



**JUMPSTART FOR YOUNG CHILDREN, INC.**

**FINANCIAL STATEMENTS  
AUGUST 31, 2020 AND 2019**

**JUMPSTART FOR YOUNG CHILDREN, INC.**

Contents  
August 31, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*AAFCPAs, Inc.*

Westborough, Massachusetts  
February 4, 2021

**JUMPSTART FOR YOUNG CHILDREN, INC.**Statements of Financial Position  
August 31, 2020 and 2019

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Current Assets:		
Cash and cash equivalents	\$ 4,974,472	\$ 1,179,923
Grants and pledges receivable	4,490,498	6,728,322
Prepaid expenses and other	597,209	511,494
Total current assets	10,062,179	8,419,739
Pledges Receivable, net of discount and current portion	3,023,343	3,896,088
Security Deposit	133,348	133,348
Property and Equipment, net	55,947	61,225
Total assets	<u>\$ 13,274,817</u>	<u>\$ 12,510,400</u>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 865,745	\$ 716,248
Payable to partner sites	1,897,710	2,161,779
Total current liabilities	<u>2,763,455</u>	<u>2,878,027</u>
Net Assets:		
Without donor restrictions:		
Operating	3,641,528	3,618,187
Property and equipment	55,947	61,225
Total without donor restrictions	3,697,475	3,679,412
With donor restrictions	6,813,887	5,952,961
Total net assets	<u>10,511,362</u>	<u>9,632,373</u>
Total liabilities and net assets	<u>\$ 13,274,817</u>	<u>\$ 12,510,400</u>

**JUMPSTART FOR YOUNG CHILDREN, INC.**

 Statements of Activities and Changes in Net Assets  
 For the Years Ended August 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenues:</b>						
Grants and contributions:						
Government	\$ 8,747,972	\$ -	\$ 8,747,972	\$ 7,608,142	\$ -	\$ 7,608,142
Individuals	2,770,286	1,603,587	4,373,873	3,843,229	50,000	3,893,229
Foundations	1,283,372	462,500	1,745,872	3,634,817	2,117,818	5,752,635
Corporations	2,539,180	850,675	3,389,855	2,562,959	113,000	2,675,959
In-kind goods and services	6,637,403	-	6,637,403	8,051,074	-	8,051,074
Other revenue	15,498	-	15,498	131,971	-	131,971
Net assets released from restrictions:						
Satisfaction of purpose restrictions	1,149,503	(1,149,503)	-	631,417	(631,417)	-
Satisfaction of time restrictions	906,333	(906,333)	-	695,550	(695,550)	-
<b>Total operating revenues</b>	<b>24,049,547</b>	<b>860,926</b>	<b>24,910,473</b>	<b>27,159,159</b>	<b>953,851</b>	<b>28,113,010</b>
<b>Operating Expenses:</b>						
Program services	20,237,388	-	20,237,388	22,470,261	-	22,470,261
General and administrative	1,640,824	-	1,640,824	1,888,106	-	1,888,106
Fundraising	2,153,272	-	2,153,272	2,785,091	-	2,785,091
<b>Total operating expenses</b>	<b>24,031,484</b>	<b>-</b>	<b>24,031,484</b>	<b>27,143,458</b>	<b>-</b>	<b>27,143,458</b>
Changes in net assets	18,063	860,926	878,989	15,701	953,851	969,552
<b>Net Assets:</b>						
Beginning of year	3,679,412	5,952,961	9,632,373	3,663,711	4,999,110	8,662,821
End of year	\$ 3,697,475	\$ 6,813,887	\$ 10,511,362	\$ 3,679,412	\$ 5,952,961	\$ 9,632,373

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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities:</b>		
Changes in net assets	\$ 878,989	\$ 969,552
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	44,188	36,326
Bad debt	250,586	269,701
Change in discount of grants and pledges receivable	(68,389)	(43,779)
Changes in operating assets and liabilities:		
Grants and pledges receivable	2,928,372	(1,071,059)
Prepaid expenses and other	(85,715)	(122,827)
Accounts payable and accrued expenses	149,497	(277,147)
Payable to partner sites	(264,069)	826,413
Net cash provided by operating activities	3,833,459	587,180
<b>Cash Flows from Investing Activities:</b>		
Acquisition of property and equipment	(38,910)	(34,886)
<b>Net Change in Cash and Cash Equivalents</b>	3,794,549	552,294
<b>Cash and Cash Equivalents:</b>		
Beginning of year	1,179,923	627,629
End of year	<u>\$ 4,974,472</u>	<u>\$ 1,179,923</u>

