

KidsTLC, Inc. and its Subsidiary

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2021 and 2020



KidsTLC, Inc. and its Subsidiary

December 31, 2021 and 2020

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Independent Auditor's Report

Board of Directors
KidsTLC, Inc. and its Subsidiary
Olathe, Kansas

Opinion

We have audited the consolidated financial statements of KidsTLC, Inc. and its Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of KidsTLC, Inc. and its Subsidiary as of December 31, 2021 and 2020, and the consolidated results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of KidsTLC, Inc. and its Subsidiary and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about KidsTLC, Inc. and its Subsidiary's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 KidsTLC, Inc. and its Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about KidsTLC, Inc. and its Subsidiary'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

BKD, LLP

Kansas City, Missouri
May 24, 2022

KidsTLC, Inc. and its Subsidiary
Consolidated Statement of Financial Position
December 31, 2021

Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets			
Cash and cash equivalents	\$ 1,752,716	\$ 2,675,612	\$ 4,428,328
Accounts receivable	1,310,616	-	1,310,616
Contributions receivable	-	95,405	95,405
Other receivables	391,038	-	391,038
Prepaid expenses	186,462	-	186,462
Inventories	33,461	-	33,461
	<hr/>	<hr/>	<hr/>
Total current assets	3,674,293	2,771,017	6,445,310
	<hr/>	<hr/>	<hr/>
Investments	4,138,900	1,057,546	5,196,446
	<hr/>	<hr/>	<hr/>
Property and Equipment, at Cost			
Land	2,222,046	-	2,222,046
Building and improvements	23,275,485	-	23,275,485
Furniture and equipment	2,344,111	-	2,344,111
Automotive equipment	240,671	-	240,671
	<hr/>	<hr/>	<hr/>
	28,082,313	-	28,082,313
Less accumulated depreciation	8,922,180	-	8,922,180
	<hr/>	<hr/>	<hr/>
Property and equipment, net	19,160,133	-	19,160,133
	<hr/>	<hr/>	<hr/>
Contributions Receivable	-	139,475	139,475
	<hr/>	<hr/>	<hr/>
Other Assets	27,927	61,064	88,991
	<hr/>	<hr/>	<hr/>
Total assets	\$ 27,001,253	\$ 4,029,102	\$ 31,030,355
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KidsTLC, Inc. and its Subsidiary
Consolidated Statement of Financial Position (Continued)
December 31, 2021

Liabilities and Net Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Current Liabilities			
Current maturities of long-term debt	\$ 660,127	\$ -	\$ 660,127
Accounts payable	252,451	-	252,451
Accrued expenses	1,234,878	-	1,234,878
	<hr/>	<hr/>	<hr/>
Total current liabilities	2,147,456	-	2,147,456
	<hr/>	<hr/>	<hr/>
Long-term Liabilities			
Long-term debt	7,513,019	-	7,513,019
	<hr/>	<hr/>	<hr/>
Total liabilities	9,660,475	-	9,660,475
	<hr/>	<hr/>	<hr/>
Net Assets			
Without donor restrictions	17,340,778	-	17,340,778
With donor restrictions	-	4,029,102	4,029,102
	<hr/>	<hr/>	<hr/>
Total net assets	17,340,778	4,029,102	21,369,880
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	\$ 27,001,253	\$ 4,029,102	\$ 31,030,355
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KidsTLC, Inc. and its Subsidiary
Consolidated Statement of Financial Position
December 31, 2020

Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Current Assets			
Cash and cash equivalents	\$ 1,272,043	\$ 444,111	\$ 1,716,154
Accounts receivable	1,199,382	-	1,199,382
Contributions receivable	-	9,680	9,680
Other receivables	319,837	-	319,837
Prepaid expenses	148,643	-	148,643
Inventories	39,925	-	39,925
	<hr/>	<hr/>	<hr/>
Total current assets	2,979,830	453,791	3,433,621
	<hr/>	<hr/>	<hr/>
Investments	3,934,985	929,483	4,864,468
	<hr/>	<hr/>	<hr/>
Property and Equipment, At Cost			
Land	2,222,046	-	2,222,046
Building and improvements	23,097,740	-	23,097,740
Furniture and equipment	2,539,393	-	2,539,393
Automotive equipment	182,047	-	182,047
	<hr/>	<hr/>	<hr/>
	28,041,226	-	28,041,226
Less accumulated depreciation	8,097,754	-	8,097,754
	<hr/>	<hr/>	<hr/>
Property and equipment, net	19,943,472	-	19,943,472
	<hr/>	<hr/>	<hr/>
Other Assets	23,101	50,542	73,643
	<hr/>	<hr/>	<hr/>
Total assets	\$ 26,881,388	\$ 1,433,816	\$ 28,315,204
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KidsTLC, Inc. and its Subsidiary
Consolidated Statement of Financial Position (Continued)
December 31, 2020

Liabilities and Net Assets

	Without Donor Restrictions	With Donor Restrictions	Total
Current Liabilities			
Current maturities of long-term debt	\$ 1,765,983	\$ -	\$ 1,765,983
Accounts payable	932,167	-	932,167
Accrued expenses	750,585	-	750,585
	<u>3,448,735</u>	<u>-</u>	<u>3,448,735</u>
Long-term Liabilities			
Long-term debt	7,258,527	-	7,258,527
	<u>10,707,262</u>	<u>-</u>	<u>10,707,262</u>
Net Assets			
Without donor restrictions	16,174,126	-	16,174,126
With donor restrictions	-	1,433,816	1,433,816
	<u>16,174,126</u>	<u>1,433,816</u>	<u>17,607,942</u>
	<u>\$ 26,881,388</u>	<u>\$ 1,433,816</u>	<u>\$ 28,315,204</u>

KidsTLC, Inc. and its Subsidiary
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Program revenue	\$ 17,600,721	\$ -	\$ 17,600,721
Contributions	1,067,946	406,427	1,474,373
Grants	144,551	-	144,551
Fundraising	429,694	-	429,694
Investment return, net	408,927	115,134	524,061
Other revenues	2,483,735	10,522	2,494,257
Net assets released from restrictions	436,797	(436,797)	-
	<u>22,572,371</u>	<u>95,286</u>	<u>22,667,657</u>
Total revenues, gains and other support			
Expenses			
Program services			
PRTF	13,865,275	-	13,865,275
Lotus Clinic	643,514	-	643,514
Autism	2,741,633	-	2,741,633
Intensive Outpatient	367,171	-	367,171
Sanctuary	1,020,561	-	1,020,561
Chaplaincy	7	-	7
Thriving Families	57,900	-	57,900
	<u>18,696,061</u>	<u>-</u>	<u>18,696,061</u>
Total program services			
Management and general	1,493,235	-	1,493,235
Fundraising and charities	1,216,423	-	1,216,423
	<u>21,405,719</u>	<u>-</u>	<u>21,405,719</u>
Total expenses			
Excess of Revenues Over Expenses	1,166,652	95,286	1,261,938
Contributions for acquisition of property and equipment	-	2,500,000	2,500,000
	<u>-</u>	<u>2,500,000</u>	<u>2,500,000</u>
Increase in Net Assets	1,166,652	2,595,286	3,761,938
Net Assets, Beginning of Year	16,174,126	1,433,816	17,607,942
	<u>16,174,126</u>	<u>1,433,816</u>	<u>17,607,942</u>
Net Assets, End of Year	<u>\$ 17,340,778</u>	<u>\$ 4,029,102</u>	<u>\$ 21,369,880</u>

