

KID POWER, INC.

**Financial Statements
Together with Independent Auditors' Report**

For the Years Ended June 30, 2018 and 2017

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Kid Power, Inc.:

We have audited the accompanying financial statements of Kid Power, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2018 and 2017, the related statements of activities and cash flows 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 Kid Power, Inc. as of June 30, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedule of Functional Expenses for the Year Ended June 30, 2018 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

SC+H Attest Services, P.C.

January 4, 2019

KID POWER, INC.

Statements of Financial Position

| <i>As of June 30,</i> | <i>2018</i> | <i>2017</i> |
|---|-------------|-------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 306,932 | \$ 94,180 |
| Grants and other contributions receivable | 109,142 | 208,942 |
| Accounts receivable | 58,667 | 60,118 |
| Prepaid expenses and other current assets | 1,532 | 893 |
| Total Current Assets | 476,273 | 364,133 |
| Property and Equipment, net | 2,425 | 5,335 |
| Total Assets | \$ 478,698 | \$ 369,468 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 213 | \$ 9,624 |
| Total Current Liabilities | 213 | 9,624 |
| Total Liabilities | 213 | 9,624 |
| Commitments (Note 6) | | |
| Net Assets | | |
| Unrestricted | 403,647 | 267,844 |
| Temporarily restricted | 74,838 | 92,000 |
| Total Net Assets | 478,485 | 359,844 |
| Total Liabilities and Net Assets | \$ 478,698 | \$ 369,468 |

The accompanying notes are an integral part of these financial statements.

KID POWER, INC.

Statement of Activities For the Year Ended June 30, 2018

| | Unrestricted | Temporarily Restricted | Total |
|--|--------------|---------------------------|------------|
| Revenues, Gains, and Other Support | | | |
| Contributions | | | |
| Federal government grants | \$ 496,565 | \$ - | \$ 496,565 |
| Local government grants | 48,569 | 195,000 | 243,569 |
| Foundation grants | 119,819 | - | 119,819 |
| In-kind contributions | 226,000 | - | 226,000 |
| Individual contributions | 41,739 | - | 41,739 |
| Corporate contributions | 10,973 | - | 10,973 |
| Other Revenue | | | |
| Earned revenue | 95,927 | - | 95,927 |
| Other event revenue | 7,550 | - | 7,550 |
| Campaign revenue | 5,189 | - | 5,189 |
| Reimbursed expenses | 480 | - | 480 |
| Net Assets Released from Restrictions | | | |
| Restrictions satisfied | 212,162 | (212,162) | - |
| <hr/> | | | |
| Total Revenues, Gains, and Other Support | 1,264,973 | (17,162) | 1,247,811 |
| Expenses | | | |
| Program Services | | | |
| Salaries and wages | 527,709 | - | 527,709 |
| Employee benefits | 20,133 | - | 20,133 |
| Payroll taxes | 43,740 | - | 43,740 |
| Professional services | 114,072 | - | 114,072 |
| Books, equipment, and supplies | 30,906 | - | 30,906 |
| Rent | 84,670 | - | 84,670 |
| Transportaion | 35,287 | - | 35,287 |
| Printing and publications | 9,787 | - | 9,787 |
| Professional development | 4,629 | - | 4,629 |
| Insurance | 5,953 | - | 5,953 |
| Food | 979 | - | 979 |
| Other business expenses | 4,954 | - | 4,954 |
| Other program expenses | 37,992 | - | 37,992 |
| Supporting Services | | | |
| Salaries | 52,390 | - | 52,390 |
| General and administrative | 72,536 | - | 72,536 |
| Fundraising Expenses | | | |
| Salaries | 60,787 | - | 60,787 |
| General fundraising | 22,646 | - | 22,646 |
| <hr/> | | | |
| Total Expenses | 1,129,170 | - | 1,129,170 |
| <hr/> | | | |
| Change in Net Assets | 135,803 | (17,162) | 118,641 |
| <hr/> | | | |
| Net Assets, beginning of year | 267,844 | 92,000 | 359,844 |
| <hr/> | | | |
| Net Assets, end of year | \$ 403,647 | \$ 74,838 | \$ 478,485 |

The accompanying notes are an integral part of this financial statement.

