



**JUMPSTART FOR YOUNG CHILDREN, INC.**

**FINANCIAL STATEMENTS  
AUGUST 31, 2015 AND 2014**

**JUMPSTART FOR YOUNG CHILDREN, INC.**

Contents  
August 31, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors of  
Jumpstart for Young Children, Inc.:

**Report on the Financial Statements**

We have audited the accompanying financial statements of Jumpstart for Young Children, Inc. (a Massachusetts corporation, not for profit) which comprise the statements of financial position as of August 31, 2015 and 2014, and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jumpstart for Young Children, Inc. as of August 31, 2015 and 2014, 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.

*Alexander, Brown, Penning & Co., P.C.*

Boston, Massachusetts  
February 12, 2016

**JUMPSTART FOR YOUNG CHILDREN, INC.**Statements of Financial Position  
August 31, 2015 and 2014

<b>Assets</b>	<b>2015</b>	<b>2014</b>
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 3,019,005	\$ 1,764,339
Current portion of grants and pledges receivable	5,091,675	4,956,558
Prepaid expenses and other	253,154	254,924
Total current assets	8,363,834	6,975,821
Grants and Pledges Receivable, net of current portion and discount	-	58,218
Note Receivable	75,000	90,000
Security Deposit	154,747	96,203
Property and Equipment, net	145,853	168,680
Total assets	<u>\$ 8,739,434</u>	<u>\$ 7,388,922</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Current portion of capital lease obligation	\$ 15,345	\$ 27,530
Accounts payable and accrued expenses	807,705	618,110
Payable to affiliates	1,352,470	2,019,702
Total current liabilities	2,175,520	2,665,342
Capital Lease Obligation, net of current portion	-	16,579
Total liabilities	<u>2,175,520</u>	<u>2,681,921</u>
<b>Net Assets:</b>		
<b>Unrestricted:</b>		
Operating	2,951,783	2,952,532
Property and equipment	130,509	124,571
Total unrestricted	3,082,292	3,077,103
Temporarily restricted	3,481,622	1,629,898
Total net assets	<u>6,563,914</u>	<u>4,707,001</u>
Total liabilities and net assets	<u>\$ 8,739,434</u>	<u>\$ 7,388,922</u>

The accompanying notes are an integral part of these statements.

**JUMPSTART FOR YOUNG CHILDREN, INC.**

Statements of Activities and Changes in Net Assets  
For the Years Ended August 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Operating Revenues:</b>						
Grants and contributions:						
Government	\$ 7,413,590	\$ -	\$ 7,413,590	\$ 7,558,510	\$ -	\$ 7,558,510
Individuals	3,568,594	2,079,633	5,648,227	3,643,763	118,672	3,762,435
Foundations	1,631,494	913,001	2,544,495	2,130,697	1,381,377	3,512,074
Corporations	2,120,430	434,008	2,554,438	2,650,114	109,374	2,759,488
In-kind goods and services	6,285,857	-	6,285,857	6,174,281	-	6,174,281
Other revenue	33,088	-	33,088	65,224	-	65,224
Net assets released from restrictions:						
Satisfaction of purpose restriction	197,500	(197,500)	-	556,583	(556,583)	-
Satisfaction of time restriction	1,377,418	(1,377,418)	-	200,000	(200,000)	-
Total operating revenues	<u>22,627,971</u>	<u>1,851,724</u>	<u>24,479,695</u>	<u>22,979,172</u>	<u>852,840</u>	<u>23,832,012</u>
<b>Operating Expenses:</b>						
Program services	18,711,754	-	18,711,754	19,725,898	-	19,725,898
General and administrative	1,800,324	-	1,800,324	1,456,451	-	1,456,451
Fundraising	2,110,704	-	2,110,704	1,759,163	-	1,759,163
Total operating expenses	<u>22,622,782</u>	<u>-</u>	<u>22,622,782</u>	<u>22,941,512</u>	<u>-</u>	<u>22,941,512</u>
Changes in net assets	5,189	1,851,724	1,856,913	37,660	852,840	890,500
<b>Net Assets:</b>						
Beginning of year	<u>3,077,103</u>	<u>1,629,898</u>	<u>4,707,001</u>	<u>3,039,443</u>	<u>777,058</u>	<u>3,816,501</u>
End of year	<u>\$ 3,082,292</u>	<u>\$ 3,481,622</u>	<u>\$ 6,563,914</u>	<u>\$ 3,077,103</u>	<u>\$ 1,629,898</u>	<u>\$ 4,707,001</u>

The accompanying notes are an integral part of these statements.

