

# **KICKSTART KIDS**

Financial Statements  
and Independent Auditors' Report  
for the years ended June 30, 2020 and 2019

# KICKSTART KIDS

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**Independent Auditors' Report**

To the Board of Directors of  
**KICKSTART KIDS:**

We have audited the accompanying financial statements of **KICKSTART KIDS**, which comprise the statements of financial position as of June 30, 2020 and 2019 and the related statements of activities, of functional expenses, and of 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.

**Auditors' 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 our 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 auditors' 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.

**Opinion** – In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **KICKSTART KIDS** as of June 30, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Blazek & Vetterling*

December 18, 2020

## KICKSTART KIDS

### Statements of Financial Position as of June 30, 2020 and 2019

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|   | <u>2020</u>         | <u>2019</u>         |
|---|---------------------|---------------------|
| ASSETS  |                     |                     |
| Cash and cash equivalents ( <i>Note 4</i> )                         | \$ 2,261,494        | \$ 1,593,668        |
| Service contracts receivable  |                     | 87,065              |
| Contributions receivable ( <i>Note 5</i> )                          | 463,012             | 446,001             |
| Prepaid expenses and other assets                                   | 161,275             | 89,980              |
| Property, net ( <i>Note 6</i> )                                     | <u>140,229</u>      | <u>80,849</u>       |
| TOTAL ASSETS  | <u>\$ 3,026,010</u> | <u>\$ 2,297,563</u> |
| LIABILITIES AND NET ASSETS  |                     |                     |
| Liabilities:  |                     |                     |
| Accounts payable and other liabilities                              | \$ 49,740           | \$ 44,979           |
| Pension liability ( <i>Note 9</i> )                                 | 3,320               | 75,725              |
| Refundable advances – Fundraising events                            | 71,177              | 4,035               |
| Refundable advances – Paycheck Protection Program ( <i>Note 3</i> ) | <u>823,000</u>      |                     |
| Total liabilities   | <u>947,237</u>      | <u>124,739</u>      |
| Net assets:   |                     |                     |
| Without donor restrictions  | 1,562,225           | 1,436,030           |
| With donor restrictions ( <i>Note 7</i> )                           | <u>516,548</u>      | <u>736,794</u>      |
| Total net assets  | <u>2,078,773</u>    | <u>2,172,824</u>    |
| TOTAL LIABILITIES AND NET ASSETS                                    | <u>\$ 3,026,010</u> | <u>\$ 2,297,563</u> |

See accompanying notes to financial statements.

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## KICKSTART KIDS

### Statement of Activities for the year ended June 30, 2020

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|   | WITHOUT DONOR<br>RESTRICTIONS | WITH DONOR<br>RESTRICTIONS | TOTAL               |
|---|-------------------------------|----------------------------|---------------------|
| REVENUE:                                    |                               |                            |                     |
| Service contract fees ( <i>Note 5</i> )     | \$ 3,920,000                  |                            | \$ 3,920,000        |
| Contributions ( <i>Notes 5 and 8</i> )      | 502,483                       | \$ 394,242                 | 896,725             |
| Fundraising events                          | 908,676                       |                            | 908,676             |
| Cost of sales related to fundraising events | (81,089)                      |                            | (81,089)            |
| Program fees and other income               | <u>519,161</u>                | <u></u>                    | <u>519,161</u>      |
| Total revenue                               | 5,769,231                     | 394,242                    | 6,163,473           |
| Net assets released from restrictions:      |                               |                            |                     |
| Satisfaction of program restrictions        | <u>614,488</u>                | <u>(614,488)</u>           | <u></u>             |
| Total                                       | <u>6,383,719</u>              | <u>(220,246)</u>           | <u>6,163,473</u>    |
| EXPENSES:                                   |                               |                            |                     |
| Program services – Karate instruction       | 5,248,884                     |                            | 5,248,884           |
| Management and general                      | 463,396                       |                            | 463,396             |
| Fundraising                                 | <u>545,244</u>                |                            | <u>545,244</u>      |
| Total expenses                              | <u>6,257,524</u>              |                            | <u>6,257,524</u>    |
| CHANGES IN NET ASSETS                       | 126,195                       | (220,246)                  | (94,051)            |
| Net assets, beginning of year               | <u>1,436,030</u>              | <u>736,794</u>             | <u>2,172,824</u>    |
| Net assets, end of year                     | <u>\$ 1,562,225</u>           | <u>\$ 516,548</u>          | <u>\$ 2,078,773</u> |

