Jumpstart

JUMPSTART FOR YOUNG CHILDREN, INC.

FINANCIAL STATEMENTS
AUGUST 31, 2023 AND 2022

JUMPSTART FOR YOUNG CHILDREN, INC.

Contents
August 31, 2023 and 2022

AAFCPAs
great minds | great hearts

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Jumpstart for Young Children, Inc. (a Massachusetts nonprofit corporation) (Jumpstart) which comprise the statements of financial position as of August 31, 2023 and 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Jumpstart for Young Children, Inc. as of August 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Jumpstart and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, effective September 1, 2022, Jumpstart adopted Financial Accounting Standards Board's Accounting Standards Update 2016-02*, Leases (Topic 842),* using the optional transition method. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the financial statements, Jumpstart has restated its August 31, 2021 net assets and accounts payable and accrued expenses to properly account for lease liabilities. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Jumpstart's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Jumpstart's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Jumpstart's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

AAFCPAs, Inc.

Westborough, Massachusetts
March 15, 2024

JUMPSTART FOR YOUNG CHILDREN, INC.

Statements of Financial Position
August 31, 2023 and 2022

Assets	**2023**	**2022 (As Restated)**
Current Assets:		
Cash and cash equivalents	$ 2,049,547	$ 4,419,880
Current portion of grants and pledges receivable	6,967,222	9,436,276
Prepaid expenses and other	871,820	584,637
Total current assets	9,888,589	14,440,793
Grants and Pledges Receivable, net of discount and current portion	4,641,720	7,078,764
Security Deposit	133,297	131,679
Operating Lease Right-of-Use Asset	2,949,139	-
Property and Equipment, net	57,633	44,401
Total assets	$ 17,670,378	$ 21,695,637
Liabilities and Net Assets		
Current Liabilities:		
Current portion of operating lease liability	$ 903,707	$ -
Accounts payable and accrued expenses	1,325,334	1,838,742
Payable to affiliates	1,990,041	2,119,338
Total current liabilities	4,219,082	3,958,080
Operating Lease Liability, net of current portion	2,331,255	-
Total liabilities	6,550,337	3,958,080
Net Assets:		
Without donor restrictions:		
Operating	4,131,236	3,801,242
Property and equipment	(228,190)	44,401
Total without donor restrictions	3,903,046	3,845,643
With donor restrictions	7,216,995	13,891,914
Total net assets	11,120,041	17,737,557
Total liabilities and net assets	$ 17,670,378	$ 21,695,637

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, 2023 and 2022

	2023			2022 (As Restated)		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Operating Revenues:						
Grants and contributions:						
Government	$ 11,150,133	$ -	$ 11,150,133	$ 7,580,088	$ -	$ 7,580,088
Corporations	3,024,898	110,000	3,134,898	2,328,320	1,203,500	3,531,820
Foundations	1,497,075	360,625	1,857,700	2,480,758	992,000	3,472,758
Individuals	943,100	682,606	1,625,706	2,899,717	3,688,495	6,588,212
In-kind goods and services	6,597,032	-	6,597,032	7,380,427	-	7,380,427
Net assets released from restrictions:						
Satisfaction of purpose restriction	1,000,000	(1,000,000)	-	1,130,866	(1,130,866)	-
Satisfaction of time restriction	6,828,150	(6,828,150)	-	4,655,917	(4,655,917)	-
Total operating revenues	31,040,388	(6,674,919)	24,365,469	28,456,093	97,212	28,553,305
Operating Expenses:						
Program services	25,520,600	-	25,520,600	23,917,153	-	23,917,153
General and administrative	1,952,740	-	1,952,740	1,840,425	-	1,840,425
Fundraising	3,509,645	-	3,509,645	2,697,582	-	2,697,582
Total operating expenses	30,982,985	-	30,982,985	28,455,160	-	28,455,160
Changes in net assets	57,403	(6,674,919)	(6,617,516)	933	97,212	98,145
Net Assets:						
Beginning of year	3,845,643	13,891,914	17,737,557	3,844,710	13,794,702	17,639,412
End of year	$ 3,903,046	$ 7,216,995	$ 11,120,041	$ 3,845,643	$ 13,891,914	$ 17,737,557

