



**JUMPSTART FOR YOUNG CHILDREN, INC.**

**FINANCIAL STATEMENTS  
AUGUST 31, 2019 AND 2018**

**JUMPSTART FOR YOUNG CHILDREN, INC.**

Contents  
August 31, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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.

*AAFCPAs, Inc.*

Westborough, Massachusetts  
May 19, 2020

**JUMPSTART FOR YOUNG CHILDREN, INC.**Statements of Financial Position  
August 31, 2019 and 2018

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Current Assets:		
Cash and cash equivalents	\$ 1,179,923	\$ 627,629
Grants and pledges receivable	6,728,322	6,108,631
Prepaid expenses and other	511,494	388,667
Total current assets	8,419,739	7,124,927
Pledges Receivable, net of discount and current portion	3,896,088	3,670,642
Security Deposit	133,348	133,348
Property and Equipment, net	61,225	62,665
Total assets	<u>\$ 12,510,400</u>	<u>\$ 10,991,582</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 716,248	\$ 993,395
Payable to partner sites	2,161,779	1,335,366
Total current liabilities	<u>2,878,027</u>	<u>2,328,761</u>
Net Assets:		
Without donor restrictions:		
Operating	3,618,187	3,601,046
Property and equipment	61,225	62,665
Total without donor restrictions	3,679,412	3,663,711
With donor restrictions	5,952,961	4,999,110
Total net assets	<u>9,632,373</u>	<u>8,662,821</u>
Total liabilities and net assets	<u>\$ 12,510,400</u>	<u>\$ 10,991,582</u>

**JUMPSTART FOR YOUNG CHILDREN, INC.**

 Statements of Activities and Changes in Net Assets  
 For the Years Ended August 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenues:</b>						
Grants and contributions:						
Government	\$ 7,608,142	\$ -	\$ 7,608,142	\$ 7,495,493	\$ -	\$ 7,495,493
Foundations	3,634,817	2,117,818	5,752,635	3,110,887	747,917	3,858,804
Individuals	3,843,229	50,000	3,893,229	4,514,162	4,056,193	8,570,355
Corporations	2,562,959	113,000	2,675,959	2,623,827	-	2,623,827
In-kind goods and services	8,051,074	-	8,051,074	7,663,135	-	7,663,135
Other revenue	131,971	-	131,971	110,683	20,000	130,683
Net assets released from restrictions:						
Satisfaction of purpose restrictions	631,417	(631,417)	-	265,000	(265,000)	-
Satisfaction of time restrictions	695,550	(695,550)	-	1,200,634	(1,200,634)	-
<b>Total operating revenues</b>	<b>27,159,159</b>	<b>953,851</b>	<b>28,113,010</b>	<b>26,983,821</b>	<b>3,358,476</b>	<b>30,342,297</b>
<b>Operating Expenses:</b>						
Program services	22,470,261	-	22,470,261	21,828,184	-	21,828,184
General and administrative	1,888,106	-	1,888,106	2,026,246	-	2,026,246
Fundraising	2,785,091	-	2,785,091	3,019,609	-	3,019,609
<b>Total operating expenses</b>	<b>27,143,458</b>	<b>-</b>	<b>27,143,458</b>	<b>26,874,039</b>	<b>-</b>	<b>26,874,039</b>
Changes in net assets	15,701	953,851	969,552	109,782	3,358,476	3,468,258
<b>Net Assets:</b>						
Beginning of year	3,663,711	4,999,110	8,662,821	3,553,929	1,640,634	5,194,563
End of year	\$ 3,679,412	\$ 5,952,961	\$ 9,632,373	\$ 3,663,711	\$ 4,999,110	\$ 8,662,821