**JUMPSTART FOR YOUNG CHILDREN, INC.**

## Statements of Cash Flows

For the Years Ended August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ 1,856,913	\$ 890,500
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	124,641	172,124
Bad debt	36,250	78,204
Forgiveness of note receivable	15,000	15,000
Increase (decrease) in discount of grants and pledges receivable	(1,782)	1,328
Changes in operating assets and liabilities:		
Grants and pledges receivable	(111,367)	(1,313,911)
Prepaid expenses and other	1,770	(60,264)
Security deposit	(58,544)	-
Accounts payable and accrued expenses	189,595	(349,370)
Payable to affiliates	(667,232)	583,164
Net cash provided by operating activities	1,385,244	16,775
<b>Cash Flows from Investing Activities:</b>		
Acquisition of property and equipment	(101,814)	(46,840)
<b>Cash Flows from Financing Activities:</b>		
Principal payments on capital lease obligation	(28,764)	(28,851)
<b>Net Change in Cash and Cash Equivalents</b>	1,254,666	(58,916)
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>1,764,339</u>	<u>1,823,255</u>
End of year	<u>\$ 3,019,005</u>	<u>\$ 1,764,339</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest	<u>\$ 1,234</u>	<u>\$ 3,163</u>

The accompanying notes are an integral part of these statements.

**JUMPSTART FOR YOUNG CHILDREN, INC.**

## Statement of Functional Expenses

For the Year Ended August 31, 2015

(With Summarized Comparative Totals for the Year Ended August 31, 2014)

	2015				2014
	Program Services	General and Administrative	Fund-raising	Total	Total
<b>Payroll and Related:</b>					
Salaries	\$ 4,557,634	\$ 1,151,473	\$ 1,035,193	\$ 6,744,300	\$ 7,223,622
Fringe benefits and taxes	950,832	172,180	178,900	1,301,912	1,443,691
Corps member stipends	796,741	-	-	796,741	708,628
Total payroll and related	<u>6,305,207</u>	<u>1,323,653</u>	<u>1,214,093</u>	<u>8,842,953</u>	<u>9,375,941</u>
<b>Other:</b>					
Grants to affiliates	3,465,465	-	-	3,465,465	3,272,995
Printing and program supplies	683,291	579	93,665	777,535	948,010
Occupancy	579,448	65,105	107,664	752,217	745,634
Consultants and professional services	413,400	154,136	53,821	621,357	684,369
Meals, travel and lodging	410,234	5,853	53,354	469,441	380,276
Special events	-	-	448,648	448,648	431,242
Telecommunication and computers	169,126	19,234	27,022	215,382	239,340
Office supplies	135,329	30,664	14,251	180,244	163,350
Depreciation	92,844	15,491	16,306	124,641	172,124
Training events and institutes	107,794	-	4,850	112,644	59,074
Other	9,990	90,046	270	100,306	57,813
Subscriptions	45,255	25,203	16,972	87,430	67,198
Licenses	35,000	27,491	19,195	81,686	66,603
Bad debt	-	36,250	-	36,250	78,204
Membership dues	16,946	300	3,430	20,676	21,493
Advertising	50	-	-	50	3,565
Total other	<u>6,164,172</u>	<u>470,352</u>	<u>859,448</u>	<u>7,493,972</u>	<u>7,391,290</u>
<b>In-Kind:</b>					
Salaries and corps member stipends	5,176,863	-	-	5,176,863	5,017,373
Occupancy	827,480	-	-	827,480	456,578
Program supplies	188,438	-	-	188,438	497,307
Special events	-	-	37,163	37,163	12,649
Professional services	28,135	6,319	-	34,454	85,618
Other	9,595	-	-	9,595	89,377
Meals, travel and lodging	7,984	-	-	7,984	6,508
Office supplies	3,880	-	-	3,880	8,871
Total in-kind	<u>6,242,375</u>	<u>6,319</u>	<u>37,163</u>	<u>6,285,857</u>	<u>6,174,281</u>
Total expenses	<u>\$ 18,711,754</u>	<u>\$ 1,800,324</u>	<u>\$ 2,110,704</u>	<u>\$ 22,622,782</u>	<u>\$ 22,941,512</u>

