

KID POWER, INC.
FINANCIAL STATEMENTS
September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kid Power, Inc.
Washington, D.C.

Opinion

We have audited the financial statements of Kid Power, Inc., which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Kid Power, Inc. as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kid Power, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kid Power, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP
Alexandria, Virginia
March 14, 2025

KID POWER, INC.
STATEMENT OF FINANCIAL POSITION
September 30, 2024

ASSETS

CURRENT ASSETS

Cash	\$ 952,470
Government grants receivable	386,698
Unconditional promises to give	5,000
Accounts receivable	<u>20,258</u>

Total current assets 1,364,426

EQUIPMENT

Equipment	10,000
Copiers	10,344
Accumulated depreciation	<u>(13,556)</u>

Property and equipment, net 6,788

Total assets

\$ 1,371,214

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 10,620
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NET ASSETS

Without donor restrictions	1,354,813
With donor restrictions	<u>5,781</u>

Total net assets 1,360,594

Total liabilities and net assets

\$ 1,371,214

See accompanying notes.

KID POWER, INC.
STATEMENT OF ACTIVITIES
Year Ended September 30, 2024

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS

REVENUES

Grants and contributions	
Government grants	\$ 1,482,332
Contributions	424,477
Donated services	97,460
Donated facilities	93,044
Program service revenue and other	
Contracted services	24,467
Interest income	1,615
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Total revenues without donor restrictions	2,123,395

EXPENSES

Program services	
After school and summer leadership	766,546
High impact tutoring	640,085
In school health and wellness	65,657
Mentors Inc. at Kid Power	278,587
Supporting activities	
Management and general	312,168
Fundraising	173,368
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Total expenses	2,236,411

Change in net assets without donor restrictions	(113,016)
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CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Contributions	<hr/> 5,781
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Change in net assets	(107,235)
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Net assets at beginning of year	<hr/> 1,467,829
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Net assets at end of year	<hr/> <hr/> \$ 1,360,594
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See accompanying notes.

KID POWER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended September 30, 2024

	Program Services				Supporting Activities		
	After School and Summer Leadership	High Impact Tutoring	In School Health and Wellness	Mentors Inc. at Kid Power	Management and General	Fundraising	Total Expenses
Personnel							
Wages and benefits	\$ 620,189	\$ 542,937	\$ 51,395	\$ 229,588	\$ 125,950	\$ 133,311	\$ 1,703,370
Payroll taxes	48,891	42,801	4,052	18,099	9,929	10,509	134,281
Total personnel	669,080	585,738	55,447	247,687	135,879	143,820	1,837,651
Occupancy	51,953	29,657	2,807	12,541	11,693	7,282	115,933
Professional fees	14,483	339	-	-	134,532	-	149,354
Books, equipment, and supplies	7,952	7,692	4,558	8,778	11,575	16,090	56,645
Transportation	5,440	548	544	1,345	208	81	8,166
Office expenses	4,187	2,535	240	1,072	6,467	622	15,123
Printing and publications	1,089	953	90	403	-	-	2,535
Professional development	648	-	-	850	-	-	1,498
Insurance	6,383	5,892	194	580	6,047	-	19,096
Other expenses	5,331	6,731	1,777	5,331	5,767	5,473	30,410
Total expenses	\$ 766,546	\$ 640,085	\$ 65,657	\$ 278,587	\$ 312,168	\$ 173,368	\$ 2,236,411

See accompanying notes.

KID POWER, INC.
STATEMENT OF CASH FLOWS
Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (107,235)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	1,293
Decrease in assets	
Government grants receivable	240,857
Unconditional promises to give	30,000
Accounts receivable	46,635
Decrease in liabilities	
Accounts payable	<u>(1,738)</u>
Change in cash	209,812
Cash at beginning of year	<u>742,658</u>
Cash at end of year	<u><u>\$ 952,470</u></u>

KID POWER, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Kid Power, Inc. (Kid Power) 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) through 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. Kid Power is primarily supported by government grants and contributions.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. All amounts are collectible in one year.

Accounts Receivable

Accounts receivable represents amounts due from schools for services provided by Kid Power. Kid Power uses historical loss information based on the aging of accounts receivable as the basis to determine expected credit losses. Management believes the composition of accounts receivable is consistent with historical conditions and accounts receivable are expected to be settled within a relatively short time frame based on current conditions. As such, credit losses are expected to be insignificant. Accounts receivable at September 30, 2024 were as follows:

Beginning of year accounts receivables	\$ 66,893
End of year accounts receivables	20,258

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Depreciation expense for the year ended September 30, 2024 was \$1,293.

