



JUMPSTART FOR YOUNG CHILDREN, INC.

**FINANCIAL STATEMENTS
AUGUST 31, 2018 AND 2017**

JUMPSTART FOR YOUNG CHILDREN, INC.

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August 31, 2018 and 2017

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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, 2018 and 2017, 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, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Westborough, Massachusetts
January 18, 2019

JUMPSTART FOR YOUNG CHILDREN, INC.Statements of Financial Position
August 31, 2018 and 2017

Assets	2018	2017
Current Assets:		
Cash and cash equivalents	\$ 627,629	\$ 1,540,111
Grants and pledges receivable	6,108,631	4,959,141
Prepaid expenses and other	388,667	304,333
Total current assets	7,124,927	6,803,585
Note Receivable	-	30,000
Pledges Receivable, net of discount and current portion	3,670,642	168,980
Security Deposit	133,348	133,348
Property and Equipment, net	62,665	86,021
Total assets	<u>\$ 10,991,582</u>	<u>\$ 7,221,934</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 993,395	\$ 759,620
Payable to affiliates	1,335,366	1,267,751
Total liabilities	2,328,761	2,027,371
Net Assets:		
Unrestricted:		
Operating	3,601,046	3,467,908
Property and equipment	62,665	86,021
Total unrestricted	3,663,711	3,553,929
Temporarily restricted	4,999,110	1,640,634
Total net assets	8,662,821	5,194,563
Total liabilities and net assets	<u>\$ 10,991,582</u>	<u>\$ 7,221,934</u>

JUMPSTART FOR YOUNG CHILDREN, INC.

 Statements of Activities and Changes in Net Assets
 For the Years Ended August 31, 2018 and 2017

	2018			2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Operating Revenues:						
Grants and contributions:						
Individuals	\$ 4,514,162	\$ 4,056,193	\$ 8,570,355	\$ 4,335,297	\$ 200,000	\$ 4,535,297
Government	7,495,493	-	7,495,493	7,553,786	-	7,553,786
Foundations	3,110,887	747,917	3,858,804	3,489,595	1,135,834	4,625,429
Corporations	2,623,827	-	2,623,827	1,967,330	304,800	2,272,130
In-kind goods and services	7,663,135	-	7,663,135	7,756,066	-	7,756,066
Other revenue	110,683	20,000	130,683	10,138	-	10,138
Net assets released from restrictions:						
Satisfaction of purpose restriction	265,000	(265,000)	-	86,775	(86,775)	-
Satisfaction of time restriction	1,200,634	(1,200,634)	-	865,529	(865,529)	-
Total operating revenues	26,983,821	3,358,476	30,342,297	26,064,516	688,330	26,752,846
Operating Expenses:						
Program services	22,028,623	-	22,028,623	21,264,993	-	21,264,993
General and administrative	2,026,246	-	2,026,246	1,828,066	-	1,828,066
Fundraising	2,819,170	-	2,819,170	2,640,315	-	2,640,315
Total operating expenses	26,874,039	-	26,874,039	25,733,374	-	25,733,374
Changes in net assets	109,782	3,358,476	3,468,258	331,142	688,330	1,019,472
Net Assets:						
Beginning of year	3,553,929	1,640,634	5,194,563	3,222,787	952,304	4,175,091
End of year	<u>\$ 3,663,711</u>	<u>\$ 4,999,110</u>	<u>\$ 8,662,821</u>	<u>\$ 3,553,929</u>	<u>\$ 1,640,634</u>	<u>\$ 5,194,563</u>

