Kids to Love Foundation

Audited Financial Statements

December 31, 2024

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Independent Auditor's Report

Board of Directors
Kids to Love Foundation
Madison, Alabama

Opinion

We have audited the accompanying financial statements of Kids to Love Foundation (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kids to Love Foundation as of December 31, 2024, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kids to Love Foundation 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kids to Love Foundation's ability to continue as a going concern within one year after the date that the 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 financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Aldridge, Borden and Company, P.C.

Huntsville, Alabama
December 2, 2025

Statement of Financial Position

Kids to Love Foundation
Madison, Alabama
As of December 31, 2024

Assets		
Current Assets		
Cash and Cash Equivalents	$	1,207,529
Other Receivables		7,291
Prepaid Expense		53,351
Total Current Assets		1,268,171
Property and Equipment		
Buildings and Improvements		2,230,095
Land		818,700
Furniture and Equipment		739,925
Vehicles		127,350
Construction in Progress		1,665,375
Less Accumulated Depreciation		(1,159,400)
Total Property and Equipment		4,422,045
Other Assets		
Collection		144,912
Total Other Assets		144,912
Total Assets	$	5,835,128
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	$	144,826
Payroll Liabilities		24,204
Retirement Payable		9,127
Total Current Liabilities		178,157
Long Term Liabilities		
Construction Loan Payable		1,596,375
Total Liabilities		1,774,532
Net Assets		
With Donor Restrictions		1,800,000
Without Donor Restrictions		2,260,596
Total Net Assets		4,060,596
Total Liabilities and Net Assets	$	5,835,128

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

Statement of Activities

Kids to Love Foundation
Madison, Alabama
For the Year Ended December 31, 2024

Net Asssets Without Donor Restrictions		
Revenue and Support		
Contributions		$ 1,374,303
Grants		714,768
Medicaid Reimbursements		78,151
Stock Donations		50,108
Special Events Revenue	$ 264,964	
Special Events Expenses	(174,276)	90,688
Ktech Tuition		2,337
Insurance		8,284
Contributions of Nonfinancial Assets		1,439,423
Total Revenue and Support		3,758,062
Functional Expenses		
Program Services		6,006,464
Administration		636,948
Fundraising		19,828
Total Functional Expenses		6,663,240
Other Income (Expenses)		
Other Income		797
Gain (Loss) on Disposal		184,998
Dividend and Interest Income		43,243
Total Other Income (Expenses)		229,038
Increase (Decrease) in Net Assets Without Donor Restrictions		(2,676,140)
Net Assets With Donor Restrictions		
Revenue and Support		
Contributions		616,667
Increase (Decrease) in Net Assets With Donor Restrictions		616,667
Increase (Decrease) in Net Assets		(2,059,473)
Net Assets, Beginning of Year		6,120,069
Net Assets, End of Year		$ 4,060,596

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

Statement of Functional Expenses

Kids to Love Foundation
Madison, Alabama
For the Year Ended December 31, 2024

	Program Services	Administrative & General	Fundraising	Total
Salaries	$ 1,647,543	$ 162,944		$ 1,810,487
Employee Benefits	220,468	21,804		242,272
Payroll Taxes	127,065	12,567		139,632
Child Assistance	267,885			267,885
Foster/Adoptive Parent Training	4,367			4,367
Accounting Fees	2,000	22,480		24,480
Legal Fees		301,497		301,497
Contract Service	56,765			56,765
Dues	6,055	7,006		13,061
Insurance	106,810	33,189		139,999
Fundraising			$ 19,828	19,828
Advertising Expense	46,573	10,426		56,999
Books and Subscriptions	8,375	1,888		10,263
Building and Grounds Maintenance	171,578	16,969		188,547
Business Meals	27,596	2,760		30,356
Computer and Internet	71,142	1,321		72,463
Utilities	78,097	7,724		85,821
Equipment Rental and Maintenance	16,171	1,599		17,770
Interest Expense	17,540			17,540
Telephone	14,325	1,417		15,742
Printing & Copy Expense	54,397	3,909		58,306
Postage and Mailing Service	17,899	1,770		19,669
Supplies	165,285	1,954		167,239
Storage	35,792	717		36,509
Training and Professional Development	18,574	1,267		19,841
Travel Expense	70,861	7,008		77,869
Vehicle Expenses	41,890			41,890
Property Taxes	1,502			1,502
Website	336	137		473
Miscellaneous	4,877	2,688		7,565
In-Kind Food, Clothing, Medical, Supplies	1,254,056			1,254,056
In-Kind Ktech Tuition	18,120			18,120
Admin & General		397		397
Medical Payments	55,653			55,653
Donation of Land	1,260,500			1,260,500
Depreciation	116,368	11,509		127,877
Total Functional Expenses	$ 6,006,464	$ 636,948	$ 19,828	$ 6,663,240