KID POWER, INC.

Statement of Activities For the Year Ended June 30, 2017

| | Unrestricted | Temporarily Restricted | Total |
|---|--------------|---------------------------|------------|
| Revenues, Gains, and Other Support | | | |
| Contributions | | | |
| Federal government grants | \$ 421,259 | \$ - | \$ 421,259 |
| Local government grants | 125,723 | 72,000 | 197,723 |
| Foundation grants | 146,396 | 20,000 | 166,396 |
| In-kind contributions | 212,706 | - | 212,706 |
| Individual contributions | 38,090 | - | 38,090 |
| Corporate contributions | 25,901 | - | 25,901 |
| Other Revenue | | | |
| Earned revenue | 127,155 | - | 127,155 |
| Other event revenue | 18,919 | - | 18,919 |
| Campaign revenue | 1,934 | - | 1,934 |
| Reimbursed expenses | 5,059 | - | 5,059 |
| Net Assets Released from Restrictions | | | |
| Restrictions satisfied | 40,000 | (40,000) | - |
| <hr/> | | | |
| Total Revenues, Gains, and Other Support | 1,163,142 | 52,000 | 1,215,142 |
| Expenses | | | |
| Program Services | | | |
| Salaries | 546,807 | - | 546,807 |
| Employee benefits | 25,660 | - | 25,660 |
| Payroll taxes | 50,464 | - | 50,464 |
| Professional services | 183,524 | - | 183,524 |
| Books, equipment, and supplies | 39,515 | - | 39,515 |
| Rent | 69,297 | - | 69,297 |
| Transportation | 40,259 | - | 40,259 |
| Printing and publications | 10,582 | - | 10,582 |
| Professional development | 7,330 | - | 7,330 |
| Insurance | 7,670 | - | 7,670 |
| Food | 658 | - | 658 |
| Other business expenses | 7,083 | - | 7,083 |
| Other program expenses | 37,495 | - | 37,495 |
| Supporting Services | | | |
| Salaries | 28,315 | - | 28,315 |
| General and administrative | 50,670 | - | 50,670 |
| Fundraising Expenses | | | |
| Salaries | 18,172 | - | 18,172 |
| General fundraising | 16,522 | - | 16,522 |
| <hr/> | | | |
| Total Expenses | 1,140,023 | - | 1,140,023 |
| <hr/> | | | |
| Change in Net Assets | 23,119 | 52,000 | 75,119 |
| <hr/> | | | |
| Net Assets, beginning of year | 244,725 | 40,000 | 284,725 |
| <hr/> | | | |
| Net Assets, end of year | \$ 267,844 | \$ 92,000 | \$ 359,844 |

The accompanying notes are an integral part of this financial statement.

KID POWER, INC.

Statements of Cash Flows

| <i>For the Years Ended June 30,</i> | <i>2018</i> | <i>2017</i> |
|---|-------------|-------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 118,641 | \$ 75,119 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation expense | 2,910 | 3,253 |
| Gain on sale of vehicle | (480) | - |
| Bad debt (recoveries) expense | (7,610) | 10 |
| Changes in operating assets and liabilities: | | |
| Grants and other contributions receivable | 107,410 | (18,909) |
| Accounts receivable | 1,451 | (55,832) |
| Prepaid expenses and other current assets | (639) | (893) |
| Accounts payable and accrued expenses | (9,411) | 8,889 |
| Net Cash Provided by Operating Activities | 212,272 | 11,637 |
| Cash Flows from Investing Activities | | |
| Proceeds from sale of property and equipment | 480 | - |
| Net Cash Provided by Investing Activities | 480 | - |
| Net Increase in Cash | 212,752 | 11,637 |
| Cash, beginning of year | 94,180 | 82,543 |
| Cash, end of year | \$ 306,932 | \$ 94,180 |
| Supplemental Disclosure of Cash Flow Information | | |
| Cash paid for interest | \$ - | \$ 413 |

The accompanying notes are an integral part of these financial statements.

KID POWER, INC.