**JUMPSTART FOR YOUNG CHILDREN, INC.**

Statement of Functional Expenses

For the Year Ended August 31, 2020

(With Summarized Comparative Totals for the Year Ended August 31, 2019)

	2020			2019	
	Program Services	General and Administrative	Fundraising	Total	Total
<b>Payroll and Related:</b>					
Salaries	\$ 5,642,844	\$ 1,083,927	\$ 1,221,356	\$ 7,948,127	\$ 8,343,565
Fringe benefits and taxes	1,287,277	229,793	256,706	1,773,776	1,839,535
Corps member stipends	311,483	-	-	311,483	669,694
Total payroll and related	7,241,604	1,313,720	1,478,062	10,033,386	10,852,794
<b>Other:</b>					
Grants	3,851,578	-	-	3,851,578	3,850,291
Occupancy	740,834	83,974	108,233	933,041	942,251
Printing and program supplies	475,804	51,155	79,369	606,328	690,213
Consultants and professional services	441,044	118,195	15,528	574,767	921,080
Subscriptions	390,922	-	-	390,922	212,304
Bad debt	-	-	250,586	250,586	269,701
Meals, travel and lodging	131,495	9,546	24,266	165,307	372,600
Special events	9,434	-	133,524	142,958	412,333
Office supplies	98,094	12,745	19,887	130,726	118,587
Telecommunication and computers	98,837	11,316	15,586	125,739	140,799
Other	29,532	23,285	2,081	54,898	98,472
Licenses	33,500	11,107	2,411	47,018	58,868
Depreciation	34,729	4,182	5,277	44,188	36,326
Training events and institutes	29,717	818	2,440	32,975	91,862
Membership dues	6,761	781	2,122	9,664	23,903
Total other	6,372,281	327,104	661,310	7,360,695	8,239,590
<b>In-Kind Goods and Services:</b>					
Salaries and corps member stipends	6,623,503	-	-	6,623,503	7,088,102
Special events	-	-	13,900	13,900	129,424
Occupancy	-	-	-	-	619,272
Program supplies	-	-	-	-	196,237
Meals, travel and lodging	-	-	-	-	8,164
Office supplies	-	-	-	-	5,999
Other	-	-	-	-	3,876
Total in-kind goods and services	6,623,503	-	13,900	6,637,403	8,051,074
Total expenses	\$ 20,237,388	\$ 1,640,824	\$ 2,153,272	\$ 24,031,484	\$ 27,143,458

**JUMPSTART FOR YOUNG CHILDREN, INC.**

Statement of Functional Expenses  
For the Year Ended August 31, 2019

	<u>Program Services</u>	<u>General and Adminis- trative</u>	<u>Fundraising</u>	<u>Total</u>
<b>Payroll and Related:</b>				
Salaries	\$ 5,871,138	\$ 1,136,071	\$ 1,336,356	\$ 8,343,565
Fringe benefits and taxes	1,327,149	239,793	272,593	1,839,535
Corps member stipends	669,694	-	-	669,694
	<u>7,867,981</u>	<u>1,375,864</u>	<u>1,608,949</u>	<u>10,852,794</u>
<b>Other:</b>				
Grants	3,850,291	-	-	3,850,291
Occupancy	697,865	101,012	143,374	942,251
Printing and program supplies	535,752	72,874	81,587	690,213
Consultants and professional services	703,183	185,385	32,512	921,080
Subscriptions	212,304	-	-	212,304
Bad debt	-	-	269,701	269,701
Meals, travel and lodging	308,444	17,912	46,244	372,600
Special events	-	-	412,333	412,333
Office supplies	83,618	14,172	20,797	118,587
Telecommunication and computers	85,086	34,616	21,097	140,799
Other	52,701	45,384	387	98,472
Licenses	29,943	27,885	1,040	58,868
Depreciation	15,838	9,277	11,211	36,326
Training events and institutes	84,641	2,714	4,507	91,862
Membership dues	20,964	1,011	1,928	23,903
	<u>6,680,630</u>	<u>512,242</u>	<u>1,046,718</u>	<u>8,239,590</u>
<b>In-Kind Goods and Services:</b>				
Salaries and corps member stipends	7,088,102	-	-	7,088,102
Special events	-	-	129,424	129,424
Occupancy	619,272	-	-	619,272
Program supplies	196,237	-	-	196,237
Meals, travel and lodging	8,164	-	-	8,164
Office supplies	5,999	-	-	5,999
Other	3,876	-	-	3,876
	<u>7,921,650</u>	<u>-</u>	<u>129,424</u>	<u>8,051,074</u>
Total in-kind goods and services	<u>7,921,650</u>	<u>-</u>	<u>129,424</u>	<u>8,051,074</u>
Total expenses	<u>\$ 22,470,261</u>	<u>\$ 1,888,106</u>	<u>\$ 2,785,091</u>	<u>\$ 27,143,458</u>

