



**JUMPSTART FOR YOUNG CHILDREN, INC.**

**FINANCIAL STATEMENTS  
AUGUST 31, 2017 AND 2016**

**JUMPSTART FOR YOUNG CHILDREN, INC.**

Contents  
August 31, 2017 and 2016

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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, 2017 and 2016, 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 the 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, 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.

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

Westborough, Massachusetts  
January 31, 2018

**JUMPSTART FOR YOUNG CHILDREN, INC.**Statements of Financial Position  
August 31, 2017 and 2016

<b>Assets</b>	<b>2017</b>	<b>2016</b>
Current Assets:		
Cash and cash equivalents	\$ 1,540,111	\$ 2,499,561
Grants and pledges receivable	4,959,141	2,825,819
Prepaid expenses and other	304,333	379,026
Total current assets	6,803,585	5,704,406
Note Receivable	30,000	55,000
Pledges Receivable, net of discount and current portion	168,980	-
Security Deposit	133,348	129,713
Property and Equipment, net	86,021	130,065
Total assets	<u>\$ 7,221,934</u>	<u>\$ 6,019,184</u>
<b>Liabilities and Net Assets</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 759,620	\$ 645,433
Payable to affiliates	1,267,751	1,198,660
Total liabilities	2,027,371	1,844,093
Net Assets:		
Unrestricted:		
Operating	3,467,908	3,092,722
Property and equipment	86,021	130,065
Total unrestricted	3,553,929	3,222,787
Temporarily restricted	1,640,634	952,304
Total net assets	5,194,563	4,175,091
Total liabilities and net assets	<u>\$ 7,221,934</u>	<u>\$ 6,019,184</u>

**JUMPSTART FOR YOUNG CHILDREN, INC.**

 Statements of Activities and Changes in Net Assets  
 For the Years Ended August 31, 2017 and 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Operating Revenues:</b>						
Grants and contributions:						
Government	\$ 7,553,786	\$ -	\$ 7,553,786	\$ 4,666,601	\$ -	\$ 4,666,601
Individuals	4,335,297	200,000	4,535,297	3,131,711	16,100	3,147,811
Foundations	3,489,595	1,135,834	4,625,429	2,371,093	848,529	3,219,622
Corporations	1,967,330	304,800	2,272,130	2,045,248	87,675	2,132,923
In-kind goods and services	7,756,066	-	7,756,066	6,481,965	-	6,481,965
Other revenue	10,138	-	10,138	30,349	-	30,349
Net assets released from restrictions:						
Satisfaction of purpose restriction	86,775	(86,775)	-	640,322	(640,322)	-
Satisfaction of time restriction	865,529	(865,529)	-	2,841,300	(2,841,300)	-
Total operating revenues	<u>26,064,516</u>	<u>688,330</u>	<u>26,752,846</u>	<u>22,208,589</u>	<u>(2,529,318)</u>	<u>19,679,271</u>
<b>Operating Expenses:</b>						
Program services	21,264,993	-	21,264,993	18,339,495	-	18,339,495
General and administrative	1,828,066	-	1,828,066	1,638,344	-	1,638,344
Fundraising	2,640,315	-	2,640,315	2,090,255	-	2,090,255
Total operating expenses	<u>25,733,374</u>	<u>-</u>	<u>25,733,374</u>	<u>22,068,094</u>	<u>-</u>	<u>22,068,094</u>
Changes in net assets	331,142	688,330	1,019,472	140,495	(2,529,318)	(2,388,823)
<b>Net Assets:</b>						
Beginning of year	<u>3,222,787</u>	<u>952,304</u>	<u>4,175,091</u>	<u>3,082,292</u>	<u>3,481,622</u>	<u>6,563,914</u>
End of year	<u>\$ 3,553,929</u>	<u>\$ 1,640,634</u>	<u>\$ 5,194,563</u>	<u>\$ 3,222,787</u>	<u>\$ 952,304</u>	<u>\$ 4,175,091</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, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 1,019,472	\$ (2,388,823)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	62,917	80,295
Bad debt	12,643	56,516
Forgiveness of note receivable	25,000	20,000
Increase in discount of grants and pledges receivable	6,020	-
Changes in operating assets and liabilities:		
Grants and pledges receivable	(2,320,965)	2,209,340
Prepaid expenses and other	74,693	(125,872)
Security deposit	(3,635)	25,034
Accounts payable and accrued expenses	114,187	(162,272)
Payable to affiliates	69,091	(153,810)
Net cash used in operating activities	(940,577)	(439,592)
<b>Cash Flows from Investing Activities:</b>		
Acquisition of property and equipment	(18,873)	(64,507)
<b>Cash Flows from Financing Activities:</b>		
Principal payments on capital lease obligation	-	(15,345)
<b>Net Change in Cash and Cash Equivalents</b>	(959,450)	(519,444)
<b>Cash and Cash Equivalents:</b>		
Beginning of year	2,499,561	3,019,005
End of year	<u>\$ 1,540,111</u>	<u>\$ 2,499,561</u>