*See accompanying notes to financial statements.*

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## KICKSTART KIDS

Statement of Activities for the year ended June 30, 2019

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|   | WITHOUT DONOR<br>RESTRICTIONS | WITH DONOR<br>RESTRICTIONS | TOTAL               |
|---|-------------------------------|----------------------------|---------------------|
| REVENUE:  |                               |                            |                     |
| Service contract fees ( <i>Note 5</i> )         | \$ 3,499,000                  |                            | \$ 3,499,000        |
| Contributions ( <i>Notes 5 and 8</i> )          | 395,670                       | \$ 999,413                 | 1,395,083           |
| Fundraising events                              | 1,170,485                     |                            | 1,170,485           |
| Cost of direct benefits provided to donors      | (172,759)                     |                            | (172,759)           |
| Cost of sales related to fundraising events     | (72,354)                      |                            | (72,354)            |
| Program fees and other income                   | <u>505,241</u>                |                            | <u>505,241</u>      |
| Total revenue                                   | 5,325,283                     | 999,413                    | 6,324,696           |
| Net assets released from restrictions:          |                               |                            |                     |
| Satisfaction of program restrictions            | <u>522,247</u>                | <u>(522,247)</u>           |                     |
| Total   | <u>5,847,530</u>              | <u>477,166</u>             | <u>6,324,696</u>    |
| EXPENSES:                                       |                               |                            |                     |
| Program services – Karate instruction           | 4,496,694                     |                            | 4,496,694           |
| Management and general                          | 410,300                       |                            | 410,300             |
| Fundraising                                     | <u>723,044</u>                |                            | <u>723,044</u>      |
| Total expenses                                  | <u>5,630,038</u>              |                            | <u>5,630,038</u>    |
| CHANGES IN NET ASSETS FROM OPERATIONS           | 217,492                       | 477,166                    | 694,658             |
| Other pension-related changes ( <i>Note 9</i> ) | <u>(118,717)</u>              |                            | <u>(118,717)</u>    |
| CHANGES IN NET ASSETS                           | 98,775                        | 477,166                    | 575,941             |
| Net assets, beginning of year                   | <u>1,337,255</u>              | <u>259,628</u>             | <u>1,596,883</u>    |
| Net assets, end of year                         | <u>\$ 1,436,030</u>           | <u>\$ 736,794</u>          | <u>\$ 2,172,824</u> |

*See accompanying notes to financial statements.*

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## KICKSTART KIDS

### Statements of Cash Flows for the years ended June 30, 2020 and 2019

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|  | <u>2020</u>         | <u>2019</u>         |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES:  |                     |                     |
| Changes in net assets  | \$ (94,051)         | \$ 575,941          |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: |                     |                     |
| Depreciation   | 17,487              | 2,712               |
| Changes in operating assets and liabilities:   |                     |                     |
| Service contracts receivable   | 87,065              | (87,065)            |
| Contributions receivable   | (17,011)            | (397,233)           |
| Prepaid expenses and other assets  | (71,295)            | 3,746               |
| Accounts payable and other liabilities   | 4,761               | (27,588)            |
| Pension liability  | (72,405)            | 15,444              |
| Refundable advances – Fundraising events   | 67,142              |                     |
| Refundable advances – Paycheck Protection Program  | <u>823,000</u>      | <u></u>             |
| Net cash provided by operating activities  | <u>744,693</u>      | <u>85,957</u>       |
| CASH FLOWS FROM INVESTING ACTIVITIES:  |                     |                     |
| Purchase of property   | <u>(76,867)</u>     | <u>(79,201)</u>     |
| NET CHANGE IN CASH AND CASH EQUIVALENTS  | 667,826             | 6,756               |
| Cash and cash equivalents, beginning of year   | <u>1,593,668</u>    | <u>1,586,912</u>    |
| Cash and cash equivalents, end of year   | <u>\$ 2,261,494</u> | <u>\$ 1,593,668</u> |