The accompanying notes are an integral part of these statements.

**JUMPSTART FOR YOUNG CHILDREN, INC.**

Statement of Functional Expenses  
For the Year Ended August 31, 2014

	<u>Program Services</u>	<u>General and Adminis- trative</u>	<u>Fund- raising</u>	<u>Total</u>
<b>Payroll and Related:</b>				
Salaries	\$ 5,610,723	\$ 818,517	\$ 794,382	\$ 7,223,622
Fringe benefits and taxes	1,112,601	194,114	136,976	1,443,691
Corps member stipends	708,628	-	-	708,628
	<u>7,431,952</u>	<u>1,012,631</u>	<u>931,358</u>	<u>9,375,941</u>
<b>Total payroll and related</b>				
	<u>7,431,952</u>	<u>1,012,631</u>	<u>931,358</u>	<u>9,375,941</u>
<b>Other:</b>				
Grants to affiliates	3,272,995	-	-	3,272,995
Printing and program supplies	923,054	2,702	22,254	948,010
Occupancy	587,547	64,830	93,257	745,634
Consultants and professional services	421,165	143,117	120,087	684,369
Meals, travel and lodging	320,386	4,911	54,979	380,276
Special events	-	-	431,242	431,242
Telecommunication and computers	196,430	15,296	27,614	239,340
Office supplies	132,087	16,041	15,222	163,350
Depreciation	139,421	17,385	15,318	172,124
Training events and institutes	47,747	24	11,303	59,074
Other	28,004	29,789	20	57,813
Subscriptions	41,356	8,779	17,063	67,198
Licenses	37,427	25,600	3,576	66,603
Bad debt	-	78,204	-	78,204
Membership dues	18,695	-	2,798	21,493
Advertising	3,142	-	423	3,565
	<u>6,169,456</u>	<u>406,678</u>	<u>815,156</u>	<u>7,391,290</u>
<b>Total other</b>	<u>6,169,456</u>	<u>406,678</u>	<u>815,156</u>	<u>7,391,290</u>
<b>In-Kind:</b>				
Salaries and corps member stipends	5,017,373	-	-	5,017,373
Occupancy	456,578	-	-	456,578
Program supplies	497,307	-	-	497,307
Special events	-	-	12,649	12,649
Professional services	48,476	37,142	-	85,618
Other	89,377	-	-	89,377
Meals, travel and lodging	6,508	-	-	6,508
Office supplies	8,871	-	-	8,871
	<u>6,124,490</u>	<u>37,142</u>	<u>12,649</u>	<u>6,174,281</u>
<b>Total in-kind</b>	<u>6,124,490</u>	<u>37,142</u>	<u>12,649</u>	<u>6,174,281</u>
<b>Total expenses</b>	<u>\$ 19,725,898</u>	<u>\$ 1,456,451</u>	<u>\$ 1,759,163</u>	<u>\$ 22,941,512</u>

The accompanying notes are an integral part of these statements.



## **JUMPSTART FOR YOUNG CHILDREN, INC.**

Notes to Financial Statements  
August 31, 2015 and 2014

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### **1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES**

#### **OPERATIONS**

Founded in 1993, Jumpstart for Young Children, Inc. (Jumpstart) is a national early education organization that helps children develop the language, literacy and social skills they need to succeed in kindergarten, setting them on a path for lifelong success. Jumpstart served 11,400 and 11,300 children during the 2015 and 2014 fiscal years, respectively, by engaging 4,253 Corps members across fourteen states and the District of Columbia.