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

Notes to Financial Statements  
August 31, 2020 and 2019

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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 9,260 and 11,576 children during the 2020 and 2019 fiscal years, respectively, by engaging 3,124 and 3,888 Corps members in 2020 and 2019, 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, 38 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 2019, Jumpstart operated 80 sites, of which 36 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, 2020 and 2019

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

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Adoption of New Accounting Standards

###### *Revenue Recognition - Revenue from Contracts with Customers*

On September 1, 2019, Jumpstart adopted FASB's Accounting Standards Update (ASU) 2014-09 (Topic 606), *Revenue from Contracts with Customers*. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Jumpstart adopted Topic 606 using the modified retrospective method. Results for reporting periods beginning after September 1, 2019, are presented under Topic 606, while prior period amounts are not adjusted and continue to be reported in accordance with Jumpstart's historic accounting under Topic 605. As a result, fiscal year 2019 financial statements have not been restated and there was no cumulative-effect adjustment to operating net assets as of September 1, 2019. There was no significant impact as a result of Jumpstart adopting Topic 606, as substantially all revenue is considered to be grants and contributions.

###### *Revenue Recognition - Contributions*

On September 1, 2019, Jumpstart adopted FASB's ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves guidance for contributions received and contributions made and provides guidance to organizations on how to account for certain exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities. Jumpstart adopted ASU No. 2018-08 using a modified retrospective method effective September 1, 2019. Under the modified retrospective method, this ASU only applies to agreements not completed or entered (revenue or expense that has not yet been recognized) as of September 1, 2019. As a result, the fiscal year 2019 financial statements are not restated and there was no cumulative-effect adjustment to opening net assets as of September 1, 2019.

##### 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 FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2020 and 2019

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

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Fair Value Measurements (Continued)

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. 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>2020</u>	<u>2019</u>
Equipment and technology	\$ 228,560	\$ 202,433
Furniture and fixtures	151,878	158,923
Leasehold improvements	<u>149,914</u>	<u>149,914</u>
	530,352	511,270
Less - accumulated depreciation	<u>474,405</u>	<u>450,045</u>
Net property and equipment	<u>\$ 55,947</u>	<u>\$ 61,225</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 \$44,188 and \$36,326 for the years ended August 31, 2020 and 2019, respectively.

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2020 and 2019

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

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Revenue Recognition

Jumpstart's primary sources of revenue 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 ASC Subtopic 958 (see page 8).

In accordance with ASC Subtopic 958-605, *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, 2020.

Revenue 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.

##### *Special Events*

Jumpstart records special events revenue using the gross method. Special events revenue is included in grants and contributions and totaled \$1,236,595 and \$2,798,145 for the years ended August 31, 2020 and 2019, respectively. Special events expenses totaled \$156,858 and \$541,757 for the years ended August 31, 2020 and 2019, respectively, and are reflected as special events in the accompanying statements of functional expenses.

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, 2020 and 2019.

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2020 and 2019

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

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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>2020</u>	<u>2019</u>
Time	\$ 5,190,203	\$ 4,707,855
Purpose	<u>1,623,684</u>	<u>1,245,106</u>
Total net assets with donor restrictions	<u>\$ 6,813,887</u>	<u>\$ 5,952,961</u>

##### 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, 2020 and 2019. Jumpstart's information returns are subject to examination by the Federal and state jurisdictions.

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2020 and 2019

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

#### SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### 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, 2020 and 2019.

##### Subsequent Events

Subsequent events have been evaluated through February 4, 2021, 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. GRANTS AND PLEDGES RECEIVABLE

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

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 4,490,498	\$ 6,728,322
Due in two to six years	<u>3,365,533</u>	<u>4,306,667</u>
	7,856,031	11,034,989
Less - discount (2.25%)	342,190	410,579
Less - current portion	<u>4,490,498</u>	<u>6,728,322</u>
Pledges receivable, net of discount and current portion	<u>\$ 3,023,343</u>	<u>\$ 3,896,088</u>

### 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. 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, 2020 and 2019, was \$798,199 and \$846,379, 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 \$4,393 at August 31, 2020.