**JUMPSTART FOR YOUNG CHILDREN, INC.**

Statement of Functional Expenses

For the Year Ended August 31, 2017

(With Summarized Comparative Totals for the Year Ended August 31, 2016)

	2017			2016	
	Program Services	General and Administrative	Fundraising	Total	Total
<b>Payroll and Related:</b>					
Salaries	\$ 5,443,420	\$ 1,085,977	\$ 1,340,807	\$ 7,870,204	\$ 6,689,868
Fringe benefits and taxes	1,194,291	218,538	277,451	1,690,280	1,276,036
Corps member stipends	998,891	-	-	998,891	790,662
Total payroll and related	7,636,602	1,304,515	1,618,258	10,559,375	8,756,566
<b>Other:</b>					
Grants to affiliates	3,316,898	-	-	3,316,898	3,012,203
Consultants and professional services	636,847	158,480	26,286	821,613	533,373
Occupancy	440,838	123,125	255,637	819,600	749,997
Printing and program supplies	532,897	7,335	110,179	650,411	705,962
Meals, travel and lodging	436,391	20,615	61,869	518,875	500,875
Special events	-	-	425,372	425,372	523,793
Telecommunication and computers	125,752	33,597	42,811	202,160	146,492
Office supplies	106,665	27,972	31,620	166,257	154,125
Other	10,313	101,780	35,100	147,193	67,427
Subscriptions	105,637	15,997	10,268	131,902	73,126
Depreciation	51,592	5,033	6,292	62,917	80,295
Licenses	41,585	15,711	2,951	60,247	150,890
Training events and institutes	47,468	875	9,087	57,430	51,910
Membership dues	19,335	388	4,435	24,158	22,038
Bad debt	-	12,643	-	12,643	56,516
Advertising	107	-	150	257	541
Total other	5,872,325	523,551	1,022,057	7,417,933	6,829,563
<b>In-Kind Goods and Services:</b>					
Salaries and corps member stipends	6,406,937	-	-	6,406,937	5,395,828
Occupancy	879,070	-	-	879,070	794,896
Program supplies	353,975	-	-	353,975	211,047
Professional services	60,320	-	-	60,320	16,060
Other	24,244	-	-	24,244	12,770
Meals, travel and lodging	21,383	-	-	21,383	9,589
Office supplies	10,137	-	-	10,137	7,078
Special events	-	-	-	-	34,697
Total in-kind goods and services	7,756,066	-	-	7,756,066	6,481,965
Total expenses	\$ 21,264,993	\$ 1,828,066	\$ 2,640,315	\$ 25,733,374	\$ 22,068,094