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

Statement of Cash Flows

Kids to Love Foundation
Madison, Alabama
For the Year Ended December 31, 2024

Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	$	(2,059,473)
Adjustments to Reconcile Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation		127,877
(Gain)/Loss on Sale of Fixed Assets		(184,998)
Stock Donations		(50,108)
NonCash Donation of Land		1,260,500
(Increase) Decrease in:		
Prepaid Expenses		27,176
Other Receivable		(5,291)
Increase (Decrease) in:		
Accounts Payable		104,801
Payroll Liabilities		1,898
Retirement Payable		917
Net Cash Provided (Used) by Operating Activities		(776,701)
Cash Flows from Investing Activities		
Purchase of Property and Equipment		(1,753,479)
Proceeds from Sale of Property and Equipment		27,467
Proceeds from Sale of Investments		50,108
Net Cash Provided (Used) by Investing Activities		(1,675,904)
Cash Flows from Financing Activities		
Loan Proceeds		1,596,375
Net Cash Provided (Used) by Financing Activities		1,596,375
Net Increase (Decrease) in Cash and Cash Equivalents		(856,230)
Cash and Cash Equivalents at Beginning of Year		2,063,759
Cash and Cash Equivalents at End of Year	$	1,207,529
Noncash Investing and Financing Transactions		
Contributions of Property and Equipment	$	19,553
NonCash Donation of Land	$	(1,260,500)
Interest Expense on Construction Loan	$	17,540

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

Notes to Financial Statements

Kids to Love Foundation
Madison, Alabama
December 31, 2024

Note 1 – Summary of Significant Accounting Policies

Organization - Kids to Love Foundation (KTL) was incorporated as an Alabama not-for-profit corporation in 2004. KTL's primary business activity is meeting the needs of foster children while awaiting permanent homes. KTL is located in Madison, Alabama and provides services for the state of Alabama. KTL is supported primarily through contributions and grants.

Basis of Accounting - Professional standards establish guidelines for external financial reporting by not-for-profit centers and require resources to be classified for accounting and reporting purposes into two net asset categories according to externally (donor) imposed restrictions. The two classes of net assets are:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents - All investments purchased with a maturity of three months or less are considered to be cash equivalents.

Recognition of Donor Restrictions - Support and revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Donor restricted contributions to acquire or construct property and equipment are released to net assets without donor restrictions at the point in time when the acquired or constructed property or equipment is placed in service.

Contributions – In accordance with current accounting standards, contributions received are recorded as increases to net assets with donor restrictions or net assets without donor restrictions depending on the existence and/or nature of any donor restrictions.

Note 1 – Summary of Significant Accounting Policies (Continued)

Expense Allocation - The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on salaries or square footage depending on the nature of the expense.

Baseball Card Collection - The baseball card collection is presented at an estimated fair market value at the date of donation, $144,912. Appreciation in value is not recognized.

Property and Equipment - Expenditures for property, equipment, and improvements are capitalized at cost. Equipment expenditures of $500 or less are charged to expense. Ordinary repairs and maintenance are charged to expense when incurred. Donated assets are capitalized, and recorded as support, at their fair market value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, KTL reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. KTL reclassifies net asset with donor restrictions to net assets without donor restrictions at that time.

Contributed Services, Equipment, and Facilities - As a not-for-profit organization, KTL is able to provide its services to the community in large part due to the dedicated support of its many volunteers. Only specialized services provided to KTL are required to be reflected in the financial statements. No support, revenue or expense is recognized from services contributed by other volunteers since no objective basis is available to measure the value of such services.

KTL also receives substantial donations of equipment and materials. The value of these non-cash contributions is reflected in the financial statements if they are susceptible to objective measurement or valuation at the date of receipt. Non-cash contributions with no clearly measurable basis of determining their value are not recorded.

Income Tax Status - The Organization qualifies as a tax-exempt center under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. KTL uses the accounting guidance for uncertainty in income taxes. Under the standards, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities.