KidsTLC, Inc. and its Subsidiary
Consolidated Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Program revenue	\$ 15,468,835	\$ -	\$ 15,468,835
Contributions	237,561	757,829	995,390
Grants	156,290	-	156,290
Fundraising	319,647	-	319,647
Investment return, net	525,337	124,154	649,491
Other revenues	456,931	6,741	463,672
Net assets released from restrictions	1,084,072	(1,084,072)	-
	<u>18,248,673</u>	<u>(195,348)</u>	<u>18,053,325</u>
Total revenues, gains and other support			
Expenses			
Program services			
PRTF	12,161,782	-	12,161,782
Lotus Clinic	663,109	-	663,109
Autism	3,201,027	-	3,201,027
Intensive Outpatient	331,584	-	331,584
Sanctuary	963,830	-	963,830
Chaplaincy	6,441	-	6,441
Thriving Families	95,084	-	95,084
CARES	990	-	990
	<u>17,423,847</u>	<u>-</u>	<u>17,423,847</u>
Total program services			
Management and general	1,489,723	-	1,489,723
Fundraising and charities	779,074	-	779,074
	<u>19,692,644</u>	<u>-</u>	<u>19,692,644</u>
Total expenses			
Deficiency of Revenues Over Expenses	(1,443,971)	(195,348)	(1,639,319)
Contributions for acquisition of property and equipment	475,250	-	475,250
	<u>(968,721)</u>	<u>(195,348)</u>	<u>(1,164,069)</u>
Decrease in Net Assets			
Net Assets, Beginning of Year	17,142,847	1,629,164	18,772,011
Net Assets, End of Year	<u>\$ 16,174,126</u>	<u>\$ 1,433,816</u>	<u>\$ 17,607,942</u>

KidsTLC, Inc. and its Subsidiary
Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 3,761,938	\$ (1,164,069)
Items not requiring (providing) operating cash flows		
Depreciation and amortization	1,073,428	939,423
Unrealized gains on investments	(106,252)	(395,638)
Realized gains on sale of investments	(120,890)	(47,983)
Loss on disposal of property and equipment	2,213	-
Contributions for property acquisitions	(2,500,000)	(475,000)
Debt forgiveness	(1,985,800)	
Changes in		
Accounts receivable	(111,234)	487,587
Other accounts receivable	(71,201)	(319,837)
Contributions receivable	(225,200)	7,520
Other assets	(63,189)	(66,021)
Inventories	6,464	(185)
Accounts payable	(369,076)	163,036
Accrued liabilities	484,293	(279,446)
Net cash used in operating activities	<u>(224,506)</u>	<u>(1,150,613)</u>
Investing Activities		
Purchase of investments	(261,098)	(317,620)
Proceeds from disposition of investments	156,262	132,126
Purchase of property and equipment	<u>(522,795)</u>	<u>(5,918,800)</u>
Net cash used in investing activities	<u>(627,631)</u>	<u>(6,104,294)</u>
Financing Activities		
Contributions for property acquisitions	2,500,000	475,000
Proceeds from issuance of long-term debt	1,295,903	7,367,220
Principal payments on long-term debt	<u>(231,592)</u>	<u>(206,219)</u>
Net cash provided by financing activities	<u>3,564,311</u>	<u>7,636,001</u>
Net Change in Cash and Cash Equivalents	2,712,174	381,094
Cash and Cash Equivalents, Beginning of Year	<u>1,716,154</u>	<u>1,335,060</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 4,428,328</u></u>	<u><u>\$ 1,716,154</u></u>
Supplemental Cash Flows Information		
Interest paid	\$ 224,695	\$ 145,430
Property and equipment in accounts payable	2,829	313,469
Long-term debt incurred for purchase of equipment	70,125	45,772

KidsTLC, Inc. and its Subsidiary
Consolidated Statement of Functional Expenses
Year Ended December 31, 2021

	PRTF	Lotus Clinic	Autism	Intensive Outpatient	Sanctuary	Chaplaincy	Thriving Families	Total Program Expense
Salaries	\$ 8,961,450	\$ 176,519	\$ 1,952,075	\$ 249,141	\$ 686,746	\$ -	\$ 44,886	\$ 12,070,817
Payroll taxes	665,622	12,957	145,174	17,582	51,026	-	3,329	895,690
Employee benefits	1,038,665	21,022	207,497	39,600	81,386	-	5,970	1,394,140
Temporary help	347	-	-	-	28	-	-	375
Staff development	33,340	1,402	5,798	-	54	-	37	40,631
Insurance	225,121	1,525	25,117	1,503	16,185	-	240	269,691
Utilities and janitorial	220,555	1,255	31,298	1,023	14,263	-	49	268,443
Depreciation	790,427	14,003	155,161	18,520	43,737	7	488	1,022,343
Repairs and maintenance	157,660	1,012	9,235	610	8,182	-	25	176,724
Rent expense	10,530	17,998	1,842	16,995	814	-	24	48,203
Communications	55,577	1,249	13,574	1,464	3,478	-	142	75,484
Professional services	910,009	8,019	146,050	10,040	42,790	-	1,788	1,118,696
Legal services	2,356	-	-	-	-	-	-	2,356
Accounting services	21,941	176	4,186	295	1,327	-	56	27,981
Consultant	52,710	367,007	117	8	1,801	-	2	421,645
Contract services	56,036	2,615	3,382	240	3,798	-	1	66,072
Placement payments	107	-	-	-	-	-	-	107
Equipment repairs	8,538	1	151	5	659	-	-	9,354
Equipment leases	18,877	-	-	-	186	-	-	19,063
Small equipment	79,968	4,726	16,109	3,916	860	-	720	106,299
Travel/vehicle expenses	12,593	2	38	140	505	-	-	13,278
Printing	-	250	-	-	-	-	-	250
Supplies	80,685	657	5,464	1,757	7,270	-	4	95,837
Postage	687	81	69	4	17	-	1	859
Dues	11,723	101	2,697	169	761	-	32	15,483
Subscriptions	3,326	-	-	-	-	-	-	3,326
Advertising	388	-	-	-	1	-	-	389
Licenses	7,133	27	4,375	195	203	-	8	11,941
Food	264,871	-	-	3,295	44,085	-	-	312,251
Other client expenses	66,893	4,740	412	193	5,817	-	-	78,055
Household supplies	38,461	343	1,885	235	3,526	-	3	44,453
Medical	38,885	-	11	-	882	-	-	39,778
Flex-plan	987	1,326	-	-	-	-	-	2,313
Fundraising events	(157)	-	-	-	-	-	-	(157)
Donor and volunteer recognition	-	-	-	-	-	-	-	-
Other fees	321	4,407	3,225	-	-	-	-	7,953
Interest expense	5,514	94	2,125	189	95	-	95	8,112
Amortization expense	-	-	4,566	-	-	-	-	4,566
Miscellaneous	23,129	-	-	52	79	-	-	23,260
Total expenses	<u>\$ 13,865,275</u>	<u>\$ 643,514</u>	<u>\$ 2,741,633</u>	<u>\$ 367,171</u>	<u>\$ 1,020,561</u>	<u>\$ 7</u>	<u>\$ 57,900</u>	<u>\$ 18,696,061</u>

KidsTLC, Inc. and its Subsidiary
Consolidated Statement of Functional Expenses (Continued)
Year Ended December 31, 2021