Jumpstart operates 75 sites under two models: corporate and affiliate. Jumpstart's corporate programs are run by Jumpstart's employees, whereas affiliate sites implement the program with university staff members and pay their expenses directly. Affiliate universities are awarded a reimbursement grant by Jumpstart to cover these expenses. Of Jumpstart's 75 sites, 39 were classified as affiliate sites. This classification is a fiscal distinction only as all program fidelity requirements must be equally met under both models.

Throughout the past twenty years, Jumpstart's unique program has excelled at training caring adults to engage preschool-aged children in a carefully designed curriculum that ensures children enter kindergarten prepared to succeed. The program is intensive and intentional; children participate in twenty weeks of sessions targeted at building the specific skills research tells us children need. An external study conducted by Illinois State University showed that Jumpstart children showed gains that were two to three times larger than the gains of comparison children, "Harris, S. (2010)." *Early intervention for poverty-stricken children: A study of preschoolers receiving Jumpstart*. (Unpublished doctoral dissertation, Illinois State University, Normal, IL).

Jumpstart's high quality, cost-effective and replicable program, along with its ability to work collaboratively with partners and parents, has been recognized by major industry awards and featured in national media. Learn more at [www.jstart.org](http://www.jstart.org).

#### **NONPROFIT STATUS**

Jumpstart is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). Jumpstart is also exempt from state income taxes. Donors may deduct contributions made to Jumpstart within IRC requirements.

#### **SIGNIFICANT ACCOUNTING POLICIES**

Jumpstart prepares its financial statements in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. generally accepted accounting principles (U.S. GAAP) in these notes are to the FASB Accounting Standards Codification (ASC).

#### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, cash and cash equivalents consist of checking and small business money market savings accounts.

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2015 and 2014

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Fair Value Measurements

Jumpstart follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Jumpstart would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

Jumpstart uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of Jumpstart. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.
- Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

##### Property, Equipment and Depreciation

Property and equipment are recorded at cost, if purchased, or at fair value at the date of donation. Property and equipment consist of the following as of August 31:

	<u>2015</u>	<u>2014</u>
Equipment and technology	\$ 763,660	\$ 661,846
Leasehold improvements	174,154	174,154
Furniture and fixtures	<u>139,273</u>	<u>139,273</u>
	1,077,087	975,273
Less - accumulated depreciation	<u>931,234</u>	<u>806,593</u>
Net property and equipment	<u>\$ 145,853</u>	<u>\$ 168,680</u>

## **JUMPSTART FOR YOUNG CHILDREN, INC.**

Notes to Financial Statements  
August 31, 2015 and 2014

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### **1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Property, Equipment and Depreciation (Continued)**

Leasehold improvements are depreciated using the straight-line method over the life of the lease. Equipment and technology and furniture and fixtures are depreciated using the straight-line method over an estimated useful life of three years. Depreciation expense was \$124,641 and \$172,124 for the years ended August 31, 2015 and 2014, respectively.

##### **Revenue Recognition**

Unrestricted contributions are recorded as unrestricted revenue when unconditionally pledged or received. Grant revenue is recorded as services are provided.

Jumpstart records unconditional grants and contributions as temporarily restricted revenue and net assets, if they are received with donor stipulations that limit the use of the assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Restricted grants and contributions received and expended in accordance with donor restrictions within the same fiscal year are reported as unrestricted revenues.

##### **Allowance for Doubtful Accounts**

Estimates of uncollectible grants and pledges receivable are based on past collection experience together with a review of the current status of existing receivables. There was no allowance for uncollectible grants and pledges receivable at August 31, 2015 and 2014.

##### **Estimates**

The preparation of financial statements in accordance with U.S. GAAP 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### **Expense Allocation**

Expenses related directly to a function are distributed to that function, while other expenses are allocated based upon management's estimate of the percentage attributable to each function.

##### **Grants to Affiliates**

Jumpstart awards one-year cost reimbursable grants to its affiliates. These grants are recognized as expenses as costs are incurred. Amounts expensed but not yet disbursed are recorded as payable to affiliates in the accompanying statements of financial position.