Notes to the Financial Statements For the Years Ended June 30, 2018 and 2017

1. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Organization

Kid Power, Inc. (the Organization) provides academic, civic, nutritional, and service-learning opportunities for 425 youth (ages 7-18) in underserved neighborhoods in the District of Columbia (Wards 1, 2, 4, 6, 7, and 8) in after school and summer programs. Kid Power inspires youth leadership by promoting academic advancement, physical and emotional wellness, and positive civic engagement in underserved communities throughout the District of Columbia. In the Academic Power Hour, students participate in homework help and engaging, hands-on activities that align with the Common Core Standards. In the Citizenship Project, students and their mentors use a literacy-building and civic engagement curriculum to study the building blocks of citizenship and implement community action projects. In VeggieTime, students study nutrition and the environment, operate citywide gardens, participate in cooking classes, introduce fresh produce into their homes, sell produce at markets, and implement nutritional service projects. At the Summer Leadership Academy, students participate in advanced academic, nutritional, service-learning, and recreational activities.

Basis of Accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of any contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Support and Expenses

Grants and other contributions received and unconditional promises to give are measured at their fair values and are reported as increases in net assets. Contributions of professional services (which include accounting and legal services), materials and other non-cash assets are measured at their fair values at the date of receipt.

In accordance with the provisions of Accounting Standards Codification 958, *Not-for-Profit Entities* (ASC 958), the Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted Net Assets

Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

KID POWER, INC.

Notes to the Financial Statements For the Years Ended June 30, 2018 and 2017

1. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Support and Expenses – cont'd.

Temporarily Restricted Net Assets

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes. When a donor restriction expires, that is when a 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 as net assets released from restrictions. Any temporarily restricted resource that is received and used during the same year is considered an unrestricted resource and is reported as an unrestricted contribution.

Permanently Restricted Net Assets

Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Organization's actions.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Donated Services and Goods

A substantial number of volunteers have donated approximately 4,974 hours and 8,650 hours to the Organization's program services and fundraising campaigns during the years ended June 30, 2018 and 2017, respectively. These donated services are not reflected in the financial statements because the services do not require specialized skills and are not subject to objective measurement and valuation. Contributions of professional services, materials, and other noncash assets are reflected in the statements of activities as revenues and expenses at their fair values at the date of receipt. Contributions reflected in the statements of activities were attained by the Organization from the following sources for the years ended June 30,:

| | 2018 | 2017 |
|-----------------------------------|-------------------|-------------------|
| Federal work study program | \$ 30,376 | \$ 29,323 |
| Public and private school network | 37,992 | 37,495 |
| Consulting services | 80,000 | 70,000 |
| Office space | 77,632 | 75,888 |
| Total | \$ 226,000 | \$ 212,706 |

Cash

The Organization maintains substantially all of its cash with one commercial bank. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor. The Organization periodically maintains cash balances in excess of FDIC coverage. Management considers this to be a normal business risk.

**Notes to the Financial Statements
For the Years Ended June 30, 2018 and 2017**

1. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Allocation of Functional Expenses

The allocation of expenses between program services and supporting services, where applicable, is based on direct expenses incurred. Any expenditure not charged directly has been allocated based on the functional use of square footage.

Grants and Other Contributions Receivable

Grants and other contributions receivable are carried at the original grant or contribution amount, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the collectability of specific grants and contributions by regularly evaluating individual donor receivables and considering a donor's financial condition, credit history, and current economic conditions. Based on management's assessment, the Organization provides for estimated uncollectable amounts through a charge to expenses and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants and other contributions receivable. The Organization wrote-off uncollectable contributions receivable totaling \$10 during the year ended June 30, 2017. There were no write-offs of uncollectable contributions receivable during the year ended June 30, 2018.

Management has determined that grants and other contributions receivable as of June 30, 2018 and 2017 are fully collectable and that a provision for doubtful accounts is not required. Interest is not recorded on any past due balances.