**JUMPSTART FOR YOUNG CHILDREN, INC.**

Statement of Functional Expenses  
For the Year Ended August 31, 2016

	<b>Program Services</b>	<b>General and Adminis- trative</b>	<b>Fundraising</b>	<b>Total</b>
<b>Payroll and Related:</b>				
Salaries	\$ 4,898,133	\$ 911,609	\$ 880,126	\$ 6,689,868
Fringe benefits and taxes	915,014	188,622	172,400	1,276,036
Corps member stipends	790,662	-	-	790,662
	<u>6,603,809</u>	<u>1,100,231</u>	<u>1,052,526</u>	<u>8,756,566</u>
<b>Total payroll and related</b>				
	<u>6,603,809</u>	<u>1,100,231</u>	<u>1,052,526</u>	<u>8,756,566</u>
<b>Other:</b>				
Grants to affiliates	3,012,203	-	-	3,012,203
Consultants and professional services	336,803	152,882	43,688	533,373
Occupancy	535,085	90,099	124,813	749,997
Printing and program supplies	440,560	78,063	187,339	705,962
Meals, travel and lodging	453,995	12,374	34,506	500,875
Special events	-	-	523,793	523,793
Telecommunication and computers	107,049	18,943	20,500	146,492
Office supplies	115,200	20,882	18,043	154,125
Other	1,412	66,015	-	67,427
Subscriptions	46,705	13,724	12,697	73,126
Depreciation	54,115	16,059	10,121	80,295
Licenses	122,474	12,358	16,058	150,890
Training events and institutes	44,481	-	7,429	51,910
Membership dues	18,261	198	3,579	22,038
Bad debt	-	56,516	-	56,516
Advertising	75	-	466	541
	<u>5,288,418</u>	<u>538,113</u>	<u>1,003,032</u>	<u>6,829,563</u>
<b>Total other</b>				
	<u>5,288,418</u>	<u>538,113</u>	<u>1,003,032</u>	<u>6,829,563</u>
<b>In-Kind Goods and Services:</b>				
Salaries and corps member stipends	5,395,828	-	-	5,395,828
Occupancy	794,896	-	-	794,896
Program supplies	211,047	-	-	211,047
Professional services	16,060	-	-	16,060
Other	12,770	-	-	12,770
Meals, travel and lodging	9,589	-	-	9,589
Office supplies	7,078	-	-	7,078
Special events	-	-	34,697	34,697
	<u>6,447,268</u>	<u>-</u>	<u>34,697</u>	<u>6,481,965</u>
<b>Total in-kind goods and services</b>				
	<u>6,447,268</u>	<u>-</u>	<u>34,697</u>	<u>6,481,965</u>
<b>Total expenses</b>				
	<u>\$ 18,339,495</u>	<u>\$ 1,638,344</u>	<u>\$ 2,090,255</u>	<u>\$ 22,068,094</u>



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

Notes to Financial Statements  
August 31, 2017 and 2016

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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 11,355 and 11,300 children during the 2017 and 2016 fiscal years, respectively, by engaging 3,919 and 3,824 Corps members in 2017 and 2016, respectively, across fourteen states and the District of Columbia.

Jumpstart operates 71 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 71 sites, 37 were classified as affiliate sites. This classification is a fiscal distinction only as all program fidelity requirements must be equally met under both models. During 2016, Jumpstart operated 75 sites of which, 39 were affiliate sites.

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, 2017 and 2016

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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 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>2017</u>	<u>2016</u>
Equipment and technology	\$ 470,136	\$ 459,363
Leasehold improvements	167,348	174,154
Furniture and fixtures	<u>145,063</u>	<u>139,273</u>
	782,547	772,790
Less - accumulated depreciation	<u>696,526</u>	<u>642,725</u>
Net property and equipment	<u>\$ 86,021</u>	<u>\$ 130,065</u>

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

Notes to Financial Statements  
August 31, 2017 and 2016

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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 \$62,917 and \$80,295 for the years ended August 31, 2017 and 2016, 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.