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2015 and 2014

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Net Assets

**Unrestricted net assets** include amounts which bear no external restrictions and are currently available for operations. Jumpstart has classified its unrestricted net assets into the following categories:

**Operating** represents the portion of net assets that are available for general operations.

**Property and equipment** represent the portion of net assets invested in property and equipment, net of related debt.

**Temporarily restricted net assets** include contributions and grants which are designated by donors for specific purposes or time periods. These contributions are recorded as temporarily restricted net assets until they are expended for their designated purposes or the time period lapses.

Temporarily restricted net assets are restricted as follows as of August 31:

	<u>2015</u>	<u>2014</u>
Time	\$ 2,841,300	\$ 1,432,398
Purpose	<u>640,322</u>	<u>197,500</u>
Total temporarily restricted net assets	<u>\$ 3,481,622</u>	<u>\$ 1,629,898</u>

##### Special Events

Jumpstart records special events revenue using the gross method. Special events revenue is included in grants and contributions and totaled \$2,115,260 and \$3,015,148 for the years ended August 31, 2015 and 2014, respectively. Special events expenses totaled \$485,811 and \$443,891 for the years ended August 31, 2015 and 2014, respectively, and are included in fundraising and special events in the accompanying statements of functional expenses.

##### Uncertainty in Income Taxes

Jumpstart accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statement regarding a tax position taken or expected to be taken in a tax return. Jumpstart has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at August 31, 2015 and 2014. Jumpstart's information returns are subject to examination by the Federal and state jurisdictions and generally remain open for the most recent three years.

##### Advertising

Advertising costs are expensed as incurred.

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2015 and 2014

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### 1. OPERATIONS, NONPROFIT STATUS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Subsequent Events

Subsequent events have been evaluated through February 12, 2016, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the financial statements.

### 2. IN-KIND GOODS AND SERVICES

Jumpstart receives significant in-kind goods and services in various aspects of its programs. The value of these goods and services is reflected in the accompanying financial statements based upon a value assigned by the donors or a reasonable estimate determined by management.

The recorded value of in-kind Corps member stipends received during the year ended August 31, 2014, was increased by \$4,547,580 and both in-kind goods and services revenues and expenses were revised accordingly. This revision did not affect either the previously reported balances of net assets or changes in net assets as of or for the year ended August 31, 2014.

### 3. GRANTS AND PLEDGES RECEIVABLE

Jumpstart had grants and pledges receivable as follows as of August 31:

	<u>2015</u>	<u>2014</u>
Due in one year	\$ 5,091,675	\$ 4,956,558
Due in two years	-	60,000
	<u>5,091,675</u>	<u>5,016,558</u>
Less – discount	-	1,782
Less – current portion	<u>5,091,675</u>	<u>4,956,558</u>
	<u>\$ -</u>	<u>\$ 58,218</u>

These grants and pledges have been discounted to present value at the time of donation using a 2.9% discount rate at August 31, 2014. There was no discount at August 31, 2015, as current year grants and pledges were due in fiscal year 2016.

The following table reflects grants and pledges receivable concentrations as of August 31:

<u>Agency/Individual</u>	<u>2015</u>	<u>2014</u>
Governmental Entity – A	16%	38%
Individual donor – A	15%	7%
Individual donor – B	12%	7%
Governmental Entity – B	11%	9%

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2015 and 2014

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### 4. NOTE RECEIVABLE

The note receivable in the accompanying statements of financial position relates to an amount due from Jumpstart's Chief Executive Officer (CEO) as part of a relocation assistance agreement. The note bears no interest. Repayment was due upon the sale of the CEO's former residence. During fiscal year 2013, the note receivable was renegotiated. Beginning in 2013, after a cash payment of \$25,000, Jumpstart will forgive a portion of this loan each year as compensation. During 2015 and 2014, Jumpstart forgave \$15,000, which is included in salaries in the accompanying statements of functional expenses. If the CEO's employment with Jumpstart terminates prior to August 31, 2018, the remaining balance of the note receivable is due. At August 31, 2015 and 2014, \$75,000 and \$90,000, respectively, was outstanding.

