designated for operating reserves	<u>200,000</u>	<u>200,000</u>
Total net assets without donor restrictions	\$ <u>701,819</u>	\$ <u>760,715</u>

The Organization's Board of Directors approved to internally designate a portion of the net assets without donor restrictions for operating reserves. As the possibility of unanticipated losses from government-agency funded programs, the Board established an initial operating reserve balance of \$200,000.

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

The Organization receives gifts that are restricted by the donor for a specific purpose. Net assets with donors restrictions included the following purposes at March 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Immunization	\$ 667	\$ 0
Safe Kids Program	2,043	1,820
Fetal and Infant Mortality Review	1,801	3,319
Healthy Start	363	457
Other Community Initiatives	<u>109,614</u>	<u>26,528</u>
Total	\$ <u>114,488</u>	\$ <u>32,124</u>

The following are sources of net assets released from donor restriction during the years ended March 31, 2020 and 2019 by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors.

	<u>2020</u>	<u>2019</u>
Immunization	\$ 30,488	\$ 30,730
Safe Kids Program	12,903	11,266
Fetal and Infant Mortality Review	5,699	6,498
Healthy Start	93	0
Other	<u>56,914</u>	<u>43,562</u>
	\$ <u>106,097</u>	\$ <u>92,056</u>

NOTE 8: RETIREMENT PLAN

The Organization sponsors a Simple IRA plan covering substantially all full-time employees. Under the terms of the Plan, employees become eligible after two years of service. The Organization matches 100% of employee contributions up to 3% of compensation. During 2020 and 2019, contributions to the Plan totaled \$6,904 and \$8,956, respectively.

NURTURE KC

NOTES TO FINANCIAL STATEMENTS

March 31, 2020 and 2019

NOTE 9: OPERATING LEASE

Effective January 1, 2018, the Organization moved to a new office space location and entered into a non-cancelable lease with monthly rent payments of \$2,100 through December 31, 2019. Effective November 1, 2019, the Organization moved to a new office space location and entered into a non-cancelable lease with monthly rent payments of \$3,031 beginning November 2019 and annual increases of 1.5% through October 31, 2024. Rental expense totaled \$35,845 and \$25,200 for the years ended March 31, 2020 and 2019, respectively. Minimum lease payments under the non-cancellable leases as of March 31, 2020, comprise the following:

<u>Year ending March 31,</u>	
2021	\$ 35,591
2022	40,140
2023	40,698
2024	41,263
2025	<u>24,264</u>
Total	\$ <u>185,957</u>

NOTE 10: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions and designations limiting their use, within one year of the statement of financial position date, comprise of the following:

Cash and Cash Equivalents	\$ 189,126
Receivables	226,559
Investments	<u>217,611</u>
	\$ <u>633,296</u>

NOTE 11: SUBSEQUENT EVENT

U.S. Small Business Administration Loan – Payroll Protection Program

Nurture KC signed a note payable with the U.S. Small Business Administration on April 23, 2020 for \$122,545 with a maturity date of April 13, 2022, the first payment deferred for six months, and annual interest rate of 1.0%. This note was available through the Paycheck Protection Program (the “PPP”) as a part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) that offers cash-flow assistance to nonprofit and small business employers through guaranteed loans for certain expenses incurred between February 15, 2020, and June 30, 2020. The PPP loan did not require collateral or personal guarantees and offers the ability to have a substantial portion of the principal amount forgiven when Nurture KC uses the proceeds on eligible costs.

SUPPLEMENTARY INFORMATION

NURTURE KC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended March 31, 2020

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Grant Award Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>			
<i>Direct Programs:</i>			
Healthy Start Initiative	93.926	6 H49MC01449-17-04	\$ 1,035,818
 <i>Pass-through Missouri Dept of Health and Senior Services</i>			
SAFE KIDS Metro KC (HRSA-17-005)	93.994	CS170220002 Amend #2	3,523
SAFE KIDS Metro KC (HRSA-17-005)	93.994	CS170220002 Amend #3	<u>5,877</u>
Total SAFE KIDS Metro KC			<u>9,400</u>
Total U.S. Department of Health and Human Services			<u>1,045,218</u>
Total Expenditures of Federal Awards			<u>\$ 1,045,218</u>

See Accompanying Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards.

NURTURE KC

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended March 31, 2020

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Nurture KC (the “Organization”) under programs of the federal government for the year ended March 31, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 2 to the Organization’s financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Schedule presents both Type A and Type B federal assistance programs administered by the Organization. The Uniform Guidance establishes the formula for determining the level of expenditures of disbursements to be used in defining Type A and Type B federal financial assistance programs. For the Organization, Type A programs are those which exceed \$750,000 in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk-based approach outlined in Uniform Guidance.

NOTE 3: SUBRECIPIENTS

The Organization did not provide funds to subrecipients in the current fiscal year.

NOTE 4: INDIRECT COST RATE

The Organization elected not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

INTERNAL CONTROL AND COMPLIANCE



**INDEPENDENT AUDITOR’S 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
Nurture KC
Kansas City, Missouri

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 Nurture KC (the “Organization”) (a nonprofit organization), which comprise the statement of financial position as of March 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 26, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) to determine the 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 the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors
Nurture KC
Kansas City, Missouri

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’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 determination of financial statement amounts. 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.



Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
August 26, 2020



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Nurture KC
Kansas City, Missouri

Report on Compliance for Each Major Federal Program

We have audited Nurture KC’s (the “Organization”) (a nonprofit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization’s major federal programs for the year ended March 31, 2020. The Organization’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization’s compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended March 31, 2020.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Marr and Company, P.C.
Certified Public Accountants

Kansas City, Missouri
August 26, 2020

NURTURE KC

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended March 31, 2020**

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statement:

- 1) The type of report issued on the basic financial statements. Unmodified opinion
- 2) Internal Control over Financial Reporting:
 - a) Significant deficiencies were disclosed. None
 - b) Material weaknesses were disclosed. None
- 3) Noncompliance, which is material to the basic financial statements, was disclosed. None

Federal Awards:

- 1) Internal Control over Major Programs:
 - a) Significant deficiencies were disclosed. None
 - b) Material weaknesses were disclosed. None
- 2) The type of report issued on compliance for major programs. Unmodified opinion
- 3) Any audit findings which are required to be reported under Section 200.516(a) of the Uniform Guidance. None
- 4) The Organization's major federal program(s):

CFDA Number(s)	Federal Program or Cluster
93.926	Healthy Start Initiative
- 5) Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
- 6) Auditee qualified as a low-risk auditee specified in Section 200.520 of the Uniform Guidance: Yes

SECTION II: FINANCIAL STATEMENT FINDINGS

No financial statement findings were reported.

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings and questioned costs were reported.

SECTION IV: RESOLUTIONS OF PRIOR YEAR AUDIT FINDINGS

No audit findings were noted from the prior year.