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, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Changes in net assets	$ (6,617,516)	$ 98,145
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	26,285	24,064
Bad debt	228,630	-
Change in discount on grants and pledges receivable	(208,908)	(86,593)
Changes in operating assets and liabilities:		
Grants and pledges receivable	4,886,376	(1,837,567)
Prepaid expenses and other	(287,183)	114,275
Security deposit	(1,618)	1,669
Accounts payable and accrued expenses	(513,408)	374,216
Change in operating right-of-use lease asset and liability	285,823	-
Payable to affiliates	(129,297)	519,076
Net cash used in operating activities	(2,330,816)	(792,715)
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(39,517)	(32,572)
Net Change in Cash and Cash Equivalents	(2,370,333)	(825,287)
Cash and Cash Equivalents:		
Beginning of year	4,419,880	5,245,167
End of year	$ 2,049,547	$ 4,419,880

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, 2023
(With Summarized Comparative Totals for the Year Ended August 31, 2022)

	2023				2022
	Program Serivces	General and Adminis-trative	Fundraising	Total	Total
Payroll and Related:					
Salaries	$ 7,504,383	$ 1,249,511	$ 2,095,971	$ 10,849,865	$ 9,612,010
Fringe benefits and taxes	2,167,433	294,573	523,387	2,985,393	2,479,525
Corps member stipends	1,917,747	-	-	1,917,747	764,427
Total payroll and related	11,589,563	1,544,084	2,619,358	15,753,005	12,855,962
Other:					
Grants to affiliates	4,251,604	-	-	4,251,604	4,069,820
Consultants and professional services	619,697	241,936	250,989	1,112,622	1,227,799
Occupancy	818,507	85,264	140,588	1,044,359	1,008,247
Printing and program supplies	662,019	12,022	59,263	733,304	836,928
Subscriptions	359,239	-	21,586	380,825	395,198
Office supplies	151,301	2,520	89,891	243,712	94,098
Bad debt	-	-	228,630	228,630	-
Other	115,111	35,203	54,698	205,012	158,878
Meals, travel and lodging	143,859	2,588	9,820	156,267	78,138
Licenses	78,914	15,991	8,420	103,325	67,608
Telecommunication and computers	70,707	9,580	11,375	91,662	116,870
Training events and institutes	33,098	300	1,806	35,204	118,619
Depreciation	17,907	2,652	5,726	26,285	24,064
Membership dues	12,042	600	7,495	20,137	22,504
Total other	7,334,005	408,656	890,287	8,632,948	8,218,771
In-Kind Goods and Services:					
Salaries and corps member stipends	6,331,983	-	-	6,331,983	7,118,309
Occupancy	197,610	-	-	197,610	155,678
Other	51,837	-	-	51,837	88,850
Program supplies	15,602	-	-	15,602	17,590
Total in-kind goods and services	6,597,032	-	-	6,597,032	7,380,427
Total expenses	$ 25,520,600	$ 1,952,740	$ 3,509,645	$ 30,982,985	$ 28,455,160

JUMPSTART FOR YOUNG CHILDREN, INC.