### 5. LEASES

Jumpstart leases office space for its National and Regional offices under various non-cancelable operating leases. The initial terms of these leases are from one to five years, expiring at various dates through November 2020. Jumpstart is responsible for its proportionate share of real estate taxes and operating costs where applicable. Jumpstart has the option to renew certain leases as defined in the lease agreements. Total facility expense for the years ended August 31, 2015 and 2014, was \$752,216 and \$745,634, respectively, and is included in occupancy in the accompanying statements of functional expense.

Jumpstart has three operating leases for office equipment which expire on various dates through July 31, 2016. Total monthly payments were \$4,219 at August 31, 2015 and 2014.

Future minimum lease payments under these agreements are as follows:

<u>Fiscal Year</u>	<u>Facility</u>	<u>Equipment</u>
2016	\$ 678,571	\$ 48,422
2017	\$ 603,839	\$ 21,789
2018	\$ 345,965	\$ 16,416
2019	\$ 364,622	\$ -
2020	\$ 126,545	\$ -
Thereafter	\$ 11,726	\$ -

### 6. CAPITAL LEASE OBLIGATION

Jumpstart leases certain equipment with an aggregate cost of \$131,315 under a capital lease agreement. The interest rate under this agreement is 3.64%. This agreement expires in April 2016 with a current portion due of \$15,345.

For the years ended August 31, 2015 and 2014, depreciation expense on equipment purchased under capital lease was \$26,263. Interest expense on this lease was \$1,234 and \$3,163 for the years ended August 31, 2015 and 2014, respectively.

### 7. FUNDING

Jumpstart received approximately \$7,414,000 and \$7,559,000 of its funding from government agencies for the years ended August 31, 2015 and 2014, respectively, all of which is subject to audit by the specific government agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of Jumpstart as of August 31, 2015 and 2014, or on the changes in its net assets for the years then ended. For the years ended August 31, 2015 and 2014, 95% and 94%, respectively, of the total government funding was from one Federal program.

## **JUMPSTART FOR YOUNG CHILDREN, INC.**

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### **8. CONCENTRATION OF CREDIT RISK**

Jumpstart maintains its cash balances in a bank that is insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, the cash balances exceeded the insured amount. Jumpstart has not experienced any losses in this account. Jumpstart believes it is not exposed to any significant credit risk on its cash and cash equivalents. Jumpstart maintains a money market account with an investment firm, which totalled \$224,243 and \$1 at August 31, 2015 and 2014, respectively. This account is not FDIC insured.

### **9. RETIREMENT PLAN**

Jumpstart maintains a qualified profit sharing retirement plan under the provisions of Section 401(k) of the IRC. Jumpstart matches a percentage of each employee's contributions to the plan at its discretion. During fiscal years 2015 and 2014, Jumpstart matched up to 4% of contributions by employees. Jumpstart's contributions were \$130,856 and \$147,058 for fiscal years 2015 and 2014, respectively, which are included in fringe benefits and taxes in the accompanying statements of functional expenses.

### **10. LINE OF CREDIT**

Jumpstart has a \$1,000,000 working capital line of credit arrangement with a bank. Borrowings are due on demand. Interest is payable monthly at the bank's prime rate (3.25% at August 31, 2015 and 2014), plus .75%. As of August 31, 2015 and 2014, there were no outstanding balances under this agreement. This line of credit is unsecured and expires on April 30, 2016. Jumpstart is required to comply with certain covenants under the terms of this agreement. Jumpstart was in compliance with these covenants as of August 31, 2015 and 2014.

### **11. CONTINGENCIES**

In the ordinary course of Jumpstart's business, Jumpstart is, from time-to-time, involved in disputes concerning an individual's employment with Jumpstart. There is one such instance pending in which Jumpstart denies any wrongdoing and is taking the appropriate legal steps in defense of this dispute. It is Jumpstart's opinion that the outcome will not be material to the accompanying financial statements.

### **12. RECLASSIFICATIONS**

Certain amounts in the fiscal year 2014 financial statements have been reclassified to conform with the fiscal year 2015 presentation.