JUMPSTART FOR YOUNG CHILDREN, INC.Statements of Cash Flows
For the Years Ended August 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 3,468,258	\$ 1,019,472
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	80,292	62,917
Bad debt	32,440	12,643
Forgiveness of note receivable	30,000	25,000
Increase in discount of grants and pledges receivable	448,338	6,020
Changes in operating assets and liabilities:		
Grants and pledges receivable	(5,131,930)	(2,320,965)
Prepaid expenses and other	(84,334)	74,693
Security deposit	-	(3,635)
Accounts payable and accrued expenses	233,775	114,187
Payable to affiliates	67,615	69,091
Net cash used in operating activities	(855,546)	(940,577)
Cash Flows from Investing Activities:		
Acquisition of property and equipment	(56,936)	(18,873)
Net Change in Cash and Cash Equivalents	(912,482)	(959,450)
Cash and Cash Equivalents:		
Beginning of year	1,540,111	2,499,561
End of year	<u>\$ 627,629</u>	<u>\$ 1,540,111</u>

JUMPSTART FOR YOUNG CHILDREN, INC.

Statement of Functional Expenses

For the Year Ended August 31, 2018

(With Summarized Comparative Totals for the Year Ended August 31, 2017)

	2018			2017	
	Program Services	General and Administrative	Fundraising	Total	Total
Payroll and Related:					
Salaries	\$ 5,621,078	\$ 1,160,040	\$ 1,586,356	\$ 8,367,474	\$ 7,870,204
Fringe benefits and taxes	1,180,287	221,234	323,929	1,725,450	1,689,065
Corps member stipends	1,041,567	-	-	1,041,567	993,934
Total payroll and related	<u>7,842,932</u>	<u>1,381,274</u>	<u>1,910,285</u>	<u>11,134,491</u>	<u>10,553,203</u>
Other:					
Grants to affiliates	3,779,702	-	-	3,779,702	3,385,133
Printing and program supplies	860,269	80,396	101,329	1,041,994	649,036
Occupancy	585,480	101,971	155,175	842,626	819,600
Consultants and professional services	479,365	180,548	31,252	691,165	786,352
Special events	200,439	-	324,693	525,132	425,372
Meals, travel and lodging	363,244	17,069	57,133	437,446	506,377
Licenses	93,061	103,879	640	197,580	55,151
Office supplies	110,131	19,240	24,799	154,170	159,749
Subscriptions	18,014	66,389	14,099	98,502	131,902
Depreciation	55,789	10,282	14,221	80,292	62,917
Other	19,738	45,136	278	65,152	146,837
Telecommunication and computers	25,441	14,786	17,794	58,021	202,160
Training events and institutes	39,823	4,275	4,602	48,700	56,718
Bad debt	-	-	32,440	32,440	12,643
Membership dues	20,628	1,001	1,862	23,491	24,158
Total other	<u>6,651,124</u>	<u>644,972</u>	<u>780,317</u>	<u>8,076,413</u>	<u>7,424,105</u>
In-Kind Goods and Services:					
Salaries and corps member stipends	6,261,471	-	-	6,261,471	6,407,700
Occupancy	863,095	-	-	863,095	879,073
Program supplies	323,982	-	25,000	348,982	353,214
Special events	-	-	98,568	98,568	-
Other	44,310	-	-	44,310	24,738
Office supplies	28,884	-	-	28,884	9,638
Meals, travel and lodging	12,825	-	-	12,825	21,383
Professional services	-	-	5,000	5,000	60,320
Total in-kind goods and services	<u>7,534,567</u>	<u>-</u>	<u>128,568</u>	<u>7,663,135</u>	<u>7,756,066</u>
Total expenses	<u>\$ 22,028,623</u>	<u>\$ 2,026,246</u>	<u>\$ 2,819,170</u>	<u>\$ 26,874,039</u>	<u>\$ 25,733,374</u>

JUMPSTART FOR YOUNG CHILDREN, INC.