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
August 31, 2020 and 2019

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### 4. LEASES (Continued)

Future minimum lease payments under these agreements are as follows:

<u>Fiscal Year</u>	<u>Facility</u>	<u>Equipment</u>
2021	\$ 819,271	\$ 34,181
2022	799,925	15,933
2023	654,059	7,080
2024	655,286	-
2025	439,300	-
Thereafter	<u>1,000,500</u>	<u>-</u>
	<u>\$ 4,368,341</u>	<u>\$ 57,194</u>

### 5. FUNDING

Jumpstart received approximately \$8,748,000 and \$7,608,000 of its funding from government agencies for the years ended August 31, 2020 and 2019, 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, 2020 and 2019, or on the changes in its net assets for the years then ended. For the years ended August 31, 2020 and 2019, 78% and 90%, respectively, of the total government funding 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.

For the year ended August 31, 2020, approximately 10% of operating revenue was from one donor.

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

<u>Agency/Individual</u>	<u>2020</u>	<u>2019</u>
Individual - A	45%	36%
Governmental Entity - A	15%	13%
Governmental Entity - B	- %	10%

### 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 2020 and 2019, Jumpstart matched up to 4% of contributions by employees. Jumpstart's contributions were \$197,510 and \$221,261 for fiscal years 2020 and 2019, respectively, which are included in fringe benefits and taxes in the accompanying statements of functional expenses.

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

Notes to Financial Statements  
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### **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 (3.25% and 4.75% at August 31, 2020 and 2019, respectively), plus 0.75%. As of August 31, 2020 and 2019, there were no outstanding balances under this agreement. This line of credit is unsecured and expires in 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, 2020 and 2019.

### **9. CONDITIONAL GRANT**

#### **Private Foundation**

Jumpstart has been awarded a conditional grant from a private foundation totaling \$1,200,000. During fiscal year 2019, Jumpstart recognized \$300,000 as conditions were met. As of August 31, 2020 and 2019, there is no outstanding balance on the grant as Jumpstart has met the grant conditions.

#### **Paycheck Protection Program**

In fiscal year 2020, Jumpstart applied for and was awarded a loan of \$1,723,307 from the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The funds were used to pay certain payroll costs, including benefits as well as rent and utilities during a covered period as defined in the CARES Act. A portion of these funds may be forgiven, as defined in the agreement, at the end of the covered period and the remainder of the funds will be due over a two-year period with interest at 1%. Any repayment will be deferred for a period of ten months from the end of the covered period, when the note, plus interest, will be due in equal monthly payments through the maturity date as defined by the bank. The forgiveness calculations are subject to review and approval by the lending bank and the Small Business Association (SBA). In the opinion of management, the results of such reviews and audit will not have a material effect on the financial position of Jumpstart as of August 31, 2020, and on the changes in its net assets for the year then ended.

Jumpstart believes there is not more than a remote chance this loan will not be forgiven and, therefore, is accounting for it as a conditional grant under ASC Subtopic 958-605. It is determined that this grant is conditional upon certain performance requirements and the incurrence of eligible expenses. Amounts received are recognized as revenue when Jumpstart has incurred expenditures in compliance with the loan application and CARES Act requirements. As of August 31, 2020, Jumpstart recognized \$1,723,307 of grant revenue, which is included in grants and contributions – government in the accompanying fiscal year 2020 statement of activities and changes in net assets. Jumpstart has not accrued interest as of August 31, 2020, since it expects the interest to be forgiven.

#### **Government Grants**

At August 31, 2020, grants from Federal, state and private grants of approximately \$6,650,547, 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.

## JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements  
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### 10. CONTINGENCY

In March 2020, the COVID-19 coronavirus (COVID-19) pandemic emerged in the United States triggering widespread government mandated and voluntary business closures, which in turn have led to substantial interruptions in financial markets, employment and the economy as a whole. Though the potential financial effects cannot be reasonably estimated at this time, these circumstances may have adverse effects on Jumpstart, its operations and future financial statements.

Management of Jumpstart is monitoring these events closely to assess the financial impact of the situation and determine appropriate courses of action. As of the date of this report, Jumpstart is unable to accurately predict how COVID-19 will affect the results of its operations because the disease's severity and the duration of the outbreak are uncertain.

### 11. LIQUIDITY

Financial assets available for use by Jumpstart within one year from the statements of financial position at August 31, 2020 and 2019, are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 4,974,472	\$ 1,179,923
Grants and pledges receivable	<u>4,490,498</u>	<u>6,728,322</u>
Total financial assets	9,464,970	7,908,245
Less - financial assets with donor restrictions	<u>3,789,309</u>	<u>2,031,873</u>
	<u>\$ 5,675,661</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, 2020 and 2019, Jumpstart has financial assets equal to approximately three and two months of operating expenses, respectively. 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.