*See accompanying notes to financial statements.*

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## KICKSTART KIDS

### Statement of Functional Expenses for the year ended June 30, 2020

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| <u>EXPENSES</u>                             | <u>PROGRAM<br/>SERVICES</u> | <u>MANAGEMENT<br/>AND GENERAL</u> | <u>FUNDRAISING</u> | <u>TOTAL</u>        |
|---|-----------------------------|-----------------------------------|--------------------|---------------------|
| Salaries                                    | \$ 3,665,510                | \$ 211,370                        | \$ 243,773         | \$ 4,120,653        |
| Payroll related costs                       | 1,012,328                   | 58,376                            | 67,324             | 1,138,028           |
| Professional fees                           | 95,381                      | 112,385                           | 105,406            | 313,172             |
| Occupancy                                   | 100,508                     | 22,502                            | 27,002             | 150,012             |
| Uniforms                                    | 117,183                     |                                   |                    | 117,183             |
| Insurance                                   | 74,318                      | 8,636                             |                    | 82,954              |
| Office expenses and supplies                | 24,018                      | 13,032                            | 27,108             | 64,158              |
| Gear  | 42,097                      |                                   |                    | 42,097              |
| Travel                                      | 26,889                      | 2,327                             | 11,297             | 40,513              |
| School expenses and supplies                | 18,516                      |                                   | 12,042             | 30,558              |
| Awards                                      | 20,577                      |                                   | 8,954              | 29,531              |
| Belts                                       | 24,864                      |                                   |                    | 24,864              |
| Meetings and conferences                    | 3,339                       | 1,818                             | 15,278             | 20,435              |
| Depreciation                                | 11,366                      | 1,924                             | 4,197              | 17,487              |
| Postage and printing                        | 909                         | 1,144                             | 13,946             | 15,999              |
| Bank charges and credit card fees           | 1,538                       | 1,647                             | 5,910              | 9,095               |
| Tournament fees                             | 7,522                       |                                   |                    | 7,522               |
| Other                                       | <u>2,021</u>                | <u>28,235</u>                     | <u>3,007</u>       | <u>33,263</u>       |
| Total expenses                              | <u>\$ 5,248,884</u>         | <u>\$ 463,396</u>                 | <u>\$ 545,244</u>  | 6,257,524           |
| Cost of sales related to fundraising events |                             |                                   |                    | <u>81,089</u>       |
| Total                                       |                             |                                   |                    | <u>\$ 6,338,613</u> |

*See accompanying notes to financial statements.*

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## KICKSTART KIDS

### Statement of Functional Expenses for the year ended June 30, 2019

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| <u>EXPENSES</u>                             | <u>PROGRAM<br/>SERVICES</u> | <u>MANAGEMENT<br/>AND GENERAL</u> | <u>FUNDRAISING</u> | <u>TOTAL</u>        |
|---|-----------------------------|-----------------------------------|--------------------|---------------------|
| Salaries                                    | \$ 3,213,248                | \$ 213,011                        | \$ 346,715         | \$ 3,772,974        |
| Payroll related costs                       | 661,178                     | 43,817                            | 71,320             | 776,315             |
| Professional fees                           | 68,187                      | 97,469                            | 119,023            | 284,679             |
| Occupancy                                   | 106,360                     | 17,999                            | 39,271             | 163,630             |
| Uniforms                                    | 115,770                     |                                   |                    | 115,770             |
| Insurance                                   | 70,699                      | 16,593                            | 179                | 87,471              |
| Office expenses and supplies                | 28,059                      | 14,409                            | 24,411             | 66,879              |
| Gear  | 46,500                      |                                   |                    | 46,500              |
| Travel                                      | 47,144                      | 580                               | 23,856             | 71,580              |
| School expenses and supplies                | 26,871                      |                                   | 11,459             | 38,330              |
| Awards                                      | 41,442                      |                                   | 8,743              | 50,185              |
| Belts                                       | 42,345                      |                                   |                    | 42,345              |
| Meetings and conferences                    | 8,089                       | 1,545                             | 35,763             | 45,397              |
| Depreciation                                | 1,763                       | 298                               | 651                | 2,712               |
| Postage and printing                        | 2,130                       | 989                               | 18,835             | 21,954              |
| Bank charges and credit card fees           | 4,538                       | 1,677                             | 19,918             | 26,133              |
| Tournament fees                             | 10,178                      |                                   |                    | 10,178              |
| Other                                       | <u>2,193</u>                | <u>1,913</u>                      | <u>2,900</u>       | <u>7,006</u>        |
| Total expenses                              | <u>\$ 4,496,694</u>         | <u>\$ 410,300</u>                 | <u>\$ 723,044</u>  | 5,630,038           |
| Cost of direct benefits provided to donors  |                             |                                   |                    | 172,759             |
| Cost of sales related to fundraising events |                             |                                   |                    | <u>72,354</u>       |
| Total                                       |                             |                                   |                    | <u>\$ 5,875,151</u> |