Accounts Receivable

Accounts receivable are carried at the original invoice amount, less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the collectability of specific accounts by regularly evaluating the members and considering their financial condition, credit history, and current economic conditions. Based on management's assessment, the Organization provides for estimated uncollectable amounts through a charge to expenses and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management has determined that accounts receivable as of June 30, 2018 and 2017 are fully collectible and that a provision for doubtful accounts is not required. Interest is not recorded on any past due balances.

**Notes to the Financial Statements
For the Years Ended June 30, 2018 and 2017**

1. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation and amortization. When property and equipment are retired or otherwise disposed, the cost and accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in the results of operations for the respective period. Depreciation is recognized using the straight-line method over the following estimated useful lives:

| | |
|-----------|-----------|
| Equipment | 5-7 years |
| Vehicles | 5 years |

Repairs and maintenance costs are expensed when incurred. Gains and losses from disposals are recorded in the year the item is disposed.

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets in accordance with ASC 360, *Property, Plant and Equipment*. ASC 360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured as the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. The Organization believes none of its long-lived assets were impaired as of June 30, 2018 and 2017. Assets to be disposed are reportable at the lower of the carrying amount or fair value, less costs to sell. As of June 30, 2018 and 2017, there were no assets held for disposal and the Organization does not have any assets intended for disposal.

Income Taxes

Prior to June 30, 2008, the Organization was incorporated in the State of Delaware under the name Kid Power-DC, Inc. and operated as an organization generally exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Effective July 1, 2008, the Organization elected to reincorporate in the District of Columbia under the name Kid Power, Inc. and secured tax exempt status under Section 501(c)(3).

Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. Management believes the Organization has no net unrelated business income for the years ended June 30, 2018 and 2017. However, the Organization's federal and applicable state income tax returns remain subject to examination by U.S. federal and state authorities for the tax years 2014 through 2017.

ASC 740, *Income Taxes*, prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return as well as guidance on de-recognition, classification, interest and penalties, and financial statement reporting disclosures. For these benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest amount of benefit that is greater than fifty percent, likely of being realized upon ultimate settlement.

**Notes to the Financial Statements
For the Years Ended June 30, 2018 and 2017**

1. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Income Taxes – cont'd.

The Organization has considered its income tax positions, including any positions that may be considered uncertain by the relevant tax authorities in the jurisdictions in which the Organization operates. As of June 30, 2018 and 2017, the Organization had not identified any uncertain tax positions and no unrecognized tax exposures. The Organization recognizes interest and penalties accrued on any unrecognized tax exposures as a component of income tax expense. The Organization does not have any amounts accrued relating to interest and penalties as of June 30, 2018 and 2017.

Recently Issued Accounting Pronouncements

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which amends the existing accounting standards for revenue recognition. ASU 2014-09 supersedes the revenue recognition requirements in ASC 605 and most industry-specific guidance throughout the Industry Topics in the ASC. Under the new standard, recognition of revenue occurs when a customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

In August 2015, the FASB deferred the effective date of the revenue recognition guidance for non-public entities to reporting periods beginning after December 15, 2018. Early adoption is permitted for reporting periods beginning after December 15, 2016. The new revenue standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. Management is currently evaluating the timing of its adoption and the impact of adopting the new revenue standard on the Company's financial statements.

The FASB issued ASU 2016-02, *Leases (Topic 842)*, which will be effective for fiscal years beginning after December 15, 2019. The distinction between finance leases (previously capital leases) and operating leases is substantially similar to the distinction between capital leases and operating leases in the previous leases guidance. Lessor accounting is also largely unchanged. For lessees, leases under both categories will be reported on the statement of financial position as a depreciable right-to-use asset and a liability to make lease payments. The asset and liability should be initially measured at the present value of the lease payments, including payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. The asset will be depreciated and the liability will be reduced by lease payments. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and liabilities. Management has elected not to early adopt ASU 2016-02 and will assess the future impact on any leases.