		<u>Fundraising</u>		
	Management & General	Fundraising Services	Charities	2021 Total
Salaries	\$ 771,251	\$ 413,243	\$ 55,251	\$ 13,310,562
Payroll taxes	44,084	30,291	-	970,065
Employee benefits	152,677	53,203	-	1,600,020
Temporary help	-	-	-	375
Staff development	1,867	1,825	-	44,323
Insurance	4356	160	-	274,207
Utilities and janitorial	4,799	805	-	274,047
Depreciation	32,191	8,872	-	1,063,406
Repairs and maintenance	2,227	2,097	-	181,048
Rent expense	1,074	7,579	-	56,856
Communications	989	419	-	76,892
Professional services	74,719	6,912	-	1,200,327
Legal services	78,831	-	-	81,187
Accounting services	16,010	-	2,392	46,383
Consultant	50	162,584	-	584,279
Contract services	39	63	-	66,174
Placement payments	-	-	-	107
Equipment repairs	3	-	-	9,357
Equipment leases	761	-	-	19,824
Small equipment	21,605	8,147	-	136,051
Travel/vehicle expenses	2,186	2,350	-	17,814
Printing	4,063	9,188	-	13,501
Supplies	2,058	1,369	-	99,264
Postage	1,449	2,271	-	4,579
Dues	2,665	859	-	19,007
Subscriptions	737	815	-	4,878
Advertising	15,015	23,769	-	39,173
Licenses	5,550	51	-	17,542
Food	155	-	-	312,406
Other client expenses	79	172	-	78,306
Household supplies	228	157	-	44,838
Medical	7	-	-	39,785
Flex-plan	(15)	-	-	2,298
Fundraising events	-	277,321	100,000	377,164
Donor and volunteer recognition	103	4,781	-	4,884
Other fees	15,799	7,767	20,113	51,632
Interest expense	216,300	283	-	224,695
Amortization expense	-	5,456	-	10,022
Miscellaneous	19,323	-	5,858	48,441
	<u>19,323</u>	<u>-</u>	<u>5,858</u>	<u>48,441</u>
Total expenses	<u>\$ 1,493,235</u>	<u>\$ 1,032,809</u>	<u>\$ 183,614</u>	<u>\$ 21,405,719</u>

KidsTLC, Inc. and its Subsidiary
Consolidated Statement of Functional Expenses
Year Ended December 31, 2020

	PRTF	Lotus Clinic	Autism	Intensive Outpatient	Sanctuary	Chaplaincy	Thriving Families	CARES	Total Program Expense
Salaries	\$ 6,934,797	\$ 226,506	\$ 2,221,639	\$ 199,315	\$ 616,796	\$ 375	\$ 61,818	\$ -	\$ 10,261,246
Payroll taxes	509,273	15,986	164,575	14,370	45,546	27	4,274	-	754,051
Employee benefits	783,868	28,574	204,441	25,448	70,903	59	9,230	-	1,122,523
Temporary help	491	-	-	-	108	-	-	-	599
Staff development	24,872	468	6,141	439	169	-	780	-	32,869
Insurance	181,918	1,391	33,181	3,306	16,684	281	1,466	-	238,227
Utilities and janitorial	178,522	2,313	29,741	2,014	11,462	284	117	-	224,453
Depreciation	686,331	18,714	120,485	13,928	37,519	563	488	-	878,028
Repairs and maintenance	100,024	383	14,147	376	8,577	114	57	-	123,678
Rent expense	17,012	35,240	2,803	35,408	1,289	-	42	-	91,794
Communications	46,921	1,984	21,353	2,446	4,905	-	162	-	77,771
Professional services	1,440,489	13,318	258,882	22,640	54,094	-	1,759	-	1,791,182
Legal services	2,203	-	-	-	-	-	-	-	2,203
Accounting services	25,375	465	8,154	711	2,084	-	69	-	36,858
Consultant	71,706	306,420	39,118	2,383	3,861	4,540	3,992	-	432,020
Contract services	40,148	75	6,414	68	2,904	69	22	-	49,700
Equipment repairs	6,229	9	181	14	658	-	1	-	7,092
Equipment leases	2,316	-	71	-	76	-	-	-	2,463
Small equipment	466,116	508	16,023	1,021	11,069	-	1,913	-	496,650
Travel/vehicle expenses	33,996	1	22,274	485	550	-	24	59	57,389
Printing	-	-	-	-	-	-	-	-	-
Supplies	66,658	172	8,311	1,312	6,346	57	9	89	82,954
Postage	699	27	143	153	29	-	1	-	1,052
Dues	8,915	216	4,313	329	965	-	32	-	14,770
Subscriptions	5,299	-	-	-	-	-	-	-	5,299
Advertising	456	-	6	1	2	-	-	-	465
Licenses	5,171	287	3,680	311	290	-	8	-	9,747
Food	270,643	-	-	4,532	57,841	-	-	842	333,858
Other client expenses	46,216	4,562	3,224	374	4,659	-	275	-	59,310
Household supplies	46,039	325	2,684	285	4,085	72	19	-	53,509
Medical	51,786	-	-	-	309	-	-	-	52,095
Flex-plan	-	-	-	-	-	-	8,526	-	8,526
Fundraising events	65	2	28	2	7	-	-	-	104
Donor and volunteer recognition	200	-	-	-	-	-	-	-	200
Other fees	98,973	5,076	3,306	-	8	-	-	-	107,363
Interest expense	310	87	709	56	35	-	-	-	1,197
Amortization expense	-	-	5,000	-	-	-	-	-	5,000
Miscellaneous	7,745	-	-	(143)	-	-	-	-	7,602
Total expenses	\$ 12,161,782	\$ 663,109	\$ 3,201,027	\$ 331,584	\$ 963,830	\$ 6,441	\$ 95,084	\$ 990	\$ 17,423,847

KidsTLC, Inc. and its Subsidiary
Consolidated Statement of Functional Expenses (Continued)
Year Ended December 31, 2020

		Fundraising		
	Management & General	Fundraising Services	Charities	2020 Total
Salaries	\$ 811,231	\$ 419,303	\$ -	\$ 11,491,780
Payroll taxes	57,808	29,369	-	841,228
Employee benefits	95,139	51,438	-	1,269,100
Temporary help	-	-	-	599
Staff development	9,597	786	-	43,252
Insurance	7,468	2,346	-	248,041
Utilities and janitorial	6,787	1,055	-	232,295
Depreciation	43,713	7,470	-	929,211
Repairs and maintenance	2,514	416	-	126,608
Rent expense	3,868	439	-	96,101
Communications	2,354	1,788	-	81,913
Professional services	103,522	19,472	-	1,914,176
Legal services	144,370	-	-	146,573
Accounting services	20,201	711	2,392	60,162
Consultant	1,697	118,012	-	551,729
Contract services	872	380	-	50,952
Equipment repairs	(1,831)	14	-	5,275
Equipment leases	9	2	-	2,474
Small equipment	17,767	3,870	-	518,287
Travel/vehicle expenses	4,490	1,142	-	63,021
Printing	2,413	7,965	-	10,378
Supplies	2,579	128	-	85,661
Postage	1,234	2,409	-	4,695
Dues	2,617	1,310	-	18,697
Subscriptions	7,030	45	-	12,374
Advertising	2,185	18,416	-	21,066
Licenses	125	82	-	9,954
Food	-	-	-	333,858
Other client expenses	400	-	-	59,710
Household supplies	538	107	-	54,154
Medical	(15,411)	-	-	36,684
Flex-plan	-	-	-	8,526
Fundraising events	4	69,538	-	69,646
Donor and volunteer recognition	759	4,091	-	5,050
Other fees	28,808	3,490	17	139,678
Interest expense	144,232	1	-	145,430
Amortization expense	-	5,212	-	10,212
Miscellaneous	(19,366)	-	5,858	(5,906)
Total expenses	<u>\$ 1,489,723</u>	<u>\$ 770,807</u>	<u>\$ 8,267</u>	<u>\$ 19,692,644</u>

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

TLC for Children and Families, Inc. was formed in 1970 as a not-for-profit 501(c)(3) organization in the state of Kansas. In July 2011, TLC for Children and Families, Inc. changed its name to KidsTLC, Inc. (KidsTLC). KidsTLC's mission is to provide opportunities that encourage positive growth and change for children, youth and families while ensuring a safe environment.