*See accompanying notes to financial statements.*

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## KICKSTART KIDS

Notes to Financial Statements for the years ended June 30, 2020 and 2019

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### NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Kick Drugs Out Of America Foundation does business as **KICKSTART KIDS** and was incorporated in Washington, D.C. in 1990. **KICKSTART KIDS**' primary objective is to teach discipline and promote self-esteem through the instruction of karate to children in and around Houston, Dallas, Galveston, and various other Texas cities.

Federal income tax status – **KICKSTART KIDS** is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1) and §170(b)(1)(A)(vi).

Cash and cash equivalents include bank deposits and highly liquid financial instruments with original maturities of three months or less.

Allowance for uncollectible service contracts receivable – An allowance for service contracts receivable is provided when it is believed balances may not be collected in full. It is **KICKSTART KIDS**' policy to write off receivables against the allowance when management determines the receivable will not be collected. The amount of bad debt expense recognized each period and the resulting adequacy of the allowance at the end of each period are determined using a combination of historical loss experience and customer-by-customer analysis of receivable balances.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in more than one year are discounted, if material, to estimate the present value of future cash flows. At June 30, 2020, contributions receivable are due to be received as follows: \$313,012 within one year, \$100,000 in one to five years, and \$50,000 in six to ten years.

Property is reported at cost if purchased or at fair value at the date of gift if donated. **KICKSTART KIDS**' policy is to capitalize property purchases over \$2,500. Depreciation is provided on a straight-line basis over estimated useful lives of 5 to 10 years.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

#### Service contract fees and program fees

*Service contract fees* are derived from providing karate instruction programs to schools and are recognized ratably over time as those services are provided. Service contract fees are recognized at the amount of consideration **KICKSTART KIDS** expects to be entitled to in exchange for those services. All performance obligations related to service contract fees are satisfied within the academic year of the

schools which is contained within the fiscal year. Service contract fees are due within 30 days of initiation of the schools' operating budget for the academic year, all of which are due within the fiscal year. Service contract fees are earned serving schools in North, Southeast, and Central Texas. The nature of these services does not give rise to any variable considerations, warranties or other related obligations. Accounts receivable from service contract fees were \$0, \$87,065, and \$0 at June 30, 2020, 2019, and 2018, respectively. **KICKSTART KIDS** has no contract liabilities related to service contract fees at June 30, 2020, 2019, and 2018.

*Program fees* are derived from registration fees, uniforms and merchandise purchased by the students, and tournament fees related to the karate instruction program. Program fees are recognized at the point in time the services are provided to the students. Program service fees are recognized at the amount of consideration **KICKSTART KIDS** expects to be entitled to in exchange for those services. All performance obligations related to program fees are satisfied within the academic year of the schools which is contained within the fiscal year. Program fees are due when the goods and services are provided to the students. There are no contract assets or liabilities resulting from program fees at June 30, 2020, 2019 or 2018.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are recognized in the same matter when the conditions have been met. Conditional contributions are subject to one or more barriers that must be overcome before **KICKSTART KIDS** is entitled to receive or retain funding. Funding received before conditions are met is reported as a refundable advance.