##### **Grants and Pledges Receivable**

Grants and pledges receivable are recorded at their net realizable value. Pledges restricted for a period beyond the year following the audit period are discounted at the federal rate plus 2%. The discount recorded was \$6,020 as of August 31, 2017. No discount was deemed necessary as of August 31, 2016. Long-term pledges as of August 31, 2017, are due in fiscal year 2019.

##### **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, 2017 and 2016.

##### **Use of 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, 2017 and 2016

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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>2017</u>	<u>2016</u>
Time	\$ 1,450,634	\$ 865,529
Purpose	<u>190,000</u>	<u>86,775</u>
Total temporarily restricted net assets	<u>\$ 1,640,634</u>	<u>\$ 952,304</u>

##### Special Events

Jumpstart records special events revenue using the gross method. Special events revenue is included in grants and contributions and totaled \$1,794,499 and \$2,063,966 for the years ended August 31, 2017 and 2016, respectively. Special events expenses totaled \$425,372 and \$558,490 for the years ended August 31, 2017 and 2016, respectively, and are included in 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 statements 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, 2017 and 2016. Jumpstart's information returns are subject to examination by the Federal and state jurisdictions.

##### Advertising

Advertising costs are expensed as incurred.

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2017 and 2016

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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 January 31, 2018, 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.

### 3. 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 fiscal years 2017 and 2016, Jumpstart forgave \$25,000 and \$20,000, respectively, 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, 2017 and 2016, \$30,000 and \$55,000, respectively, was outstanding.

### 4. LEASES

Jumpstart leases office space for its National and Regional offices under various non-cancelable operating leases. The initial terms of these leases range from one to five years, expiring at various dates through July 2024. 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, 2017 and 2016, was \$657,807 and \$631,038, respectively, and is included in occupancy in the accompanying statements of functional expense.

Jumpstart has three operating leases for office equipment expiration dates through June 30, 2018. Minimum monthly payments were \$1,816 at August 31, 2017.

Future minimum lease payments under these agreements are as follows:

<u>Fiscal Year</u>	<u>Facility</u>	<u>Equipment</u>
2018	\$ 712,076	\$ 16,416
2019	\$ 783,433	\$ -
2020	\$ 580,411	\$ -
2021	\$ 477,516	\$ -
2022	\$ 371,662	\$ -
Thereafter	\$ 456,333	\$ -

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2017 and 2016

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### 5. FUNDING

Jumpstart received approximately \$7,550,000 and \$4,660,000 of its funding from government agencies for the years ended August 31, 2017 and 2016, 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, 2017 and 2016, or on the changes in its net assets for the years then ended. For the years ended August 31, 2017 and 2016, 89% and 92%, respectively, of the total government funding was from one Federal program.

### 6. CONCENTRATIONS

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 had a zero balance as of August 31, 2016. The account had a balance of \$198,626 as of August 31, 2017. This account is not FDIC insured.

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

<u>Agency/Individual</u>	<u>2017</u>	<u>2016</u>
Governmental Entity - A	20%	18%
Governmental Entity - B	21%	- %
Governmental Entity - C	11%	14%
Governmental Entity - D	- %	11%
Governmental Entity - E	- %	11%

### 7. 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 2017 and 2016, Jumpstart matched up to 4% of contributions by employees. Jumpstart's contributions were \$170,891 and \$148,015 for fiscal years 2017 and 2016, respectively, which are included in fringe benefits and taxes in the accompanying statements of functional expenses.

### 8. 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 (4.25% and 3.50% at August 31, 2017 and 2016, respectively), plus 0.75%. As of August 31, 2017 and 2016, there were no outstanding balances under this agreement. This line of credit is unsecured and expires on April 30, 2018. 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, 2017 and 2016.

### 9. CONDITIONAL GRANT

As of August 31, 2017, Jumpstart has been awarded a conditional grants from a private foundation totaling \$1,200,000, of which \$300,000 was recognized annually during fiscal years 2017 and 2016. Since this grant is conditional upon Jumpstart completing certain progress and reporting, the remaining balance of \$600,000 has not yet been recognized as of August 31, 2017.