Statement of Functional Expenses
For the Year Ended August 31, 2022

	Program Services	General and Adminis-trative	Fundraising	Total
Payroll and Related:				
Salaries	$ 6,580,113	$ 1,199,236	$ 1,832,661	$ 9,612,010
Fringe benefits and taxes	1,829,082	263,568	386,875	2,479,525
Corps member stipends	764,427	-	-	764,427
Total payroll and related	9,173,622	1,462,804	2,219,536	12,855,962
Other:				
Grants to affiliates	4,069,820	-	-	4,069,820
Consultants and professional services	828,820	205,062	193,917	1,227,799
Occupancy	782,952	91,221	134,074	1,008,247
Printing and program supplies	779,836	18,516	38,576	836,928
Subscriptions	379,698	-	15,500	395,198
Office supplies	60,346	1,057	32,695	94,098
Other	131,998	21,204	5,676	158,878
Meals, travel and lodging	63,878	4,218	10,042	78,138
Licenses	48,916	13,111	5,581	67,608
Telecommunication and computers	97,262	8,585	11,023	116,870
Training events and institutes	88,519	11,200	18,900	118,619
Depreciation	17,002	2,446	4,616	24,064
Membership dues	14,057	1,001	7,446	22,504
Total other	7,363,104	377,621	478,046	8,218,771
In-Kind Goods and Services:				
Salaries and corps member stipends	7,118,309	-	-	7,118,309
Occupancy	155,678	-	-	155,678
Other	88,850	-	-	88,850
Program supplies	17,590	-	-	17,590
Total in-kind goods and services	7,380,427	-	-	7,380,427
Total expenses	$ 23,917,153	$ 1,840,425	$ 2,697,582	$ 28,455,160

1. OPERATIONS AND NONPROFIT STATUS

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 29,313 and 16,282 children during the 2023 and 2022 fiscal years, respectively, by engaging 2,269 and 2,132 Corps members in 2023 and 2022, respectively, across fourteen states and the District of Columbia.

Jumpstart operates 70 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 70 sites, 40 were classified as partner 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.

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.

2. 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).

Recently Adopted Accounting Pronouncement

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which provides guidance on the recognition, measurement, presentation, and disclosure of leases. The new standard requires lessees to report substantially all leases on the statement of financial position as right-of-use (ROU) assets and lease liabilities. Jumpstart adopted Topic 842 using the optional transition method provided in ASU 2018-11, *Leases (Topic 842): Targeted Improvements*. Under this transition method, financial information related to years prior to adoption was as originally reported under Topic 840.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement (Continued)

Jumpstart elected the package of practical expedients permitted under the transition guidance within the new standard which, among other things, allowed Jumpstart to carry forward the historical lease classification as operating or capital leases. Jumpstart also elected not to combine lease and non-lease components and to exclude short-term leases from the statements of financial position. Jumpstart did not elect the hindsight practical expedient in determining the lease term for the existing leases as of September 1, 2022.

The adoption had a material impact on Jumpstart's statement of financial position but did not have a material impact on the statement of activities and changes in net assets. The most significant impact was the recognition of ROU assets and lease liabilities for Jumpstart's operating leases.

The following table summarizes the cumulative effect of the changes to the statement of financial position line items affected by adopting Topic 842 as of September 1, 2022:

Statement of Financial Position	As Previously Reported	Effect of Adoption	As Adjusted
Right-of-use asset	$ -	$ 3,748,104	$ 3,748,104
Operating lease liabilities	$ -	$ 4,041,802	$ 4,041,802
Accounts payable and accrued expenses	$ 293,698	$ (293,698)	$ -

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 purpose 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.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

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 with a cost basis of $2,000 or greater and a useful life of longer than one year are capitalized 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 are depreciated using the straight-line method over the following estimated useful lives and consist of the following as of August 31:

	Estimated Useful Lives	2023	2022
Equipment and technology	3 years	$ 204,335	$ 203,728
Leasehold improvements	Life of lease	143,150	143,150
Furniture and fixtures	3 years	135,422	135,422
		482,907	482,300
Less - accumulated depreciation		425,274	437,899
Net property and equipment		$ 57,633	$ 44,401

Depreciation expense was $26,285 and $24,064 for the years ended August 31, 2023 and 2022, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Right-of-Use Asset - Operating Leases and Operating Lease Liabilities

Jumpstart determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. Jumpstart determines such assets are leased because Jumpstart has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because Jumpstart determines it does not have the right to control and direct the use of the identified asset. Jumpstart's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, Jumpstart separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for its office space.

Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. Jumpstart determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. Jumpstart uses the implicit rate when readily determinable. As most leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate at lease commencement or date of adoption.