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 969,552	\$ 3,468,258
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	36,326	80,292
Bad debt	269,701	32,440
Forgiveness of note receivable	-	30,000
Increase (decrease) in discount of grants and pledges receivable	(43,779)	448,338
Changes in operating assets and liabilities:		
Grants and pledges receivable	(1,071,059)	(5,131,930)
Prepaid expenses and other	(122,827)	(84,334)
Accounts payable and accrued expenses	(277,147)	233,775
Payable to partner sites	826,413	67,615
Net cash provided by (used in) operating activities	587,180	(855,546)
<b>Cash Flows from Investing Activities:</b>		
Acquisition of property and equipment	(34,886)	(56,936)
<b>Net Change in Cash and Cash Equivalents</b>	552,294	(912,482)
<b>Cash and Cash Equivalents:</b>		
Beginning of year	627,629	1,540,111
End of year	<u>\$ 1,179,923</u>	<u>\$ 627,629</u>

**JUMPSTART FOR YOUNG CHILDREN, INC.**

Statement of Functional Expenses

For the Year Ended August 31, 2019

(With Summarized Comparative Totals for the Year Ended August 31, 2018)

	2019			2018	
	Program Services	General and Administrative	Fundraising	Total	Total
<b>Payroll and Related:</b>					
Salaries	\$ 5,871,138	\$ 1,136,071	\$ 1,336,356	\$ 8,343,565	\$ 8,367,474
Fringe benefits and taxes	1,327,149	239,793	272,593	1,839,535	1,725,450
Corps member stipends	669,694	-	-	669,694	1,041,567
Total payroll and related	<u>7,867,981</u>	<u>1,375,864</u>	<u>1,608,949</u>	<u>10,852,794</u>	<u>11,134,491</u>
<b>Other:</b>					
Grants	3,850,291	-	-	3,850,291	3,779,702
Occupancy	697,865	101,012	143,374	942,251	842,626
Consultants and professional services	703,183	185,385	32,512	921,080	691,165
Printing and program supplies	535,752	72,874	81,587	690,213	1,041,994
Special events	-	-	412,333	412,333	525,132
Meals, travel and lodging	308,444	17,912	46,244	372,600	437,446
Bad debt	-	-	269,701	269,701	32,440
Subscriptions	212,304	-	-	212,304	98,502
Telecommunication and computers	85,086	34,616	21,097	140,799	58,021
Office supplies	83,618	14,172	20,797	118,587	154,170
Other	52,701	45,384	387	98,472	65,152
Training events and institutes	84,641	2,714	4,507	91,862	48,700
Licenses	29,943	27,885	1,040	58,868	197,580
Depreciation	15,838	9,277	11,211	36,326	80,292
Membership dues	20,964	1,011	1,928	23,903	23,491
Total other	<u>6,680,630</u>	<u>512,242</u>	<u>1,046,718</u>	<u>8,239,590</u>	<u>8,076,413</u>
<b>In-Kind Goods and Services:</b>					
Salaries and corps member stipends	7,088,102	-	-	7,088,102	6,261,471
Occupancy	619,272	-	-	619,272	863,095
Program supplies	196,237	-	-	196,237	348,982
Special events	-	-	129,424	129,424	98,568
Meals, travel and lodging	8,164	-	-	8,164	12,825
Office supplies	5,999	-	-	5,999	28,884
Other	3,876	-	-	3,876	44,310
Professional services	-	-	-	-	5,000
Total in-kind goods and services	<u>7,921,650</u>	<u>-</u>	<u>129,424</u>	<u>8,051,074</u>	<u>7,663,135</u>
Total expenses	<u>\$ 22,470,261</u>	<u>\$ 1,888,106</u>	<u>\$ 2,785,091</u>	<u>\$ 27,143,458</u>	<u>\$ 26,874,039</u>

