Warm Blankets Children's Foundation, Inc.
DBA: Kinship United

Financial Statements and
Supplementary Information

June 30, 2017 and 2016

CUKIERSKI & COCHRANE
L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Warm Blankets Children's Foundation, Inc.
DBA: Kinship United
Rolling Meadows, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Warm Blankets Children's Foundation, Inc. (DBA: Kinship United), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Warm Blankets Children's Foundation, Inc. (DBA: Kinship United), as of June 30, 2017 and 2016, 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.

Report on Summarized Comparative Information

We have previously audited Warm Blankets Children's Foundation, Inc.'s 2016 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated August 22, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016, is consistent, in all material respects, with the audited financial statements

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements of Warm Blankets Children's Foundation, Inc. (DBA: Kinship United) (the Foundation) taken as a whole. The statements of functional expenses on page 12 are presented for the purpose of additional analysis and are not a required part of the financial statements of the Foundation. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

Cukierski & Cochrane, LLC

Schaumburg, Illinois
November 14, 2017

Warm Blankets Children's Foundation, Inc.
DBA: Kinship United
Statements of Financial Position
June 30, 2017 and 2016

ASSETS	2017	2016
CURRENT ASSETS		
Cash and Cash Equivalents	$ 980,377	$ 1,077,131
Trading Securities (Note 7)	-	205,688
Prepaid Expenses and Other Assets	12,666	31,745
Other Receivable	1,000	-
Total Current Assets	$ 994,043	$ 1,314,564
CONTRIBUTIONS RECEIVABLE FROM TRUSTS (Note 6)	$ 40,543	$ 42,167
FURNITURE AND EQUIPMENT		
Furniture and Equipment	$ 248,875	$ 248,875
Less Accumulated Depreciation	(239,945)	(235,042)
Net Furniture and Equipment	$ 8,930	$ 13,833
TOTAL ASSETS	$ 1,043,516	$ 1,370,564
LIABILITIES		
Accounts Payable	$ 1,525	$ 22,782
Accrued Expenses	4,000	17,135
TOTAL LIABILITIES	$ 5,525	$ 39,917
NET ASSETS		
Unrestricted	$ 930,862	$ 1,110,679
Temporarily Restricted (Note 3)	107,129	219,968
TOTAL NET ASSETS	$ 1,037,991	$ 1,330,647
TOTAL LIABILITIES AND NET ASSETS	$ 1,043,516	$ 1,370,564

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

Warm Blankets Children's Foundation, Inc.
DBA: Kinship United
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2017 with Comparative Totals for 2016

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE				
Contributions	$ 818,417	$ 694,924	$ 1,513,341	$ 1,589,506
In-Kind Contributions (Note 4)	2,277,173	-	2,277,173	3,297,682
Realized Gain on Investments	2,846	-	2,846	-
Interest and Dividends	2,520	-	2,520	4,005
Unrealized Gain (Loss) on Investments	-	-	-	(7,090)
Change in Value of Contributions Receivable from Trusts (Note 6)	(1,624)	-	(1,624)	(2,977)
Net Assets Released from Restrictions	807,763	(807,763)	-	-
TOTAL REVENUE	$ 3,907,095	$ (112,839)	$ 3,794,256	$ 4,881,126
EXPENSES				
Program Expenses	$ 3,602,564	$ -	$ 3,602,564	$ 4,781,452
General and Administrative Expenses	169,794	-	169,794	185,627
Fundraising Expenses	314,554	-	314,554	342,897
TOTAL EXPENSES	$ 4,086,912	$ -	$ 4,086,912	$ 5,309,976
INCREASE (DECREASE) IN TOTAL NET ASSETS	$ (179,817)	$ (112,839)	$ (292,656)	$ (428,850)
NET ASSETS - BEGINNING OF YEAR	1,110,679	219,968	1,330,647	1,759,497
NET ASSETS - END OF YEAR	$ 930,862	$ 107,129	$ 1,037,991	$ 1,330,647

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

Warm Blankets Children's Foundation, Inc.
DBA: Kinship United
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Total Net Assets	$ (292,656)	$ (428,850)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	4,903	8,086
(Increase) Decrease in:		
Prepaid Expenses and Other Assets	19,079	18,370
Other Receivable	(1,000)	-
Contributions Receivable from Trusts	1,624	2,977
Increase (Decrease) in:		
Accounts Payable	(21,257)	15,491
Accrued Expenses	(13,135)	(72)
Net Cash Provided by (Used in) Operating Activities	$ (302,442)	$ (383,998)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (Increase) Decrease in Trading Securities	$ 205,688	$ (104,353)
Net (Increase) Decrease in Furniture and Equipment	-	(5,025)
Net Cash Provided by (Used in) Investing Activities	$ 205,688	$ (109,378)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ (96,754)	$ (493,376)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,077,131	1,570,507
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 980,377	$ 1,077,131
Supplemental Disclosures:		
Cash paid during the year for Interest	$ -	$ -
Cash paid during the year for Income Taxes	$ -	$ -