The lease terms may include options to extend or to terminate the lease that Jumpstart is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

Jumpstart has elected not to record leases with an initial term of twelve months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Revenue Recognition

Jumpstart's revenue sources include revenue from government grants for services provided to schools and other educational facilities. Amounts received under grants and contributions have been recorded in accordance with FASB's ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

In accordance with Topic 958, *Revenue Recognition*, Jumpstart must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barriers or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that Jumpstart should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as refundable advance liabilities until such conditions are met. See Note 9 for disclosure of Jumpstart's conditional grants at August 31, 2023 and 2022.

Revenues from Federal, state and private grant agreements, which are generally considered non-exchange transactions, are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenues are recognized upon meeting of said conditions. Funding received in advance of recognition is recorded as refundable advances.

Grants and contributions are recorded as revenue when received or unconditionally pledged. Restricted grants and contributions are recorded as net assets with donor restrictions. Net assets with donor restrictions are released from restrictions as costs are incurred or time or program restrictions have been met. Donor restricted grants and contributions received and released in the same year are recorded as revenue without donor restrictions.

All other revenue is recorded when earned.

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 (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, 2023 and 2022.

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 and office supplies, which are allocated based on salary and staff time allocations.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants to Affiliates

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 affiliates 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, operating lease right-of-use asset, and operating lease liability.

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:

	2023	2022
Time	$ 6,701,995	$ 12,606,914
Purpose	515,000	1,285,000
Total net assets with donor restrictions	$ 7,216,995	$ 13,891,914

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, 2023 and 2022.

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, 2023 and 2022. Jumpstart's information returns are subject to examination by the Federal and state jurisdictions.

Subsequent Events

Subsequent events have been evaluated through March 15, 2024, 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 accompanying financial statements.

3. GRANTS AND PLEDGES RECEIVABLE

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

	2023	2022
Due within one year	$ 6,967,222	$ 9,436,276
Due in two to six years	4,915,998	7,561,950
	11,883,220	16,998,226
Less - discount (2.25%)	274,278	483,186
Less - current portion	6,967,222	9,436,276
Grants and pledges receivable, net of discount and current portion	$ 4,641,720	$ 7,078,764

4. LEASES

Nature of Leases

Jumpstart leases office space for its National and Regional offices under the following non-cancelable operating leases arrangements:

Effective November 1, 2021, Jumpstart entered into a written three-year commercial lease agreement in Chicago, Illinois. There is an option to extend the lease term for an additional five years, which Jumpstart does not anticipate to exercise. Jumpstart received two free months of rent as part of the agreement. The lease agreement requires Jumpstart to pay utilities related to the space. The monthly base rent escalates annually. Monthly rent for the fiscal years ended August 31, 2023 and 2022, was $2,524 and $2,450, respectively.

Effective July 1, 2017, Jumpstart entered into a written sixty-four-month lease agreement in Atlanta, Georgia. Jumpstart received the first four months of rent at a fifty percent discount as part of the agreement. The lease agreement requires Jumpstart to pay excess operating costs and real estate taxes related to the space. The monthly base rent escalates annually. Monthly rent for the fiscal years ended August 31, 2023 and 2022, was $1,651 and $1,603, respectively.

Effective December 1, 2020, Jumpstart extended a lease agreement for seven years in Boston, Massachusetts. There is an option to extend the lease term for an additional five years, which Jumpstart does not anticipate to extend. Jumpstart received the first five months of rent for free as part of the agreement. The lease agreement requires Jumpstart to pay excess operating costs and real estate taxes related to the space. The monthly base rent escalates annually. Monthly rent for the fiscal years ended August 31, 2023 and 2022, was $37,950 and $36,800, respectively.

Effective February 1, 2022, Jumpstart entered into a written three-year lease agreement in Berkeley, California. The lease agreement requires Jumpstart to pay excess operating costs and real estate taxes related to the space. The monthly base rent escalates annually. Monthly rent for the fiscal years ended August 31, 2023 and 2022, was $4,024 and $4,145, respectively.