Statement of Functional Expenses
For the Year Ended August 31, 2017

	<u>Program Services</u>	<u>General and Adminis- trative</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and Related:				
Salaries	\$ 5,443,420	\$ 1,085,977	\$ 1,340,807	\$ 7,870,204
Fringe benefits and taxes	1,193,076	218,538	277,451	1,689,065
Corps member stipends	993,934	-	-	993,934
	<u>7,630,430</u>	<u>1,304,515</u>	<u>1,618,258</u>	<u>10,553,203</u>
Other:				
Grants to affiliates	3,385,133	-	-	3,385,133
Printing and program supplies	531,522	7,335	110,179	649,036
Occupancy	440,838	123,125	255,637	819,600
Consultants and professional services	601,586	158,480	26,286	786,352
Special events	-	-	425,372	425,372
Meals, travel and lodging	423,893	20,615	61,869	506,377
Licenses	36,489	15,711	2,951	55,151
Office supplies	100,157	27,972	31,620	159,749
Subscriptions	105,637	15,997	10,268	131,902
Depreciation	51,592	5,033	6,292	62,917
Other	9,807	101,780	35,250	146,837
Telecommunication and computers	125,752	33,597	42,811	202,160
Training events and institutes	46,756	875	9,087	56,718
Bad debt	-	12,643	-	12,643
Membership dues	19,335	388	4,435	24,158
	<u>5,878,497</u>	<u>523,551</u>	<u>1,022,057</u>	<u>7,424,105</u>
In-Kind Goods and Services:				
Salaries and corps member stipends	6,407,700	-	-	6,407,700
Occupancy	879,073	-	-	879,073
Program supplies	353,214	-	-	353,214
Other	24,738	-	-	24,738
Office supplies	9,638	-	-	9,638
Meals, travel and lodging	21,383	-	-	21,383
Professional services	60,320	-	-	60,320
	<u>7,756,066</u>	<u>-</u>	<u>-</u>	<u>7,756,066</u>
Total in-kind goods and services	<u>7,756,066</u>	<u>-</u>	<u>-</u>	<u>7,756,066</u>
Total expenses	<u>\$ 21,264,993</u>	<u>\$ 1,828,066</u>	<u>\$ 2,640,315</u>	<u>\$ 25,733,374</u>

JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements
August 31, 2018 and 2017

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 13,035 and 11,355 children during the 2018 and 2017 fiscal years, respectively, by engaging 4,054 and 3,919 Corps members in 2018 and 2017, respectively, across fourteen states and the District of Columbia.

Jumpstart operates 78 sites under two models: corporate and affiliate. Jumpstart's corporate programs are run by Jumpstart's employees, whereas affiliate sites implement the program with university staff members and pay their expenses directly. Affiliate universities are awarded a reimbursement grant by Jumpstart to cover these expenses. Of Jumpstart's 78 sites, 37 were classified as affiliate sites. This classification is a fiscal distinction only as all program fidelity requirements must be equally met under both models. During fiscal year 2017, Jumpstart operated 71 sites, of which 37 were affiliate sites.

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

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

NONPROFIT STATUS

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

SIGNIFICANT ACCOUNTING POLICIES

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

Cash and Cash Equivalents

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

JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements
August 31, 2018 and 2017

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

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

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

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

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

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

Property, Equipment and Depreciation

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

	<u>2018</u>	<u>2017</u>
Equipment and technology	\$ 207,722	\$ 470,136
Leasehold improvements	149,914	167,348
Furniture and fixtures	<u>158,923</u>	<u>145,063</u>
	516,559	782,547
Less - accumulated depreciation	<u>453,894</u>	<u>696,526</u>
Net property and equipment	<u>\$ 62,665</u>	<u>\$ 86,021</u>

JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements
August 31, 2018 and 2017

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, Equipment and Depreciation (Continued)

Leasehold improvements are depreciated using the straight-line method over the life of the lease. Equipment and technology and furniture and fixtures are depreciated using the straight-line method over an estimated useful life of three years. Depreciation expense was \$80,292 and \$62,917 for the years ended August 31, 2018 and 2017, respectively.

Revenue Recognition

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

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

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 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, 2018 and 2017.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation

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

Grants to Affiliates

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

JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements
August 31, 2018 and 2017

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

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

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

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

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

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

	<u>2018</u>	<u>2017</u>
Time	\$ 4,242,693	\$ 1,450,634
Purpose	<u>756,417</u>	<u>190,000</u>
Total temporarily restricted net assets	<u>\$ 4,999,110</u>	<u>\$ 1,640,634</u>

Special Events

Jumpstart records special events revenue using the gross method. Special events revenue is included in grants and contributions and totaled \$2,103,406 and \$1,794,499 for the years ended August 31, 2018 and 2017, respectively. Special events expenses totaled \$525,132 and \$425,372 for the years ended August 31, 2018 and 2017, 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, 2018 and 2017. 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, 2018 and 2017.

JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements
August 31, 2018 and 2017

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

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events

Subsequent events have been evaluated through January 18, 2019, 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 June 30:

	<u>2018</u>	<u>2017</u>
Due within one year	\$ 6,108,631	\$ 4,959,141
Due in one to eight years	<u>4,125,000</u>	<u>175,000</u>
	10,233,631	5,134,141
Less - discount	454,358	6,020
Less - current portion	<u>6,108,631</u>	<u>4,959,141</u>
Pledges receivable, net of discount and current portion	<u>\$ 3,670,642</u>	<u>\$ 168,980</u>

4. NOTE RECEIVABLE

The note receivable in the accompanying fiscal year 2017 statement of financial position was due from Jumpstart's Chief Executive Officer (CEO) as a part of a relocation assistance agreement. The note bore no interest. During fiscal years 2018 and 2017, Jumpstart forgave \$30,000 and \$25,000, respectively, which are included in salaries in the accompanying statements of functional expenses. As of August 31, 2018, the agreement has been satisfied and the loan has 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, expiring at various dates through August 2024. Jumpstart is responsible for its proportionate share of real estate taxes and operating costs where applicable. Jumpstart has the option to renew certain leases as defined in the lease agreements. Total facility expense for the years ended August 31, 2018 and 2017, was \$712,076 and \$657,807, 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 \$4,986 at August 31, 2018.

JUMPSTART FOR YOUNG CHILDREN, INC.

Notes to Financial Statements
August 31, 2018 and 2017

5. LEASES (Continued)

Future minimum lease payments under these agreements are as follows:

<u>Fiscal Year</u>	<u>Facility</u>	<u>Equipment</u>
2019	\$ 781,265	\$ 55,449
2020	\$ 577,722	\$ 52,713
2021	\$ 474,755	\$ 34,181
2022	\$ 385,936	\$ 15,933
2023	\$ 240,059	\$ 7,080
Thereafter	\$ 228,636	\$ -

6. FUNDING

Jumpstart received approximately \$7,495,000 and \$7,550,000 of its funding from government agencies for the years ended August 31, 2018 and 2017, 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, 2018 and 2017, or on the changes in its net assets for the years then ended. For the years ended August 31, 2018 and 2017, 92% and 89%, respectively, of the total government funding was from one Federal program.

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. The account had a balance of \$14 and \$198,626 as of August 31, 2018 and 2017, respectively. This account is not FDIC insured.

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

<u>Agency/Individual</u>	<u>2018</u>	<u>2017</u>
Governmental Entity - A	11%	20%
Governmental Entity - B	13%	21%
Governmental Entity - C	- %	11%
Individual - D	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 2018 and 2017, Jumpstart matched up to 4% of contributions by employees. Jumpstart's contributions were \$211,363 and \$170,891 for fiscal years 2018 and 2017, 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
August 31, 2018 and 2017

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 (5.25% and 4.25% at August 31, 2018 and 2017, respectively), plus 0.75%. As of August 31, 2018 and 2017, there were no outstanding balances under this agreement. This line of credit is unsecured and expires on April 30, 2019. 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, 2018 and 2017.

10. CONDITIONAL GRANT

Jumpstart has been awarded a conditional grant from a private foundation totaling \$1,200,000. During fiscal years 2018 and 2017, Jumpstart recognized \$300,000 each year as conditions were met. The balance of this grant at August 31, 2018, was \$300,000, which will be earned and recognized as income in future years as conditions are met.

11. RECLASSIFICATIONS

Certain amounts in the fiscal year 2017 financial statements have been reclassified to conform with the fiscal year 2018 presentation.