Note 1 – Summary of Significant Accounting Policies (Continued)

Significant Estimates - The preparation of financial statements in conformity with generally accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events – Management has evaluated subsequent events through December 2, 2025, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability of Financial Assets

KTL's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash and cash equivalents	$ 1,207,529
Other receivables	7,291
	$ 1,214,820

As part of KTL's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3 – Investments

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. 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 dates. A fair value measurement assumes that the transaction to see the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value in three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Organization has the ability to access.

Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.

Note 3 – Investments (Continued)

Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the KTL's own data.)

The following table presents the KTL's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2024.

	Level 1	Level 2	Level 3	Total
Collection	$	$	$ 144,912	$ 144,912
Totals	$	$	$ 144,912	$ 144,912

The collection is baseball cards that were donated in a prior year. The fair value for the collection is based on the donor provided value.

Note 4 – Credit Risk Concentration

KTL maintains its cash accounts at several commercial banks. At various times during the year, KTL maintained deposits in excess of the Federal Deposit Insurance Corporation (FDIC) limitations. At December 31, 2024, KTL's bank balances in excess of the FDIC limit totaled $262,745. KTL has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Note 5 – Retirement Plan

KTL offers a 401(k) retirement plan to its employees. KTL funded a minimum of 2% of each eligible employee's salary for the year ended December 31, 2024. Expense of $35,739 was incurred under the plan for the year ended December 31, 2024.

Note 6 – Special Events

The Organization coordinated several special events during 2024. The revenues and direct expenses related to these events are netted on the financial statements and are detailed as follows:

	Revenue	Expense	Net Income
Denim and Diamonds	$123,267	$63,066	$60,201
Over the Edge	76,769	73,824	2,945
Golf Tournament	64,928	34,736	30,192
Other Events		2,650	(2,650)
Total Special Events	$264,964	$174,276	$90,688

Indirect fundraising costs are included as fundraising costs in the statement of functional expenses.

Note 7 – Property and Equipment

A summary of changes in fixed assets for the year ended December 31, 2024, is as follows:

	Beginning	Additions	Disposals/ Retirements	Ending
Buildings and Improvements	$2,230,095			$2,230,095
Land	1,913,590		($1,094,890)	818,700
Furniture and Equipment	728,590	$11,335		739,925
Vehicles	90,810	76,769	(40,229)	127,350
Construction in Progress		1,665,375		1,665,375
Accumulated Depreciation	(1,063,673)	(127,877)	32,150	(1,159,400)
	$3,899,412	$1,625,602	($1,102,969)	$4,422,045

Depreciation expense for the year ended December 31, 2024 is $127,877.

Note 8 – Contributions of Nonfinancial Assets

KTL reports donated goods and services meeting recognition criteria under U.S. GAAP as revenue and as expense, based on fair values. All contributions of nonfinancial assets were used for advancement of KTL programs. KTL did not monetize any contributed nonfinancial assets and unless otherwise noted, contributed nonfinancial assets did not have donor restrictions. In addition, a substantial number of volunteers have donated significant amounts of their time to KTL's program services and to its fund-raising campaigns. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation.

As of December 31, 2024, contributions of nonfinancial included in the statement of activities are comprised of the following:

Warehouse Center	$ 1,249,710
Davidson Farms	2,478
KTech	15,868
Moving and Storage	5,360
Rent	17,500
IT Expense	12,960
Advertising and Marketing	42,386
MWC	20,000
Vehicles	19,553
Denim and Diamonds	22,695
Golf Tournament	10,063
Over The Edge	20,850
Total	$ 1,439,423

Note 9 – Construction Loan Payable

The Organization entered into a construction loan agreement on June 7, 2024, to borrow up to $4,000,000. During the year, draws on the loan amounted to $1,596,375. The terms of the loan require KTL to pay, in one payment, all outstanding principal plus all accrued unpaid interest on June 7, 2028. Interest only payments on the loan began July 7, 2024. The interest rate on the loan is 7.25%. The loan is secured by the building that is being constructed by the loan. Interest paid on the loan as of December 31, 2024 was $17,490.

Note 10 – Noncash Donation of Land

During 2021, KTL received a noncash donation of land located in Birmingham, Alabama valued at $1,020,840. After some land improvements to prepare for construction, the carrying value of the land increased to $1,094,890.

In 2024, KTL donated the land to a not-for-profit organization located in Birmingham. At the date of donation, the land had an estimated fair market value of $1,260,500. A gain of $165,510 has been recognized representing the excess of the land's fair market value over the carrying amount at the time of the donation.

Note 11 – Net Assets With Donor Restrictions

Donor restricted net assets consist for the following purposes as of December 31, 2024:

Restricted for construction of new building	$1,800,000