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

NOTE 1 – NATURE OF ORGANIZATION

Warm Blankets Children's Foundation, Inc. (the Foundation) is a nonprofit Christian mission dedicated to the rescue of orphans and widows through third world church planting and outreach. The Foundation's mission is to unite people separated by war and tragedy, rebuild loving families for orphans and widows, and create networks of local churches and rescue centers. In October 2015, the Foundation adopted the new name, "Kinship United," in order to more clearly represent the ongoing mission of the organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposit accounts, and highly liquid investments with an initial maturity of three months or less.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The net assets of the Foundation are classified into two net asset groups as follows:

> Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by the Association over time.
>
> Unrestricted Net Assets – Net assets that are not temporarily restricted as described above.

Temporarily Restricted Contributions

The Association presents contributions as temporarily restricted if they are received with donor stipulations that impose specified purpose or time restrictions. When donor time restrictions expire or when a specific purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets.

Temporarily Restricted Net Assets totaled $107,129 and $219,968, respectively, on June 30, 2017 and 2016.

Property and Equipment

The Foundation generally capitalizes purchases of property and equipment in excess of $2,500. Purchased property and equipment are capitalized at cost. Donated assets are recorded at the estimated fair market value at the date of donation. Depreciation is computed on a straight-line basis over the useful lives of the assets, which generally range from 5 to 10 years.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Foundation follows the authoritative guidance issued by the Financial Accounting Standards Board (FASB), which defines fair value, establishes a framework for measuring fair value by providing a hierarchy used to classify the source of the information measuring fair value, and expands disclosures about fair value measurements.

Assets and liabilities carried at fair value are classified and disclosed in one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Materials and other assets received as donations are presented in the accompanying financial statements at their fair value at the date of receipt.

Functional Allocation of Expenses

The costs of providing program services and other activities have been summarized on a functional basis in the statement of functional expenses. Certain indirect expenses have been allocated among the program and supporting services benefited.

Income Taxes

Pursuant to a letter dated June 3, 2005, the Foundation has been determined by the Internal Revenue Service (IRS) as exempt from federal income taxes under the provisions of section 501(c)(3) of the Internal Revenue Code and classified as a public charity.

The Foundation follows authoritative guidance issued by FASB that clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribes a recognition threshold of more-likely-than-not to be sustained upon examination. Measurement of the tax uncertainty occurs if the recognition threshold has not been met. This guidance also addresses derecognition, classification, interest and penalties, disclosure, and transition.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

The Foundation's tax filings are subject to audit by various taxing authorities. As of June 30, 2017, the Foundation's federal and state income tax returns for fiscal year ended June 30, 2014, 2015, 2016, and 2017 remained open to examination by the taxing authorities.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

At June 30, 2017 and 2016, the Foundation presents temporarily restricted net assets available for the following projects:

	2017	2016
Support for orphan rescue and care	$ 66,586	$ 177,801
Contributions receivable from trusts	40,543	42,167
TOTAL TEMPORARILY RESTRICTED NET ASSETS	$ 107,129	$ 219,968

NOTE 4 – DONATED GOODS AND SERVICES

The Foundation received in-kind donations valued at $2,277,173 and $3,297,682, during years ending, June 30, 2017 and 2016, respectively, Such donations included non-perishable food, pharmaceuticals, supplies, and materials to be used in various foreign countries. Donations are presented in the accompanying financial statements at their fair value at the date of receipt.

NOTE 5 – OPERATING LEASE

The Foundation leases office space pursuant to an operating lease agreement with an expiration date of January 31, 2019. The monthly payments on this lease ranges from $4,000 to $4,244. The monthly rent during fiscal year ending June 30, 2017 and 2016 was $4,120 and $4,000, respectively.

The Foundation incurred rent expense of $48,720 and $45,002, during the years ended June 30, 2017 and 2016, respectively.