TLC Charities Foundation (Foundation) was formed in 2003 to encourage private philanthropy to further the vision, values and goals of KidsTLC. Planned gifts to TLC Charities Foundation enable KidsTLC to continue its long tradition of providing social services to children and youth who are facing abuse, neglect or family disruption.

Principles of Consolidation

The consolidated financial statements include the accounts of KidsTLC and the Foundation (the Organization). All significant intercompany transactions and accounts have been eliminated. KidsTLC has a controlling interest in the Foundation through board membership.

Program Services

Psychiatric Residential Treatment Facility

KidsTLC provides behavior management and residential and therapeutic treatment services, which include individual and family counseling, educational and vocational training, life skills, mentoring, and organized recreation to youth ages 6 to 18. In June 2010, KidsTLC added a Psychiatric Residential Treatment program Facility (PRTF) for youth with more acute issues needing more intensive treatment and supervision. PRTF services are using the Phoenix treatment model.

Phoenix Connections Intensive Outpatient Program

KidsTLC provides a structured group therapy program designed for children, ages 6 through 18, who exhibit psychiatric symptoms and significant impairment in day-to-day educational, social and interpersonal functioning. This unique program offers a much-needed intermediate level of care, serving as a bridge between inpatient hospitalization or PRTF and a traditional office outpatient setting. The program incorporates a variety of curricular goals, including practicing healthy communication, helping develop coping skills, distress tolerance, DBT techniques and therapeutic games. Phoenix Connections exists to offer the critical support youth and families need in order for youth to remain in, or successfully transition back into, the community. KidsTLC began offering Intensive Outpatient Program services in 2015.

KidsTLC, Inc. and its Subsidiary
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Phoenix Sanctuary

The Phoenix Sanctuary Program, aimed at preventing state custody and higher levels of care for children, offers emergency crisis stabilization for children and adolescents, ages 6-18, experiencing emotional, behavioral and social adaptation problems, and family or placement problems. The Phoenix Sanctuary has 24-hour client care, intake support and psychiatric consultation, as needed. Phoenix Sanctuary is a secure residential facility designed to enhance the youth's ability to achieve a higher level of functioning while avoiding future placement in a more intensive treatment facility. Referral sources often include JIAC, DCF, JCMH and various other placement agencies including KVC and St. Francis. KidsTLC began offering Sanctuary services in 2015.

Lotus Clinic

The Lotus Clinic, previously called Outpatient Behavioral Health Services program, began offering services in August 2012. The program provides therapeutic and psychiatric services including individual therapy, family therapy, group therapy, medication evaluations and management, parental education and support groups.

Autism Services

KidsTLC provides limited high-quality services for children with autism spectrum disorders. Services include clinical assessments, group and individual intervention programs and ongoing education and training opportunities for families with children on the autism spectrum. KidsTLC began offering autism services in July 2013.

CARES Parent Program

CARES (Caregiving Attitudes Reinforced by Education and Support) offers parents and caregivers of youth admitted to the KidsTLC's Phoenix Services free education, and provides networking and support systems through shared peer partnerships. With support from experienced parent liaisons and KidsTLC professionals, families are given opportunities to seek guidance, discuss personal experiences, share parenting approaches, and benefit from materials presented each week.

KidsTLC, Inc. and its Subsidiary
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ADACEA

The ADACEA program provides psychoeducation, training and support to families whose children are receiving services within KidsTLC's programs, as well as families in the community at large. ADACEA, (a version of CARES-Caregiving Attitudes Reinforced by Education and Support) is for Hispanic families and delivered in Spanish. This stands for Actitudes que Dan Amor Con Educación y Apoyo, meaning Attitudes that give Love with Education and Support. KidsTLC realizes that the struggles of Hispanic/Latino families are a major concern in the Olathe community. As a result of immigrating to the U.S., many Latinos have endured a range of life stressors and experiences (*e.g.*, poor housing, abuse, trauma, stigma and discrimination) that when left unaddressed and unresolved can lead to mental health problems. The ADACEA group also provides insight into cultural barriers and struggles that Hispanic parents may be facing with raising their children in a different culture, and provides alternatives for overcoming them while creating a safe home for children. Caregivers may also wish to privately discuss emotional and behavioral issues related to their children and families within a safe, culturally competent and confidential forum. Expenses for the ADACEA program are included with the street outreach program in the consolidated statements of functional expenses.

Chaplaincy Services

KidsTLC's Chaplaincy Program is available to clients and staff who seek spiritual guidance. The Chaplaincy Program provides youth group activities and assists youth who need transportation and/or supervision in order to attend church services at their chosen faith-based organization.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At December 31, 2021 and 2020, cash equivalents consisted primarily of money market accounts.

At December 31, 2021, the Organization's cash accounts exceeded federally insured limits by approximately \$3,724,000.

KidsTLC, Inc. and its Subsidiary
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Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of activities as net assets with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Organization maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Accounts Receivable

Patient accounts receivable reflects the outstanding amount of consideration to which the Organization expects to be entitled in exchange for providing patient care. These amounts are due from patients, third-party payors (including health insurers and government programs) and others. As a service to the patient, the Organization bills third-party payors directly and bills the patient when the patient's responsibility for co-pays, coinsurance and deductibles is determined. Patient accounts receivable are due in full when billed.

Bad debt expense was not significant for the years ended December 31, 2021 and 2020.

Property and Equipment

Property and equipment acquisitions over \$3,000 are stated at cost, less accumulated depreciation and amortization. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

KidsTLC, Inc. and its Subsidiary
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The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building	25-40 years
Leasehold improvements	7-40 years
Machinery and equipment	3-5 years
Furniture and fixtures	5-7 years
Motor vehicles	3-5 years

Long-lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2021 and 2020.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Program Revenue

Program revenue is recognized as the Organization satisfies performance obligations under its contracts with patients. Program revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policies and implicit price concessions provided to uninsured patients.

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The Organization determines its estimates of explicit price concessions which represent adjustments and discounts based on contractual agreements, its discount policies and historical experience by payor groups. The Organization determines its estimate of implicit price concessions based on its historical collection experience by classes of patients. The estimated amounts also include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews and investigations by third-party payors.

Contributions and Fundraising

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

KidsTLC, Inc. and its Subsidiary
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Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

The Organization hosts recurring fundraisers each year that comprise nearly all of the fundraising revenue. There were two fundraisers hosted for the years ended December 31, 2021 and 2020. One of the fundraising events is the Benefit. The Benefit raised approximately \$368,000 and \$139,000 in 2021 and 2020, respectively. This represents 86 percent and 44 percent of fundraising revenues and 8 percent and 8 percent of combined contribution and fundraising revenues in 2021 and 2020, respectively.

In-kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of property and services from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its consolidated financial statements, and similarly increase contribution revenue by a like amount. For the years ended December 31, 2021 and 2020, \$182,792 and \$336,775, respectively, was received in in-kind contributions.