Effective March 1, 2023, Jumpstart entered into a written sixty-five-month lease agreement in Atlanta, Georgia. Jumpstart receives the first month of rent for free in each year of the lease agreement as part of the agreement. The lease agreement requires Jumpstart to pay excess operating costs and real estate taxes related to the space. The monthly base rent escalates annually. Monthly rent for the fiscal year ended August 31, 2023, was $6,016.

4. LEASES (Continued)

Nature of Leases (Continued)

Effective January 1, 2023, Jumpstart extended a lease agreement for three years and three months in Washington, DC. Jumpstart received the first three months of rent for free as part of the agreement. The lease agreement requires Jumpstart to pay excess operating costs and real estate taxes related to the space. The monthly base rent escalates annually. Monthly rent for the fiscal years ended August 31, 2023 and 2022, was $4,173 and $4,213, respectively.

Effective September 1, 2022, Jumpstart extended a lease agreement for five years in Los Angeles, California. The lease agreement requires Jumpstart to pay excess operating costs and real estate taxes related to the space. The monthly base rent escalates annually. Monthly rent for the fiscal years ended August 31, 2023 and 2022, was $8,813 and $8,566, respectively.

Effective February 1, 2018, Jumpstart extended a lease agreement for seven years in New York, New York. The lease agreement requires Jumpstart to pay excess operating costs and real estate taxes related to the space. The monthly base rent escalates annually. Monthly rent for the fiscal years ended August 31, 2023 and 2022, was $17,874 and $17,438, respectively.

Jumpstart has ten at-will operating leases for office equipment. Minimum monthly payments were $4,776 for the fiscal year ended August 31, 2023.

ASC Topic 840

Accrued rent as of August 31, 2022, was $293,698 and is included in accounts payable and accrued expenses in the accompanying statement of financial position. Total facility expense for the year ended August 31, 2022, was $1,008,247 and is included in occupancy in the accompanying statement of functional expenses.

Future minimum cash lease payments under the facility agreements are as follows:

Fiscal Year	
2023	$ 905,937
2024	926,791
2025	670,473
2026	639,931
2027	626,179
Thereafter	127,650
	$ 3,896,961

ASC Topic 842

The following summarizes the line items in the accompanying statement of functional expenses, which include the components of lease expense for the year ended August 31, 2023:

Operating lease costs included in occupancy	$ 917,665
Variable lease costs included in occupancy	43,202
Short-term lease cost included in printing and program supplies	57,313
Total operating lease expense	$ 1,018,180

4. LEASES (Continued)

ASC Topic 842 (Continued)

The maturities of lease liabilities as of August 31, 2023, are as follows:

2024	$ 997,962
2025	839,201
2026	713,975
2027	702,345
2028	205,772
Total future undiscounted lease payments	3,459,255
Less - present value discount	(224,293)
Present value of lease liability	$ 3,234,962

The weighted-average discount rate associated with operating leases as of August 31, 2023, is 3.51%. Jumpstart's weighted-average lease term is 3.77 years as of August 31, 2023.

As of August 31, 2023, there were no material leases that have been executed but not yet commenced.

5. FUNDING

Jumpstart received approximately $11,150,000 and $7,580,000 of its funding from government agencies for the years ended August 31, 2023 and 2022, 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, 2023 and 2022, or on the changes in its net assets for the years then ended. For the years ended August 31, 2023 and 2022, 82% and 90%, respectively, of the total government funding was from one Federal agency. For the years ended August 31, 2023 and 2022, approximately 38% and 25%, respectively, of operating revenue was from one Federal agency.

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. This account is not FDIC insured.