**Notes to the Financial Statements
For the Years Ended June 30, 2018 and 2017**

1. DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – cont'd.

Recently Issued Accounting Pronouncements – cont'd.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities* which is effective for fiscal years beginning after December 15, 2017. The primary impacts of ASU 2016-14 are as follows: a) Net Asset Classification: The three categories of net assets will be condensed to two categories: Without Donor Restrictions and With Donor Restrictions. Not-for-profits may choose to disaggregate net assets further within the two categories. b) Board-Designated Net Assets: Not-for-profits will need to disclose the amount, purpose, and type of board designations either on the face of the financials or in the notes to the financial statements. Board-designated net assets remain a subgroup of net assets without donor restrictions. c) Underwater Endowment Assets: Although the underwater calculation remains unchanged, instead of classifying the underwater portion against unrestricted net assets, it will go against the Net Assets With Donor Restrictions. There are also certain additional disclosures such as any board policy or actions taken regarding appropriation from such funds. d) Cash Flow Statement: Not-for-profits will still have the option of presenting operating cash flows using the direct method or the indirect method. If the direct method is chosen, the indirect reconciliation is not required. e) Expenses: Expenses will be required to be presented both by function and by nature, but it is flexible as to how (in statement form vs. in the footnotes). A qualitative disclosure about how costs are allocated by function will also be required. External and internal direct investment expenses will be netted against investment return on the statement of activities. Disclosure of investment return components will no longer be required. f) Liquidity and Availability: The ASU will require (1) quantitative disclosure about availability of financial assets to meet cash needs for general expenditures within one year of the balance sheet date, and (2) qualitative disclosure about liquidity, presented in the notes, including information about liquidity risk and how the liquid available resources are managed. Management has chosen not to adopt ASU 2016-14 early but will assess the impact on future financial statements.

Subsequent Events

The Organization evaluated for disclosure any subsequent events through January 4, 2019, the date the financial statements were available to be issued.

KID POWER, INC.

Notes to the Financial Statements For the Years Ended June 30, 2018 and 2017

2. GRANTS AND OTHER CONTRIBUTIONS RECEIVABLE

The components of grants and other contributions receivable are as follows as of June 30,:

| | 2018 | 2017 |
|---|------------|------------|
| Billed receivables | \$ 109,142 | \$ 201,593 |
| Unbilled receivables | - | 7,349 |
| Grants and other contributions receivable | \$ 109,142 | \$ 208,942 |

The unbilled receivables include amounts due for grant revenues earned on cost-reimbursable grants as of year-end, but not yet billed under the terms of the grants. All billed and unbilled receivable amounts are expected to be collected during the next fiscal year.

3. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following as of June 30,:

| | 2018 | 2017 |
|--------------------------------|----------|-----------|
| Vehicles | \$ - | \$ 12,500 |
| Equipment | 18,027 | 18,027 |
| Total property and equipment | 18,027 | 30,527 |
| Less: accumulated depreciation | (15,602) | (25,192) |
| Property and equipment, net | \$ 2,425 | \$ 5,335 |

Depreciation expense totaled \$2,910 and \$3,253 for the years ended June 30, 2018 and 2017, respectively.

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following specific program services as of June 30,:

| | 2018 | 2017 |
|---|------------|-----------|
| Summer programs | \$ 195,000 | \$ 72,000 |
| After school programs | - | 20,000 |
| Total temporarily restricted net assets | \$ 195,000 | \$ 92,000 |

KID POWER, INC.

Notes to the Financial Statements For the Years Ended June 30, 2018 and 2017

5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The following were released from restrictions during the years ended June 30,:

| | 2018 | 2017 |
|---------------------------------------|------------|-----------|
| Summer programs | \$ 117,162 | \$ 40,000 |
| After school programs | 95,000 | - |
| Net assets released from restrictions | \$ 212,162 | \$ 40,000 |

6. COMMITMENTS

Operating Leases

The Organization rented office space under an operating lease on a month-to-month basis, which had an original term that ended on December 31, 2015. The Organization continues to rent space for program use under this lease. The facility lease requires additional payments for certain operating expenses and insurance.

Effective January 1, 2016, the Organization entered into a non-cancelable operating lease agreement for office space, expiring on December 31, 2020. The lease is subject to annual rent increases, based on the Consumer Price Index, and includes monthly payments of \$300 for common area maintenance costs. The lessor has committed to in-kind contributions for the entire term of the lease and all extension periods, in which the total annual rent payment net of the in-kind contribution of the lessor, shall not exceed \$50 per year.