The Organization receives in-kind professional services from members of the board of directors. The value of these services was approximately \$60,000 and \$136,000, respectively, for the years ended December 31, 2021 and 2020.

Inventory Pricing

Inventories consist of donated gift cards, donated clothing and other miscellaneous donated goods. The inventory is valued at its estimated fair value at the date of the donation.

Government Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization files tax returns in the U.S. federal jurisdiction.

KidsTLC, Inc. and its Subsidiary
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Deferred Revenue

Revenue from fees for patient services received in advance is deferred and recognized as actual patient services are provided.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and changes in net assets. Certain costs have been allocated among the program, management and general and fundraising and charities categories based on management's best estimate of the effort or cost expended and other methods.

Subsequent Events

Subsequent events have been evaluated through May 24, 2022, which is the date the consolidated financial statements were available to be issued.

Note 2: Program Revenue

Program revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services to patients. These amounts are due from patients, third-party payors (including health insurers and government programs) and others. Generally, the Organization bills the patient and third-party payors several days after the services are performed and patient accounts receivable are due in full when billed. Revenue is recognized as performance obligations are satisfied.

Performance Obligations

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total actual charges. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to clients in the Organization receiving services in outpatient, inpatient, and residential locations. The Organization measures the performance obligation from commencement of service, to the point when it is no longer required to provide services to that client, which is generally at the time of completion of the service.

Transaction Price

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by explicit price concessions which consist of contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Organization's policy and implicit price concessions provided to patients. The Organization

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determines its estimates of contractual adjustments and discounts based on contractual agreements, its discount policies and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Refund Liabilities

From time to time, the Organization will receive overpayments of patient balances from third-party payors or patients resulting in amounts owed back to either the patients or third-party payors. Approximately \$42,000 and \$21,000 are included in accounts payable on the consolidated statements of financial position at December 31, 2021 and 2020, respectively.

Patient and Uninsured Payors

Generally, patients who are covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Organization estimates the transaction price for patients with deductibles and coinsurance and from those who are uninsured based on historical experience and current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts and implicit price concessions based on historical collection experience. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to program revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the patient's ability to pay are recorded as bad debt expense.

Revenue Composition

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payors have different reimbursement and payment methodologies
- Length of patient's service of care
- Method of reimbursement

KidsTLC, Inc. and its Subsidiary
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The composition of revenue under ASC 606 from services that transfer over time for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Revenue under ASC 606		
Program Revenue	\$ 17,600,721	\$ 15,468,835
Revenue under ASC 606 - Other Revenues		
Para Educators	\$ 450,752	\$ 281,385
Revenue under ASC 606 - Fundraising		
Fundraising	\$ 151,262	\$ 91,078

Financing Component

The Organization has elected the practical expedient allowed under FASB ASC 606-10-32-18 and does not adjust the promised amount of consideration from patients and third-party payors for the effects of a significant financing component due to the Organization's expectation that the period between the time the service is provided to a patient and the time the patient or a third-party payor pays for that service will be one year or less.

Note 3: Contributions Receivable

Contributions receivable consisted of the following at a discount rate of 5 percent:

	2021	2020
Due in less than one year	\$ 99,625	\$ 13,900
Due in one to five years	144,475	-
	244,100	13,900
Less		
Estimated allowance for uncollectible pledges and unamortized discount	9,220	4,220
	\$ 234,880	\$ 9,680

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
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Note 4: Investments

A summary of the composition of KidsTLC's investment portfolio at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Mutual funds invested in equity securities		
iShares Russell 1000 Value	\$ 381,369	\$ 355,361
MFS Value Fund	374,394	336,972
Eaton Vance Large Cap Value	371,137	347,732
iShares Russell 1000 Growth	370,375	361,710
BNY Mellon Appreciation Fund	367,016	336,385
Hartford Growth Opportunities Fund	361,171	381,192
Other Mutual Funds invested in Equity Securities	792,265	834,274
Mutual funds invested in debt securities		
PIMCO Total Return Fund	865,792	726,439
Metropolitan West Total Return Bond Fund	435,604	367,543
MFS Total Return Bond Fund	431,599	367,073
Other Mutual Funds invested in Debt Securities	412,547	417,303
Greater Kansas City Community Foundation	33,177	32,484
	<hr/>	<hr/>
Total investments	<u>\$ 5,196,446</u>	<u>\$ 4,864,468</u>

The Organization reports investments in equity and debt securities at fair value. Fair value is determined primarily on the basis of quoted market prices.

Note 5: Beneficial Interest in Assets Held by Others

The Organization has a beneficial interest in assets transferred to the Greater Kansas City Community Foundation. The Organization is to receive the interest and principal as requested. The cumulative amount of the retained beneficial interest included in the consolidated statements of financial position as investments was \$33,177 and \$32,484 at December 31, 2021 and 2020, respectively. The assets are invested primarily in pooled bond and equity funds.

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
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Note 6: Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2021 and 2020:

	Fair Value Measurements Using			
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021	Fair Value			
Mutual funds invested in equity securities				
iShares Russell 1000 Value	\$ 381,369	\$ 381,369	\$ -	\$ -
MFS Value Fund	374,394	374,394	-	-
Eaton Vance Large Cap Value	371,137	371,137	-	-
iShares Russell 1000 Growth	370,375	370,375	-	-
BNY Mellon Appreciation Fund	367,016	367,016	-	-
Hartford Growth Opportunities Fund	361,171	361,171	-	-
Other mutual funds invested in equity securities	792,265	792,265	-	-
Mutual funds invested in debt securities				
PIMCO Total Return Fund	865,792	865,792	-	-
Metropolitan West Total Return Bond Fund	435,604	435,604	-	-
MFS Total Return Bond Fund	431,599	431,599	-	-
Other mutual funds invested in debt securities	412,547	412,547	-	-
Greater Kansas City Community Foundation	33,177	-	33,177	-
Total	\$ 5,196,446	\$ 5,163,269	\$ 33,177	\$ -

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		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020	Fair Value			
Mutual funds invested in equity securities				
iShares Russell 1000 Value	\$ 355,361	\$ 355,361	\$ -	\$ -
MFS Value Fund	336,972	336,972	-	-
Eaton Vance Large Cap Value	347,732	347,732	-	-
iShares Russell 1000 Growth	361,710	361,710	-	-
BNY Mellon Appreciation Fund	336,385	336,385	-	-
Hartford Growth Opportunities Fund	381,192	381,192	-	-
Other mutual funds invested in equity securities	834,274	834,274	-	-
Mutual funds invested in debt securities				
PIMCO Total Return Fund	726,439	726,439	-	-
Metropolitan West Total Return Bond Fund	367,543	367,543	-	-
MFS Total Return Bond Fund	367,073	367,073	-	-
Other mutual funds invested in debt securities	417,303	417,303	-	-
Greater Kansas City Community Foundation	32,484	-	32,484	-
Total	\$ 4,864,468	\$ 4,831,984	\$ 32,484	\$ -

Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2021. For assets classified within Level 3 of the fair value hierarchy, the process used to develop the reported fair value is described below. The Organization does not have any Level 3 securities.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

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Beneficial Interest in Assets Held by Others

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy for 2021 and 2020.