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

Agency/Individual	2023	2022
Individual - A	17%	20%
Individual - B	- %	12%
Individual - C	- %	7%
Government Agency - A	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 2023 and 2022, Jumpstart matched up to 4% of contributions by employees. Jumpstart's contributions were $357,198 and $271,976 for fiscal years 2023 and 2022, 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 of 8.5% (plus 0.85%) and 5.5% (plus 0.75%) at August 31, 2023 and 2022, respectively. As of August 31, 2023 and 2022, there were no outstanding balances under this agreement. This line of credit is secured by certain assets and expires on April 30, 2024. 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, 2023 and 2022.

9. CONDITIONAL GRANTS

Government Grants

As of August 31, 2023 and 2022, grants from Federal and state grants of approximately $10,451,130 and $9,253,000, respectively, of which no amounts had been received in advance, have not been recognized in the accompanying financial statements because the conditions have not been met. These grants are recognized as the conditions are met.

Grants and Contributions

At August 31, 2023 and 2022, grants and contributions of $2,000,000 and $3,250,000, respectively, contained donor-imposed conditions that represent a barrier that must be overcome, as well as a right of return of assets or releases from obligations. No amounts have been received in advance, and no amounts have been recognized in the accompanying financial statements because the conditions have not been met. Jumpstart recognizes these grants and contributions when donor-imposed conditions are substantially met.

10. IN-KIND GOODS AND SERVICES

In-kind goods and services are reflected as contributions at their fair value at date of donation and are reported as operating support and revenue without donor restrictions unless explicit donor stipulations specify how donated assets must be used. These amounts have been reported as in-kind goods and services without donor restrictions in the accompanying statements of activities and changes in net assets. Jumpstart recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Jumpstart's policy related to in-kind goods and services is to utilize the in-kind goods, services and space given to carry out the mission of Jumpstart.

Jumpstart received in-kind services from third parties, which are included as in-kind salaries and corps member stipends in the accompanying statements of functional expenses. In-kind salaries are valued based on historic market rates and corps member stipends are based on regulated rates.

10. IN-KIND GOODS AND SERVICES (Continued)

Jumpstart receives in-kind space to operate several University-based program sites. Donated space has a value based on current market prices that Jumpstart would pay to rent comparable spaces and is included in in-kind occupancy in the accompanying statements of functional expenses.

Jumpstart received various supplies and other from its donors which were used to support program and services and are included in program supplies and other in the accompanying statements of functional expenses. Goods from donors are valued based on historical donations of similar kind or on current market prices that Jumpstart would pay to a vendor.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assets available for use by Jumpstart within one year from the statements of financial position at August 31, 2023 and 2022, are as follows:

	2023	2022
Cash and cash equivalents	$ 2,049,547	$ 4,419,880
Current portion of grants and pledges receivable	6,967,222	9,436,276
Total financial assets	9,016,769	13,856,156
Less - financial assets with donor restrictions	2,575,275	6,813,150
	$ 6,441,494	$ 7,043,006

Jumpstart has a policy to structure its financial assets to be available as its obligations become due. As of August 31, 2023 and 2022, Jumpstart has financial assets equal to approximately three and four months, respectively, 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 8.

12. PRIOR PERIOD RESTATEMENT

During fiscal year 2023, Jumpstart identified that rent expense and the deferred rent liability, included in accounts payable and accrued expenses, were understated as of August 31, 2021. The effect of this misstatement resulted in net assets being overstated by $230,355 at August 31, 2021. Net assets for the year ended August 31, 2021, have been restated as follows:

Statement of Financial Position	As Previously Reported	Effect of Restatement	As Restated
Net assets without donor restrictions	$ 4,075,065	$ (230,355)	$ 3,844,710

The effect of this misstatement results in net assets being overstated by $230,355 at August 31, 2022. Deferred rent, included in accounts payable and accrued expenses, as well as net assets for the year ended August 31, 2022, have been restated as follows:

Statement of Financial Position	As Previously Reported	Effect of Restatement	As Restated
Accounts payable and accrued expenses	$ 1,608,387	$ 230,355	$ 1,838,742
Net assets without donor restrictions	$ 4,075,998	$ (230,355)	$ 3,845,643

This restatement had no effect on the August 31, 2022 changes in net assets.