The Organization also leases two copiers under the terms of a non-cancelable operating lease that expires on December 28, 2017, as well as an additional two copiers under the terms of a non-cancelable operating lease that expires on March 12, 2022.

Future minimum lease payments are as follows for the years ending June 30,:

| | Gross Rental | In-kind Contribution | Net Rental |
|-------|--------------|----------------------|------------|
| 2019 | \$ 84,182 | \$ (75,888) | \$ 8,294 |
| 2020 | 85,876 | (77,582) | 8,294 |
| 2021 | 45,663 | (39,194) | 6,469 |
| 2022 | 3,483 | - | 3,483 |
| Total | \$ 219,204 | \$ (192,664) | \$ 26,540 |

Rent expense, net of in-kind contributions, totaled \$22,701 and \$27,471 for the years ended June 30, 2018 and 2017, respectively.

KID POWER, INC.

Notes to the Financial Statements For the Years Ended June 30, 2018 and 2017

6. COMMITMENTS – cont'd.

Board Designated Cash Reserve

As of June 30, 2018 and 2017, the Organization had cash reserves of \$119,909 and \$59,909, respectively, pursuant to a voluntarily restricted cash reserve established by the Organization's Board of Directors.

7. CONCENTRATION OF CREDIT RISK

For the year ended June 30, 2018 revenue from two grantors, the DC Office of the State Superintendent of Education (OSSE) and the United Way, represented approximately 37% and 16% of total revenues, respectively. As of June 30, 2018, grant receivables from these two grantors totaled \$87,884 and \$31,500, respectively.

For the year ended June 30, 2017 revenue from two grantors, the DC Office of the State Superintendent of Education (OSSE) and the United Way, represented approximately 31% and 12% of total revenues, respectively. As of June 30, 2017, grant receivables from these two grantors totaled \$135,077 and \$38,860, respectively.

SUPPLEMENTAL SCHEDULE

KID POWER, INC.

Supplemental Schedule of Functional Expenses For the Year Ended June 30, 2018

| | Program Services | | | Supporting Services | | | Total Expenses |
|--------------------------------|-----------------------|----------------|------------------------|---------------------|-------------|---------------------------|----------------|
| | After School Programs | Summer Program | Total Program Services | Administration | Fundraising | Total Supporting Services | |
| Salaries and wages | \$ 427,249 | \$ 100,460 | \$ 527,709 | \$ 52,390 | \$ 60,787 | \$ 113,177 | \$ 640,886 |
| Employee benefits | 16,308 | 3,825 | 20,133 | 5,868 | 3,345 | 9,213 | 29,346 |
| Payroll taxes | 35,429 | 8,311 | 43,740 | 3,160 | 4,966 | 8,126 | 51,866 |
| Professional services | 93,098 | 20,974 | 114,072 | 35,753 | 965 | 36,718 | 150,790 |
| Books, equipment, and supplies | 25,034 | 5,872 | 30,906 | 3,975 | 3,449 | 7,424 | 38,330 |
| Rent | 68,623 | 16,047 | 84,670 | 7,278 | 8,385 | 15,663 | 100,333 |
| Transportaion | 24,909 | 10,378 | 35,287 | 1,426 | - | 1,426 | 36,713 |
| Printing and publications | 7,830 | 1,957 | 9,787 | 4,517 | 1,108 | 5,625 | 15,412 |
| Professional development | 3,749 | 880 | 4,629 | - | - | - | 4,629 |
| Insurance | 4,822 | 1,131 | 5,953 | 5,935 | - | 5,935 | 11,888 |
| Food | 793 | 186 | 979 | 1,440 | - | 1,440 | 2,419 |
| Other business expenses | 4,013 | 941 | 4,954 | 3,184 | 428 | 3,612 | 8,566 |
| Other program expenses | 37,992 | - | 37,992 | - | - | - | 37,992 |
| | \$ 749,849 | \$ 170,962 | \$ 920,811 | \$ 124,926 | \$ 83,433 | \$ 208,359 | \$ 1,129,170 |

See Independent Auditors' Report.