Fundraising events revenue is the total amount paid by sponsors and attendees of an event and includes elements of both contributions and exchange transactions. Fundraising events revenue is recognized when the event occurs. Direct donor benefit costs represent the cost of goods and services provided to attendees of the fundraising events.

Contributed materials, use of facilities and services are recognized as revenue at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used or when the service is provided. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated on the basis of estimated time and effort expended. Depreciation and occupancy costs are allocated based on usage of related facilities.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## NOTE 2 – ADOPTION OF ACCOUNTING STANDARDS UPDATES

**KICKSTART KIDS** adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the new guidance is that the entity should recognize revenue in an amount that reflects the consideration to which it expects to be entitled in exchange for transferred goods or services using a 5-step process to determine when performance obligations are satisfied and revenue is recognized and requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers. **KICKSTART KIDS** adopted the ASU effective July 1, 2019 using the full retrospective method. The timing and amount of revenue recognized previously is consistent with how revenue is recognized under this ASU and therefore, adoption of this ASU had no impact on total beginning net assets or changes in net assets for 2019, but resulted in additional disclosures and changes in presentation.

Effective July 1, 2019, **KICKSTART KIDS** also adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This guidance clarifies the distinction between contributions and exchange transactions and between conditional and unconditional contributions. No changes were made to the 2019 financial statements as a result of adoption and there is no cumulative effect on net assets at the effective date.

## NOTE 3 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30 comprise the following:

|   | <u>2020</u>         | <u>2019</u>         |
|---|---------------------|---------------------|
| Financial assets:   |                     |                     |
| Cash and cash equivalents                                     | \$ 2,261,494        | \$ 1,593,668        |
| Service contracts receivable                                  |                     | 87,065              |
| Contributions receivable                                      | <u>463,012</u>      | <u>446,001</u>      |
| Total financial assets  | 2,724,506           | 2,126,734           |
| Less financial assets not available for general expenditure:  |                     |                     |
| Cash equivalents board-designated for operating purposes      | (522,085)           | (517,957)           |
| Donor-restricted assets for use in future periods or projects | <u>(300,947)</u>    | <u>(425,794)</u>    |
| Total financial assets available for general expenditure      | <u>\$ 1,901,474</u> | <u>\$ 1,182,983</u> |

For purposes of analyzing resources available to meet general expenditures over a 12-month period, **KICKSTART KIDS** considers all expenditures related to its ongoing karate instruction activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

**KICKSTART KIDS** is substantially supported by service contract fees, contributions, and fundraising events revenue, and regularly monitors liquidity required to meet its operating needs. In March 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and a national emergency was declared in the United States. Stay-at-home orders caused mandated and voluntary closings of hosting **KICKSTART KIDS**' programs; however, instruction continued using on-line resources. **KICKSTART KIDS** has striven to maintain its full-time employees in spite of COVID-19 closures. In April 2020, **KICKSTART KIDS** received

financial relief of approximately \$823,000 from the Paycheck Protection Program (PPP Loan). The PPP Loan is forgivable if **KICKSTART KIDS** meets its eligibility requirements and uses the loan to fund qualified payroll and other eligible costs. The loan bears interest at 1.0% and may be repaid over 2 years.

The gala and golf tournament were cancelled due to COVID-19, and approximately \$71,000 of the funds received in 2020 will be applied to the events held in the upcoming year. **KICKSTART KIDS'** Board of Directors has designated a portion of its resources without donor restrictions as operating reserve. Although **KICKSTART KIDS** does not intend to spend from the board-designated funds, amounts from the board-designated funds could be made available, if necessary.

#### NOTE 4 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

|                                 | <u>2020</u>         | <u>2019</u>         |
|---------------------------------|---------------------|---------------------|
| Bank deposits                   | \$ 1,314,620        | \$ 833,699          |
| Money market mutual funds       | <u>946,874</u>      | <u>759,969</u>      |
| Total cash and cash equivalents | <u>\$ 2,261,494</u> | <u>\$ 1,593,668</u> |

Bank deposits exceed the federally insured limit per depositor per institution.