Government Grants

Kid Power receives grants from government agencies that are conditioned upon Kid Power incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by Kid Power, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

KID POWER, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donated Services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Numerous volunteers also provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Contracted Services

Kid Power provides after school and summer programming. Kid Power provides these services under contracts with schools. Revenue from these services is recognized at the point in time when Kid Power provides the particular service. Kid Power bills the schools on a monthly basis after the service is provided and typically does not provide refunds.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, which is allocated on the basis of estimates of time and effort, and occupancy, which is allocated on a square footage basis. The following program services and supporting activities are included in the accompanying financial statements:

After School and Summer Leadership—Daily after school support with the following programs: Academic Power Hour and STEM Enrichment; Citizenship Enrichment (civic engagement curriculum, service-learning, student government); Art with a Purpose (art as an outlet for self-expression and mindfulness); and VeggieTime Enrichment (environmental science and nutrition/health curriculum). Students also participate in weekly tutoring sessions with high school mentors. The summer leadership program is a 5-week, full-day program with morning academics and afternoon enrichment following the school-year enrichment activities through project-based learning. Students engage in team-building, physical recreation, and financial literacy activities.

High Impact Tutoring—These activities combine the power of social-emotional learning (SEL) with critical evidenced-based academic support. Each week, students engage in 90 minutes of weekly high-impact tutoring in explicit research-based phonics instruction.

KID POWER, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In School Health and Wellness—These activities help to integrate wellness into the entire school culture, including monthly in-school lesson sites taught by our FoodCorps Service Members, school cafeteria events, composting and recycling, and market and school wellness events.

Mentors Inc. at Kid Power—This program provides community-based mentoring to middle and high school students to support improved high school graduation rates, social emotional growth, and the growing alumni base.

Management and General—Management and general activities relate to the overall direction of Kid Power and include the functions necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of Kid Power, and perform other administrative functions.

Fundraising—Fundraising activities relate to soliciting contributions from individuals, foundations, government agencies, and others, and other activities that involve inducing potential donors to contribute assets, services, or time to Kid Power.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Income Tax Status

Kid Power is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Date of Management's Review

Management has evaluated subsequent events through March 14, 2025, the date which the financial statements were available to be issued.

NOTE 2—CONCENTRATIONS

Credit Risk

Kid Power maintains its cash balances in one financial institution located in Washington, D.C. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2024, Kid Power's uninsured cash balances totaled \$707,732.

Economic Dependency

In addition, for the year ended September 30, 2024, approximately 50% of revenue was provided by two grantors. Approximately 70% of government grants receivable at September 30, 2024 is due from these two grantors.

KID POWER, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 3—CONDITIONAL GRANTS

Kid Power has several grants that are conditioned upon Kid Power incurring qualifying expenses under the grant programs. At September 30, 2024, these conditional grants total \$442,120. These conditional grants will be recognized as revenue when the respective conditions are met in future years.

NOTE 4—NET ASSETS

As of September 30, 2024, Kid Power's board of directors has designated \$323,415 of net assets for a liquidity reserve. Net assets with donor restrictions of \$5,781 are available for After School programming.

NOTE 5—RETIREMENT PLAN

Kid Power offers a Simple IRA plan for employees who have earned at least \$5,000. Kid Power will match up to 3% of the employees' compensation for the calendar year. For the year ended September 30, 2024, Kid Power's contributions to the plan total \$12,872.

NOTE 6—DONATED SERVICES AND FACILITIES

Kid Power received donated faculty services and facilities valued at \$97,460 and \$93,044 for the year ended September 30, 2024, respectively. The estimated fair value of faculty services are based on current rates for similar items offered by the vendor and did not have any donor-imposed restrictions. The facility arrangement was determined based on an operating lease agreement that requires monthly payments of \$350 for utilities (conditioned upon usage of the space) and expires in December 2030, which includes the two five-year extensions periods. The lessor has an intention to give contribution for the entire term of the lease and all extension periods. The fair value of the use of the space stated in the original agreement from January 2016 is an annual base rent of \$74,950 adjusted each year based on the consumer price index. The lessor's commitment is conditioned upon Kid Power maintaining its tax-exempt status and compliance with the lease terms. The total intention to give for the remainder of the lease (including the second extension period) as of September 30, 2024 is approximately \$582,000.

NOTE 7—PAYCHECK PROTECTION PROGRAM LOAN

Kid Power received loans totaling \$362,187 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). On February 3, 2021 and September 15, 2021, the SBA approved forgiveness of Kid Power's first and second draw loan. Kid Power must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review Kid Power's good-faith certification concerning the necessity of its loan request, whether Kid Power calculated the loan amount correctly, whether Kid Power used loan proceeds for the allowable uses specified in the CARES Act, and whether Kid Power is entitled to loan forgiveness in the amount claimed on its application. If SBA determines Kid Power was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

KID POWER, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2024

NOTE 8—LIQUIDITY AND AVAILABILITY

The following table reflects Kid Power's financial assets as of the date of the statement of financial position reduced by amounts not available for expenditures within one year of the date of the statement of financial position because of board designations and donor restrictions:

Cash	\$ 952,470
Government grants receivable	386,698
Unconditional promises to give	5,000
Accounts receivable	<u>20,258</u>
Financial assets at year-end	1,364,426
Less those unavailable for general expenditures within one year:	
Board designated liquidity reserve	(323,415)
Restricted by donor with purpose restrictions	<u>(5,781)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,035,230</u></u>

As part of Kid Power's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.