**JUMPSTART FOR YOUNG CHILDREN, INC.**Statement of Functional Expenses  
For the Year Ended August 31, 2018

	<u>Program Services</u>	<u>General and Adminis- trative</u>	<u>Fundraising</u>	<u>Total</u>
<b>Payroll and Related:</b>				
Salaries	\$ 5,621,078	\$ 1,160,040	\$ 1,586,356	\$ 8,367,474
Fringe benefits and taxes	1,180,287	221,234	323,929	1,725,450
Corps member stipends	1,041,567	-	-	1,041,567
	<u>7,842,932</u>	<u>1,381,274</u>	<u>1,910,285</u>	<u>11,134,491</u>
<b>Other:</b>				
Grants	3,779,702	-	-	3,779,702
Occupancy	585,480	101,971	155,175	842,626
Consultants and professional services	479,365	180,548	31,252	691,165
Printing and program supplies	860,269	80,396	101,329	1,041,994
Special events	-	-	525,132	525,132
Meals, travel and lodging	363,244	17,069	57,133	437,446
Bad debt	-	-	32,440	32,440
Subscriptions	18,014	66,389	14,099	98,502
Telecommunication and computers	25,441	14,786	17,794	58,021
Office supplies	110,131	19,240	24,799	154,170
Other	19,738	45,136	278	65,152
Training events and institutes	39,823	4,275	4,602	48,700
Licenses	93,061	103,879	640	197,580
Depreciation	55,789	10,282	14,221	80,292
Membership dues	20,628	1,001	1,862	23,491
	<u>6,450,685</u>	<u>644,972</u>	<u>980,756</u>	<u>8,076,413</u>
<b>In-Kind Goods and Services:</b>				
Salaries and corps member stipends	6,261,471	-	-	6,261,471
Occupancy	863,095	-	-	863,095
Program supplies	323,982	-	25,000	348,982
Special events	-	-	98,568	98,568
Meals, travel and lodging	12,825	-	-	12,825
Office supplies	28,884	-	-	28,884
Other	44,310	-	-	44,310
Professional services	-	-	5,000	5,000
	<u>7,534,567</u>	<u>-</u>	<u>128,568</u>	<u>7,663,135</u>
Total expenses	<u>\$ 21,828,184</u>	<u>\$ 2,026,246</u>	<u>\$ 3,019,609</u>	<u>\$ 26,874,039</u>

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

Notes to Financial Statements  
August 31, 2019 and 2018

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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 11,576 and 13,035 children during the 2019 and 2018 fiscal years, respectively, by engaging 3,888 and 4,054 Corps members in 2019 and 2018, respectively, across fourteen states and the District of Columbia.

Jumpstart operates 80 sites under two models: corporate and partner. Jumpstart's corporate programs are run by Jumpstart's employees, whereas partner sites implement the program with university staff members and pay their expenses directly. Partner universities are awarded a reimbursement grant by Jumpstart to cover these expenses. Of Jumpstart's 80 sites, 36 were classified as partner sites. This classification is a fiscal distinction only as all program fidelity requirements must be equally met under both models. During fiscal year 2018, Jumpstart operated 78 sites, of which 37 were partner 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).

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2019 and 2018

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

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Adoption of New Accounting Standard

During fiscal year 2019, Jumpstart adopted FASB's Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU modified the current guidance over several criteria, of which the following affected Jumpstart's financial statements:

- Net assets are to be segregated into two categories, "with donor restrictions" and "without donor restrictions", as opposed to the previous requirement of three classes of net assets (see page 10).
- Qualitative and quantitative information relating to management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the statement of financial position date (see Note 11).
- An explanation of the methods used to allocate costs among program and supporting (institutional support and development) functions (see page 10).

The adoption of this ASU did not impact Jumpstart's net asset balance, change in net assets, or cash flows for the year ended August 31, 2018. This ASU has been applied retrospectively to all periods presented. This ASU provides an option to omit the disclosures about liquidity and availability of resources for the fiscal year 2018 financial statements.