#### NOTE 5 – CONCENTRATIONS

Service contract fees from four school districts represent approximately 68% and 70% of **KICKSTART KIDS'** total fees in 2020 and 2019, respectively. In 2020, approximately 39% of total contributions was from three donors. In 2019, approximately 43% of total contributions was from one donor. Approximately 93% of **KICKSTART KIDS'** total contributions receivable balance was from four donors at June 30, 2020. Approximately 90% of **KICKSTART KIDS'** total contributions receivable balance was from one donor at June 30, 2019.

#### NOTE 6 – PROPERTY

Property consists of the following:

|                                   | <u>2020</u>       | <u>2019</u>      |
|-----------------------------------|-------------------|------------------|
| Furniture, equipment and software | \$ 152,606        | \$ 95,413        |
| Vehicles                          | 48,311            | 28,637           |
| Leasehold improvements            | <u>3,627</u>      | <u>3,627</u>     |
| Total property, at cost           | 204,544           | 127,677          |
| Accumulated depreciation          | <u>(64,315)</u>   | <u>(46,828)</u>  |
| Property, net                     | <u>\$ 140,229</u> | <u>\$ 80,849</u> |

## NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

|   | <u>2020</u>       | <u>2019</u>       |
|---|-------------------|-------------------|
| Subject to expenditure for specified purpose: |                   |                   |
| Digital community website                     | \$ 500,948        | \$ 635,194        |
| Technology and branding awareness upgrades    | 14,000            |                   |
| Scholarships                                  | 1,600             | 1,600             |
| Program fees aid                              | <u>          </u> | <u>100,000</u>    |
| Total net assets with donor restrictions      | <u>\$ 516,548</u> | <u>\$ 736,794</u> |

## NOTE 8 – IN-KIND CONTRIBUTIONS

**KICKSTART KIDS** recognized the following in-kind contributions and expenses during the year ended June 30, 2020:

|                             | <u>PROGRAM<br/>SERVICES</u> | <u>MANAGEMENT<br/>AND GENERAL</u> | <u>FUNDRAISING</u> | <u>TOTAL</u>      |
|-----------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| Office space                | \$ 97,508                   | \$ 16,501                         | \$ 36,003          | \$ 150,012        |
| Professional services       | <u>          </u>           | <u>29,674</u>                     | <u>3,000</u>       | <u>32,674</u>     |
| Total in-kind contributions | <u>\$ 97,508</u>            | <u>\$ 46,175</u>                  | <u>\$ 39,003</u>   | <u>\$ 182,686</u> |

**KICKSTART KIDS** recognized the following in-kind contributions and expenses during the year ended June 30, 2019:

|                             | <u>PROGRAM<br/>SERVICES</u> | <u>MANAGEMENT<br/>AND GENERAL</u> | <u>FUNDRAISING</u> | <u>TOTAL</u>      |
|-----------------------------|-----------------------------|-----------------------------------|--------------------|-------------------|
| Office space                | \$ 106,360                  | \$ 17,999                         | \$ 39,271          | \$ 163,630        |
| Professional services       | <u>          </u>           | <u>37,278</u>                     | <u>2,556</u>       | <u>39,834</u>     |
| Total in-kind contributions | <u>\$ 106,360</u>           | <u>\$ 55,277</u>                  | <u>\$ 41,827</u>   | <u>\$ 203,464</u> |

## NOTE 9 – EMPLOYEE RETIREMENT PLAN

Defined benefit retirement plan – **KICKSTART KIDS** had a noncontributory, defined benefit retirement plan covering all full-time employees. Participants employed at January 1, 2007 were credited with years of service beginning with their original hire date. Benefits were based on years of service and compensation through April 30, 2017, the date the plan was frozen. On December 5, 2019, the Board of Directors approved a termination plan for all participants in the plan subject to the approval of the Pension Benefits Guaranty Corporation (PBGC). The distribution of plan assets commenced in accordance with the provisions of the Employee Retirement Income Security Act of 1974, and final distributions were made in September 2020.

**KICKSTART KIDS** contributed approximately \$348,000 and \$72,000 to the plan during 2020 and 2019, respectively. **KICKSTART KIDS** recognized a loss of approximately \$119,000 in 2019, which was reported as other pension-related changes in the statement of activities.

#### **NOTE 10 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 18, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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