Note 7: Long-term Debt

	2021	2020
Bond payable (A)	\$ 1,375,231	\$ 1,568,662
Bond payable (B)	5,692,271	5,271,420
Bond payable (C)	1,000,000	110,000
Note payable (D)	-	1,985,800
Notes payable (E)	61,546	-
Capital lease obligations (F)	44,098	88,628
	<u>8,173,146</u>	<u>9,024,510</u>
Less current maturities	<u>660,127</u>	<u>1,765,983</u>
	<u><u>\$ 7,513,019</u></u>	<u><u>\$ 7,258,527</u></u>

- (A) Effective August 1, 2013, the City of Olathe, Kansas issued its lease Revenue Bonds, Series 2013 (TLC for Children and Families, Inc.) in an aggregate principal amount of \$4,250,000, for the purpose of acquiring, constructing, reconstructing and equipping certain physical and mental health facilities on KidsTLC's campus, and for paying certain costs associated with the issuance of the bonds. Lease payments are the sum of principal and interest payments of \$28,060 monthly for 15 years, which includes accrued interest on the outstanding balance at an annual interest rate of 2.345 percent. The interest rate was fixed until August 31, 2017, and then KidsTLC had the option to renew the interest rate based on an interest rate period of three, four or five years. At the renewal date, the interest rate was renewed at 3.17 percent for five years increasing the lease payments to \$29,343 monthly. The bonds are collateralized by KidsTLC's Kelly Wellness Center property. In February 2019, the Organization made an additional payment of approximately \$1,245,000, which impacted the aggregate annual maturities of long-term debt.

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- (B) Effective June 1, 2020, the City of Olathe, Kansas issued its lease Revenue Bonds, Series 2020A (KidsTLC, Inc. Project) in an aggregate principal amount of \$6,000,000, for the purpose of acquiring, constructing and equipping certain physical and mental health facilities on KidsTLC's campus, and for paying certain costs associated with the issuance of the bonds. The bond funds shall be advanced to KidsTLC in principal advances up to the maximum principal advance of \$6,000,000. The interest rate is 3 percent until July 31, 2025 and renewed based on the current 5-year U.S. Treasury Bond yield for each subsequent five-year period. Principal payments on the bond are payable monthly commencing on January 31, 2022, based on a pre-determined schedule with a final maturity of December 31, 2039. The bonds are collateralized by specified real property and net unrestricted revenues as defined by the Intercreditor Agreement.
- (C) Effective June 1, 2020, the City of Olathe, Kansas issued its lease Revenue Bonds, Series 2020B (KidsTLC, Inc. Project) in an aggregate principal amount of \$1,000,000, for the purpose of acquiring, constructing and equipping certain physical and mental health facilities on KidsTLC's campus, and for paying certain costs associated with the issuance of the bonds. The bond funds shall be advanced to KidsTLC in principal advances up to the maximum principal advance of \$1,000,000. The interest rate is 3.8 percent until July 31, 2025 and renewed based on the current 5-year U.S. Treasury Bond yield. Principal payments on the bond are payable monthly commencing on January 31, 2022, based on a pre-determined schedule with a final maturity of December 31, 2026. The bonds are collateralized by specified real property and net unrestricted revenues as defined by the Intercreditor Agreement.
- (D) The CARES Act and other subsequent legislation provided a Small Business Administration (SBA) loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. The Paycheck Protection Program (PPP) loan will be forgiven if all employee retention criteria are met and the funds are used for eligible expenses. Monthly payments of principal and interest through April 15, 2022, with interest rate of 1 percent, forgiveness subject to approval by the SBA.
- In May 2021, the organization received formal approval that the PPP loan and accrued interest had been forgiven in full by the SBA. The debt forgiveness is recorded in other revenues within the consolidated statement of activities and changes in net assets at December 31, 2021.
- (E) Notes payable includes vehicle financings expiring in 2026 with monthly payments ranging from \$611 to \$616, with interest rates ranging from 1.28% to 1.90%. The notes payable are collateralized by the financed vehicles.
- (F) The above capital leases include administrative equipment for various years expiring through 2023.

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
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Aggregate annual maturities of long-term debt at December 31, 2021 are:

	Long-Term Debt (Exc. Leases)	Capital Lease Obligations
2022	\$ 628,177	\$ 31,946
2023	663,163	15,230
2024	684,957	-
2025	707,479	-
2026	721,483	-
Thereafter	<u>4,723,789</u>	<u>-</u>
	<u>\$ 8,129,048</u>	47,176
Less amount representing interest		<u>3,078</u>
Present value of future minimum lease payments		44,098
Less current maturities		<u>31,950</u>
Noncurrent portion		<u>\$ 12,148</u>

Property and equipment include the following equipment under capital leases:

	2021	2020
Equipment	\$ 155,967	\$ 155,967
Less accumulated depreciation	<u>92,600</u>	<u>81,766</u>
	<u>\$ 63,367</u>	<u>\$ 74,201</u>

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
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Note 8: Board Designated Funds

The board of directors has designated certain endowment funds as a means of future support for KidsTLC and its programs. Certain other reserves have been established by the board as operating or program reserves. These endowment and operating reserve funds are managed by the trust department of a bank and consist of a portion of the investments described in *Note 4*, plus money market funds included in the category of cash and cash equivalents on the consolidated statements of financial position. Absent some other annual direction by the board of directors, earnings on these endowment and operating reserve funds are added to the endowment or operating reserve, respectively.

In prior years, funds without donor restrictions from an anonymous contributor were designated to be used for the fulfillment of the funding requirements of a capital campaign, along with associated earnings on the assets. At December 31, 2021 and 2020, the value of these assets consisted of the net book value of the property and equipment acquired with these funds.

Board-designated net assets at December 31 are available for the following purposes or periods:

	2021	2020
Endowment reserve	\$ 53,080	\$ 88,443
Operating and program reserve	2,614,817	2,437,568
Capital campaigns	<u>369,983</u>	<u>1,929,434</u>
	<u><u>\$ 3,037,880</u></u>	<u><u>\$ 4,455,445</u></u>

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
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Note 9: Net Assets With Donor Restrictions

Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31 are restricted for the following purpose or periods:

	2021	2020
Subject to expenditure for specified purpose		
Capital improvements	\$ 2,500,000	\$ 164,725
Designated contributions	175,612	237,121
Program services	-	6,988
	<u>2,675,612</u>	<u>408,834</u>
Subject to the passage of time		
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	<u>234,880</u>	<u>-</u>
Endowments		
Chaplaincy endowment	1,032,049	956,330
Beneficial interest in assets held by Greater Kansas City Community Foundation	25,497	25,497
Other endowment funds	<u>61,064</u>	<u>43,155</u>
	<u>1,118,610</u>	<u>1,024,982</u>
	<u><u>\$ 4,029,102</u></u>	<u><u>\$ 1,433,816</u></u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2021	2020
Satisfaction or purpose restrictions		
Capital improvements	\$ 164,725	\$ 508,471
Designated contributions	226,069	575,601
Program services	6,988	-
Chaplaincy endowment	<u>39,015</u>	<u>-</u>
	<u><u>\$ 436,797</u></u>	<u><u>\$ 1,084,072</u></u>

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 10: Endowment

The Organization's governing body is subject to the *State of Kansas Prudent Management of Institutional Funds Act* (SPMIFA). As a result, the Organization classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The Organization's endowment consists of multiple funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

The composition of net assets by type of endowment fund at December 31, 2021 and 2020 was:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 53,080	\$ -	\$ 53,080
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	638,218	638,218
Accumulated investment gains	-	480,392	480,392
	<u>\$ 53,080</u>	<u>\$ 1,118,610</u>	<u>\$ 1,171,690</u>
Total endowment funds	<u>\$ 53,080</u>	<u>\$ 1,118,610</u>	<u>\$ 1,171,690</u>
2020			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 88,443	\$ -	\$ 88,443
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	627,696	627,696
Accumulated investment gains	-	397,286	397,286
	<u>\$ 88,443</u>	<u>\$ 1,024,982</u>	<u>\$ 1,113,425</u>
Total endowment funds	<u>\$ 88,443</u>	<u>\$ 1,024,982</u>	<u>\$ 1,113,425</u>