NOTE 5 – OPERATING LEASE (Continued)

The following is a schedule by year of future minimum lease payments for fiscal years ended June 30,

2018	$ 50,184
2019	29,708
TOTAL FUTURE MINIMUM LEASE PAYMENTS	$ 79,892

NOTE 6 – CONTRIBUTIONS RECEIVABLE FROM TRUSTS

The Foundation has a beneficial interest in two charitable remainder trusts. The present value of estimated future distributions from these trusts is $40,543, which is reflected in contributions receivable from trusts in the accompanying statements of financial position. This estimate is based upon life expectancies of the two current recipients and a discount rate of 3%.

Revaluations of the expected future distributions are recognized in the accompanying statement of activities as changes in the value of contributions receivable from trusts.

Contributions receivable from trusts measured at fair value on a recurring basis at June 30, 2017 and 2016 are as follows:

Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Trading Securities	$ -	$ -	$ -	$ -
Contribution receivable, beneficial interest in charitable remainder trust	-	-	40,543	40,543
Totals at 6/30/17	$ -	$ -	$ 40,543	$ 40,543

NOTE 6 – CONTRIBUTIONS RECEIVABLE FROM TRUSTS (CONTINUED)

Assets	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Trading Securities	$205,668	$ -	$ -	$205,668
Contribution receivable, beneficial interest in charitable remainder trust	-	-	42,167	42,167
Totals 6/30/16	$205,668	$ -	$ 42,167	$247,835

The following table sets forth a summary of changes in the fair value of the Foundation's Level 3 assets for the year ended June 30, 2017 and 2016.

Contributions Receivable from Trusts

	2017	2016
BALANCE, BEGINNING OF YEAR	$ 42,167	$ 45,144
Change in value of beneficial interest	(1,624)	(2,977)
BALANCE, END OF YEAR	$ 40,543	$ 42,167

NOTE 7 – TRADING SECURITIES

The Foundation's short-term investments are comprised of equity securities and mutual funds, all of which are classified as trading securities and are carried on the balance sheet at fair market value based on quoted market prices of the securities as of June 30, 2017. Net realized and unrealized gains and losses on trading securities are included in net earnings. For the purpose of determining realized gains and losses, the cost of the securities sold is determined by specific identification.

Aggregate fair value, cost and unrealized gains and losses for the trading securities are as follows:

	Fair Value	Cost	Unrealized Gains (Losses)
As of June 30, 2017	$ -	$ -	$ -
As of June 30, 2016	$ 205,688	$ 204,788	$ 900

NOTE 7 – TRADING SECURITIES (Continued)

During the year ended June 30, 2017, all trading securities were sold for $208,466. The Foundation realized a gain on the sale of investments of $2,846. During the year ended June 30, 2016, the Foundation sold trading securities with a cost of $18,604, and realized gain on the sale in the amount of $50. The realized gain on the sale of investments is included in Interest and Dividends on the Statements of Activities and Changes in Net Assets.

NOTE 8 – SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to June 30, 2017. As of November 14, 2017, which is the date these financial statements were available to be issued, no material events have occurred which require recognition or disclosure in the financial statements.

Warm Blankets Children's Foundation, Inc.
DBA: Kinship United
Statements of Functional Expenses
For the Year Ended June 30, 2017 with Comparative Totals for 2016

	2017				2016
	Program	General and Administrative	Fundraising	Total	Total
Contributions for Orphan Care:					
Fiscal Support	$ 1,015,403	$ -	$ -	$ 1,015,403	$ 1,089,208
Supplies (Note 4)	2,277,173	-	-	2,277,173	3,297,682
Salaries and Wages	173,067	48,652	199,083	420,802	438,402
Other Employee Benefits	12,799	1,624	5,477	19,900	21,238
Payroll Taxes	19,346	4,116	17,700	41,162	47,722
Professional Fees	-	12,104	-	12,104	11,779
Supplies	4,835	269	164	5,268	8,973
Telecommunications	9,047	1,477	1,233	11,757	20,067
Insurance	-	2,779	-	2,779	2,566
Occupancy	7,668	30,672	12,780	51,120	47,402
Dues and Subscriptions	-	321	8,029	8,350	2,911
Postage and Delivery	919	844	3,811	5,574	3,296
Printing and Publications	-	-	10,749	10,749	15,289
Bank Charges	-	19,029	-	19,029	21,357
Travel	17,146	310	429	17,885	39,793
Utilities	959	1,727	642	3,328	4,102
Office	42,039	25,404	3,709	71,152	86,433
Consultants	22,163	15,563	30,882	68,608	108,110
Advertising	-	-	19,866	19,866	35,560
Depreciation	-	4,903	-	4,903	8,086
TOTAL FUNCTIONAL EXPENSES	$ 3,602,564	$ 169,794	$ 314,554	$ 4,086,912	$ 5,309,976

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