##### 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.

##### 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.

##### 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.

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2019 and 2018

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

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Fair Value Measurements (Continued)

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. Renewals and betterments are capitalized, while repairs and maintenance are expensed as incurred. Property and equipment consist of the following as of August 31:

	<u>2019</u>	<u>2018</u>
Equipment and technology	\$ 202,433	\$ 207,722
Furniture and fixtures	158,923	158,923
Leasehold improvements	<u>149,914</u>	<u>149,914</u>
	511,270	516,559
Less - accumulated depreciation	<u>450,045</u>	<u>453,894</u>
Net property and equipment	<u>\$ 61,225</u>	<u>\$ 62,665</u>

Equipment and technology and furniture and fixtures are depreciated using the straight-line method over an estimated useful life of three years. Leasehold improvements are depreciated using the straight-line method over the life of the lease. Depreciation expense was \$36,326 and \$80,292 for the years ended August 31, 2019 and 2018, respectively.

##### Revenue Recognition

Contributions without donor restrictions are recorded as revenue without donor restrictions when unconditionally pledged or received. Grant revenue is recorded as services are provided.

Jumpstart records unconditional grants and contributions as revenue and net assets with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions 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 revenues without donor restrictions.

All other revenue is recorded when earned.

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2019 and 2018

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

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Grants and Pledges Receivable and Allowance for Doubtful Accounts

Grants and pledges receivable are recorded at their net realizable value. Pledges that are expected to be collected after one year from the end of the fiscal year ended are discounted at the Federal rate (see Note 3).

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, 2019 and 2018.

##### 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.

The financial statements contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. Payroll and related are allocated directly based on employee time spent. The other expenses that are allocated include occupancy, office supplies, and insurance, which are allocated based on salary and staff time allocations.

##### Grants to Partner Sites

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

##### Net Assets

**Net assets without donor restrictions** include amounts which bear no external restrictions and are currently available for operations. Jumpstart has classified its net assets without donor restrictions 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 assets with donor restrictions** include contributions and grants which are designated by donors for specific purposes or time periods. These contributions are recorded as net assets with donor restrictions until they are expended for their designated purposes or the time period lapses.

Net assets with donor restrictions are restricted as follows as of August 31:

	<u>2019</u>	<u>2018</u>
Time	\$ 4,707,854	\$ 4,242,693
Purpose	<u>1,245,106</u>	<u>756,417</u>
Total net assets with donor restrictions	<u>\$ 5,952,961</u>	<u>\$ 4,999,110</u>

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2019 and 2018

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

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Special Events

Jumpstart records special events revenue using the gross method. Special events revenue is included in grants and contributions and totaled \$2,798,145 and \$2,103,406 for the years ended August 31, 2019 and 2018, respectively. Special events expenses totaled \$412,333 and \$525,132 for the years ended August 31, 2019 and 2018, 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, 2019 and 2018. Jumpstart's information returns are subject to examination by the Federal and state jurisdictions.

##### Advertising

Advertising costs are expensed as incurred, and are included in other in the accompanying statements of functional expenses for the years ended August 31, 2019 and 2018.

##### Subsequent Events

Subsequent events have been evaluated through May 19, 2020, which is the date the financial statements were available to be issued. Event that met the criteria for recognition or disclosure in the financial statements are disclosed in Notes 5, 9 and 12.

### 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. GRANTS AND PLEDGES RECEIVABLE

Jumpstart has grants and pledges receivable due as follows at August 31:

	<u>2019</u>	<u>2018</u>
Due within one year	\$ 6,728,322	\$ 6,108,631
Due in two to seven years	4,306,667	4,125,000
	<u>11,034,989</u>	<u>10,233,631</u>
Less - discount (2.25%)	410,579	454,358
Less - current portion	<u>6,728,322</u>	<u>6,108,631</u>
Pledges receivable, net of discount and current portion	<u>\$ 3,896,088</u>	<u>\$ 3,670,642</u>

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2019 and 2018

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### 4. NOTE RECEIVABLE

Jumpstart had a note receivable due from Jumpstart's Chief Executive Officer (CEO) as part of a relocation assistance agreement. The note bore no interest. During fiscal year 2018, Jumpstart forgave \$30,000 which was included in salaries in the accompanying 2018 statement of functional expenses. As of August 31, 2018, the agreement had been satisfied and the loan had no balance 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 range from one to five years. Subsequent to August 31, 2019, Jumpstart extended its National office lease for a seven-year period. These leases expire at various dates through November 2027. 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, 2019 and 2018, was \$846,379 and \$712,076, respectively, and is included in occupancy in the accompanying statements of functional expenses.