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Changes in endowment net assets for the years ended December 31, 2021 and 2020 were:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 88,443	\$ 1,024,982	\$ 1,113,425
Investment return, net	622	122,121	122,743
Additions	-	10,522	10,522
Appropriation of endowment assets for expenditure	(35,985)	(39,015)	(75,000)
Endowment net assets, end of year	\$ 53,080	\$ 1,118,610	\$ 1,171,690

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 220,555	\$ 896,899	\$ 1,117,454
Investment return, net	3,038	121,342	124,380
Additions	-	6,741	6,741
Appropriation of endowment assets for expenditure	(135,150)	-	(135,150)
Endowment net assets, end of year	\$ 88,443	\$ 1,024,982	\$ 1,113,425

Investment and Spending Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Organization's policies, endowment assets are invested in a manner that is intended to provide diversification among classes of investments and management strategies in a prudent approach and measured against an appropriate comparative benchmark.

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
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To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a spending policy of appropriating for expenditure each year approximately 5 percent of its endowment fund's average fair value over the prior five years average year end preceding the year in which expenditure is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow. This is consistent with the Organization's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Note 11: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020, are comprised of the following:

	2021	2020
Financial assets at year end		
Cash and cash equivalents	\$ 4,428,328	\$ 1,716,154
Accounts receivable	1,310,616	1,199,382
Contributions receivable	95,405	9,680
Other receivables	391,038	319,837
Investments	5,196,446	4,864,468
	<u>11,421,833</u>	<u>8,109,521</u>
Less amounts with donor imposed restrictions		
Financial assets subject to expenditure for specified purposes	(2,675,612)	(408,834)
Endowments	(1,118,610)	(1,024,982)
Net financial assets after donor imposed restrictions	<u>7,627,611</u>	<u>6,675,705</u>
Internal designations		
Endowment reserve	(53,080)	(88,443)
Board designated funds	(2,614,817)	(2,437,568)
	<u>(2,667,897)</u>	<u>(2,526,011)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,959,714</u>	<u>\$ 4,149,694</u>

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

The Organization's endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment of \$53,080 and \$88,443 for 2021 and 2020, respectively, is subject to an annual spending rate of approximately 5 percent as described in *Note 10*. Although the Organization does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization has a liquidity policy to maintain current financial assets less than current liabilities at a minimum of 30 days operating expenses. The Organization has a policy to target a year-end balance of reserves of undesignated net assets without donor restrictions to meet 15 to 30 days of expected expenditures. To achieve these targets, the Organization forecasts its future cash flows and monitors its liquidity quarterly and its reserves annually. During the years ended December 31, 2021 and 2020, the level of liquidity and reserves was managed within the policy requirements.

Note 12: Retirement Plan

The Organization has a 401(k) retirement plan, under which all employees who have attained the age of 21 and have completed 60 days of service are eligible to participate. Eligible employees may elect to defer up to 20 percent of their wages, subject to statutory limitations. The Organization matches 100 percent of employee contributions up to 3 percent of employee wages and 50 percent of contributions over 3 percent up to 5 percent of employee wages. The employer contribution expense totaled \$269,952 and \$230,056 for 2021 and 2020, respectively.

Note 13: Related Party Transactions

The Organization and KidsTLC Medical Services LLC (Medical Services) are related parties that are not financially interrelated organizations. Medical Services is owned by employees of the Organization and provides medical service personnel to the organization which is reported as professional services within the consolidated statements of functional expenses. There was \$496,356 paid to Medical Services by the Organization for the years ended December 31, 2020.

Effective June 14, 2020, the Organization stopped utilizing the services of Medical Services and all of the employees of Medical Services became employees of the Organization. Medical Services was dissolved in 2021.

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
December 31, 2021 and 2020

Note 14: Significant Estimates

Program Revenue Adjustments

Estimates of implicit and explicit price concessions included in patient service revenue are described in *Notes 1* and *2*.

Investments

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying consolidated statements of financial position.

Litigation

In the normal course of business, the Organization is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by the Organization's commercial insurance; for example, allegations regarding performance of contracts. The Organization evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

Based upon the Organization's claims experience, an accrual had been made for the Organization's estimated professional liability costs, including costs associated with litigating or settling claims, under its professional liability policy, an accrual of \$325,000 was deemed necessary as of December 31, 2021. A corresponding insurance receivable of \$325,000 is recorded as part of other receivables within the consolidated statement of financial position as of December 31, 2021. It is reasonably possible that this estimate could change materially in the near term.

Note 15: COVID-19 Pandemic

On March 11, 2020, the World Health Organization designated the SARS-CoV-2 virus and the incidence of COVID-19 (COVID-19) as a global pandemic. Patient volumes and the related revenues of the Organization were affected by COVID-19 as various policies were implemented by federal, state, and local governments in response to the pandemic that led many people to remain at home and forced the closure of or limitations on certain businesses, as well as suspended elective procedures by health care facilities.

KidsTLC, Inc. and its Subsidiary
Notes to Consolidated Financial Statements
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The extent of the COVID-19 pandemic's adverse effect on the Organization's operating results and financial condition has been and will continue to be driven by many factors, most of which are beyond the Organization's control and ability to forecast. Such factors include, but are not limited to, the scope and duration of stay-at-home practices and business closures and restrictions, government-imposed or recommended suspensions of elective procedures, continued declines in patient volumes for an indeterminable length of time, increases in the number of uninsured and underinsured patients as a result of higher sustained rates of unemployment, incremental expenses required for supplies and personal protective equipment, and changes in professional and general liability exposure.

Because of these and other uncertainties, the Organization cannot estimate the length or severity of the effect of the pandemic on the Organization's business. Decreases in cash flows and results of operations may have an effect on the inputs and assumptions used in significant accounting estimates, including estimated bad debts and contractual adjustments related to uninsured and other patient accounts.

Note 16: Future Change in Accounting Principle

Accounting for Leases

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the consolidated statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for consolidated statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. The Organization is evaluating the effect the standard will have on the consolidated financial statements; however, the standard is expected to have a material effect on the consolidated financial statements due to the recognition of additional assets and liabilities for operating leases.