Jumpstart has ten operating leases for office equipment with expiration dates through fiscal year 2023. Minimum monthly payments were \$4,621 at August 31, 2019.

Future minimum lease payments under these agreements are as follows:

<u>Fiscal Year</u>	<u>Facility</u>	<u>Equipment</u>
2020	\$ 898,572	\$ 52,713
2021	912,905	34,181
2022	837,886	15,933
2023	705,809	7,080
2024	708,186	-
Thereafter	<u>1,128,150</u>	<u>-</u>
	<u>\$ 5,191,507</u>	<u>\$ 109,907</u>

### 6. FUNDING

Jumpstart received approximately \$7,608,000 and \$7,495,000 of its funding from government agencies for the years ended August 31, 2019 and 2018, 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, 2019 and 2018, or on the changes in its net assets for the years then ended. For the years ended August 31, 2019 and 2018, 90% and 92%, respectively, of the total government funding was from one Federal agency.

### 7. 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. This account is not FDIC insured.

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
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### 7. CONCENTRATIONS (Continued)

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

<u>Agency/Individual</u>	<u>2019</u>	<u>2018</u>
Governmental Entity - A	10%	11%
Governmental Entity - B	- %	13%
Governmental Entity - C	13%	- %
Individual - D	36%	44%

### 8. 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 2019 and 2018, Jumpstart matched up to 4% of contributions by employees. Jumpstart's contributions were \$221,261 and \$211,363 for fiscal years 2019 and 2018, respectively, which are included in fringe benefits and taxes in the accompanying statements of functional expenses.

### 9. 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 (4.75% and 5.25% at August 31, 2019 and 2018, respectively), plus 0.75%. As of August 31, 2019 and 2018, there were no outstanding balances under this agreement. This line of credit is unsecured and expired in April 2020 and was extended until April 30, 2021. 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, 2019 and 2018.

### 10. CONDITIONAL GRANT

Jumpstart has been awarded a conditional grant from a private foundation totaling \$1,200,000. During fiscal years 2019 and 2018, Jumpstart recognized \$300,000 each year as conditions were met. As of August 31, 2019, there is no outstanding balance on the grant as Jumpstart has met the grant conditions.

### 11. LIQUIDITY

Financial assets available for use by Jumpstart within one year from the statement of financial position at August 31, 2019, are as follows:

Cash and cash equivalents	\$ 1,179,923
Grants and pledges receivable	<u>6,728,322</u>
Total financial assets	7,908,245
Less - financial assets with donor restrictions	<u>2,031,873</u>
	<u>\$ 5,876,372</u>

Jumpstart has a policy to structure its financial assets to be available as its obligations become due. As of August 31, 2019, Jumpstart has financial assets equal to approximately two months of operating expenses. Additionally, in the event of an unanticipated liquidity need, management could draw upon its \$1,000,000 line of credit as discussed in Note 9.

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

Notes to Financial Statements  
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### **12. SUBSEQUENT EVENT**

The COVID-19 outbreak in the United States has resulted in the closures of many businesses and marked reduction in economic activity. While this disruption is currently expected to be temporary, there is considerable uncertainty around the duration. While Jumpstart expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.

On April 16, 2020, Jumpstart was awarded a loan of \$1,723,307 pursuant to the Paycheck Protection Program under the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). Under the terms of the agreement, Jumpstart can apply to the issuing bank for loan forgiveness, which will be confirmed and approved by the Small Business Association (SBA). The amount of forgiveness is determined based on the criteria as outlined in the CARES Act. As of the date of this report, the amount forgiven, if any, has not been determined. Any loan amount remaining after forgiveness will mature in June 2022. The note bears interest at 1%. Payments are deferred six months from the issuance date.