Supplementary Information

KidsTLC, Inc. and its Subsidiary
Consolidating Schedule of Financial Position
December 31, 2021

	KidsTLC, Inc.	TLC Charities Foundation	Eliminations	Consolidated
Current Assets				
Cash and cash equivalents	\$ 4,251,166	\$ 177,162	\$ -	\$ 4,428,328
Accounts receivable	1,310,616	-	-	1,310,616
Contributions receivable	95,405	-	-	95,405
Other receivables	391,038	-	-	391,038
Due to/from affiliate	171,106	(171,106)	-	-
Prepaid expenses	186,462	-	-	186,462
Inventories	33,461	-	-	33,461
Total current assets	6,439,254	6,056	-	6,445,310
Investments	-	5,196,446	-	5,196,446
Property and Equipment, at Cost				
Land	2,222,046	-	-	2,222,046
Building and improvements	23,275,485	-	-	23,275,485
Furniture and equipment	2,344,111	-	-	2,344,111
Automotive equipment	240,671	-	-	240,671
	28,082,313	-	-	28,082,313
Less accumulated depreciation	8,922,180	-	-	8,922,180
Property and equipment, net	19,160,133	-	-	19,160,133
Contributions Receivable	139,475	-	-	139,475
Other Assets	27,927	61,064	-	88,991
Investment in Subsidiary	5,263,566	-	(5,263,566)	-
Total assets	\$ 31,030,355	\$ 5,263,566	\$ (5,263,566)	\$ 31,030,355
Current Liabilities				
Current maturities of long-term debt	\$ 660,127	\$ -	\$ -	\$ 660,127
Accounts payable	252,451	-	-	252,451
Accrued expenses	1,234,878	-	-	1,234,878
Total current liabilities	2,147,456	-	-	2,147,456
Long-term Liabilities				
Long-term debt	7,513,019	-	-	7,513,019
Total liabilities	9,660,475	-	-	9,660,475
Net Assets				
Without donor restrictions	17,340,778	4,105,941	(4,105,941)	17,340,778
With donor restrictions	4,029,102	1,157,625	(1,157,625)	4,029,102
Total net assets	21,369,880	5,263,566	(5,263,566)	21,369,880
Total liabilities and net assets	\$ 31,030,355	\$ 5,263,566	\$ (5,263,566)	\$ 31,030,355

KidsTLC, Inc. and its Subsidiary
Consolidating Schedule of Financial Position
December 31, 2020

	KidsTLC, Inc.	TLC Charities Foundation	Eliminations	Consolidated
Current Assets				
Cash and cash equivalents	\$ 1,664,210	\$ 51,944	\$ -	\$ 1,716,154
Accounts receivable	1,199,382	-	-	1,199,382
Contributions receivable	9,680	-	-	9,680
Other receivables	319,837	-	-	319,837
Due to/from affiliate	(1,923,416)	1,923,416	-	-
Prepaid expenses	148,643	-	-	148,643
Inventories	39,925	-	-	39,925
Total current assets	1,458,261	1,975,360	-	3,433,621
Investments	3,924,612	939,856	-	4,864,468
Property and Equipment, at Cost				
Land	2,222,046	-	-	2,222,046
Building and improvements	23,097,740	-	-	23,097,740
Furniture and equipment	2,539,393	-	-	2,539,393
Automotive equipment	182,047	-	-	182,047
	28,041,226	-	-	28,041,226
Less accumulated depreciation	8,097,754	-	-	8,097,754
Property and equipment, net	19,943,472	-	-	19,943,472
Other Assets	23,101	50,542	-	73,643
Investment in Subsidiary	2,965,758	-	(2,965,758)	-
Total assets	\$ 28,315,204	\$ 2,965,758	\$ (2,965,758)	\$ 28,315,204
Current Liabilities				
Current maturities of long-term debt	\$ 1,765,983	\$ -	\$ -	\$ 1,765,983
Accounts payable	932,167	-	-	932,167
Accrued expenses	750,585	-	-	750,585
Total current liabilities	3,448,735	-	-	3,448,735
Long-term Liabilities				
Long-term debt	7,258,527	-	-	7,258,527
Total liabilities	10,707,262	-	-	10,707,262
Net Assets				
Without donor restrictions	16,174,126	1,933,789	(1,933,789)	16,174,126
With donor restrictions	1,433,816	1,031,969	(1,031,969)	1,433,816
Total net assets	17,607,942	2,965,758	(2,965,758)	17,607,942
Total liabilities and net assets	\$ 28,315,204	\$ 2,965,758	\$ (2,965,758)	\$ 28,315,204

KidsTLC, Inc. and its Subsidiary
Consolidating Schedule of Activities
Year Ended December 31, 2021

	KidsTLC, Inc.	TLC Charities Foundation	Eliminations	Consolidated
Revenues, Gains and Other Support				
Program revenue	\$ 17,600,721	\$ -	\$ -	\$ 17,600,721
Contributions	1,464,494	9,879	-	1,474,373
Grants	144,551	-	-	144,551
Fundraising	429,694	-	-	429,694
Investment return, net	164,199	359,862	-	524,061
Gain on investment in subsidiary	2,297,808	-	(2,297,808)	-
Other revenues	2,483,736	10,521	-	2,494,257
	<u>24,585,203</u>	<u>380,262</u>	<u>(2,297,808)</u>	<u>22,667,657</u>
Expenses				
Program services				
PRTF	13,865,275	-	-	13,865,275
Lotus Clinic	643,514	-	-	643,514
Autism	2,741,633	-	-	2,741,633
Intensive Outpatient	367,171	-	-	367,171
Sanctuary	1,020,561	-	-	1,020,561
Chaplaincy	7	-	-	7
Thriving Families	57,900	-	-	57,900
	<u>18,696,061</u>	<u>-</u>	<u>-</u>	<u>18,696,061</u>
Management and general	1,493,235	-	-	1,493,235
Fundraising and charities	1,032,809	183,614	-	1,216,423
	<u>21,222,105</u>	<u>183,614</u>	<u>-</u>	<u>21,405,719</u>
Excess (Deficiency) of Revenues Over Expenses	3,363,098	196,648	(2,297,808)	1,261,938
Contributions for acquisition of property and equipment	2,500,000	-	-	2,500,000
Change in Net Assets Before Transfers to (from) Affiliate	5,863,098	196,648	(2,297,808)	3,761,938
Transfers to (from) Affiliate	(2,101,160)	2,101,160	-	-
Change in Net Assets	<u>\$ 3,761,938</u>	<u>\$ 2,297,808</u>	<u>\$ (2,297,808)</u>	<u>\$ 3,761,938</u>

KidsTLC, Inc. and its Subsidiary
Consolidating Schedule of Activities
Year Ended December 31, 2020

	KidsTLC, Inc.	TLC Charities Foundation	Eliminations	Consolidated
Revenues, Gains and Other Support				
Program revenue	\$ 15,468,835	\$ -	\$ -	\$ 15,468,835
Contributions	994,618	772	-	995,390
Grants	156,290	-	-	156,290
Fundraising	319,647	-	-	319,647
Investment return, net	270,290	379,201	-	649,491
Gain on investment in subsidiary	205,396	-	(205,396)	-
Other revenues	456,930	6,742	-	463,672
	<u>17,872,006</u>	<u>386,715</u>	<u>(205,396)</u>	<u>18,053,325</u>
Expenses				
Program services				
PRTF	12,161,782	-	-	12,161,782
Behavioral Health	663,109	-	-	663,109
Autism	3,201,027	-	-	3,201,027
Intensive Outpatient	331,584	-	-	331,584
Sanctuary	963,830	-	-	963,830
Chaplaincy	6,441	-	-	6,441
Thriving Families	95,084	-	-	95,084
CARES	990	-	-	990
	<u>17,423,847</u>	<u>-</u>	<u>-</u>	<u>17,423,847</u>
Management and general	1,489,723	-	-	1,489,723
Fundraising and charities	770,807	8,267	-	779,074
	<u>19,684,377</u>	<u>8,267</u>	<u>-</u>	<u>19,692,644</u>
Excess (Deficiency) of Revenues Over Expenses	(1,812,371)	378,448	(205,396)	(1,639,319)
Contributions for acquisition of property and equipment	475,250	-	-	475,250
Change in Net Assets Before Transfers to (from) Affiliate	(1,337,121)	378,448	(205,396)	(1,164,069)
Transfers to (from) Affiliate	173,052	(173,052)	-	-
Change in Net Assets	<u>\$ (1,164,069)</u>	<u>\$ 205,396</u>	<u>\$ (205,396)</u>	<u>\$ (1,164,069)</u>