ALL STARS HELPING KIDS, INC.
(a California nonprofit corporation)

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

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(a California nonprofit corporation)

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SEPTEMBER 30, 2017 AND 2016

Contents

PP&CO | PETRINOVICH PUGH & CO LLP
Certified Public Accountants and Consultants
333 W SANTA CLARA STREET SUITE 830 SAN JOSE CA 95113
408.287.7911 PHONE 408.297.7836 FAX WWW.PPANDCO.COM

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
All Stars Helping Kids, Inc.
Santa Clara, California

We have audited the accompanying financial statements of All Stars Helping Kids, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2017, and the related statements of activities and changes in net assets and cash flows for the year 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 All Stars Helping Kids, Inc. as of September 30, 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.

Petrinovich Pugh & Company, LLP

Petrinovich Pugh & Company, LLP

San Jose, California
December 21, 2017

ALL STARS HELPING KIDS, INC.
(a California nonprofit corporation)

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30 2017 AND 2016

ASSETS	2017	2016
Current assets:		
Cash and cash equivalents	$ 118,215	$ 771,837
Investments - unrestricted	11,667	169,302
Unconditional promises to give, net	132,644	310,489
Prepaid expenses	5,601	9,554
Total current assets	268,127	1,261,182
Furniture and equipment, net	32,632	25,779
Other assets	1,518	1,518
Restricted cash in permanent endowment	-	6,818
Investments in permanent endowment	2,197,702	2,002,681
Total assets	$ 2,499,979	$ 3,297,978

LIABILITIES AND NET ASSETS	2017	2016
Current liabilities:		
Accounts payable	$ 32,555	$ 26,835
Other accrued liabilities	47,824	27,324
Grants and contributions payable	-	35,000
Total current liabilities	80,379	89,159
Total liabilities	80,379	89,159
Net assets:		
Unrestricted net assets	585,554	1,010,906
Temporarily restricted net assets	234,046	647,913
Permanently restricted net assets	1,600,000	1,550,000
Total net assets	2,419,600	3,208,819
Total liabilities and net assets	$ 2,499,979	$ 3,297,978

See accompanying independent auditors' report
and notes to financial statements.

ALL STARS HELPING KIDS, INC.
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STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:								
Support:								
Individuals, corporations and private foundations	$ 216,428	$ 143,326	$ 50,000	$ 409,754	$ 581,431	$ 98,915	$ -	$ 680,346
Donated material and services	478,390	-	-	478,390	536,610	-	-	536,610
Restrictions released	785,104	(785,104)	-	-	261,962	(261,962)	-	-
Total support	1,479,922	(641,778)	50,000	888,144	1,380,003	(163,047)	-	1,216,956
Special events revenue and contributions:								
Special events revenue and contributions	140,913	227,911	-	368,824	452,617	647,937	-	1,100,554
Less direct special events costs	(308,101)	-	-	(308,101)	(251,355)	-	-	(251,355)
Net special events revenue and contributions	(167,188)	227,911	-	60,723	201,262	647,937	-	849,199
Investment income:								
Interest and dividends	45,139	-	-	45,139	33,397	-	-	33,397
Net realized and unrealized gain	257,879	-	-	257,879	205,343	-	-	205,343
Investment expenses	(21,451)	-	-	(21,451)	(19,242)	-	-	(19,242)
Net investment income	281,567	-	-	281,567	219,498	-	-	219,498
Total revenues	1,594,301	(413,867)	50,000	1,230,434	1,800,763	484,890	-	2,285,653
Expenses:								
Program expenses	884,350	-	-	884,350	946,838	-	-	946,838
Grant and contribution expenses	692,132	-	-	692,132	549,622	-	-	549,622
General and administrative	208,698	-	-	208,698	169,009	-	-	169,009
Fund-raising expenses	234,473	-	-	234,473	127,678	-	-	127,678
Total expenses	2,019,653	-	-	2,019,653	1,793,147	-	-	1,793,147
Change in net assets	(425,352)	(413,867)	50,000	(789,219)	7,616	484,890	-	492,506
Net assets, beginning of year	1,010,906	647,913	1,550,000	3,208,819	1,003,290	163,023	1,550,000	2,716,313
Net assets, end of year	$ 585,554	$ 234,046	$ 1,600,000	$ 2,419,600	$ 1,010,906	$ 647,913	$ 1,550,000	$ 3,208,819

See accompanying independent auditors' report
and notes to financial statements.

ALL STARS HELPING KIDS, INC.
(a California nonprofit corporation)

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ (789,219)	$ 492,506
Adjustments to reconcile changes in net assets to net cash (used for) provided by operating activities:		
Permanently restricted contribution	(50,000)	-
Net realized and unrealized gain on investments	(257,879)	(205,343)
Depreciation expense	13,222	2,856
Allowance for unconditional promises to give	(3,750)	-
Changes in current assets and liabilities:		
Unconditional promises to give	181,595	(299,489)
Prepaid expenses	3,953	1,526
Accounts payable	5,720	(24,905)
Grants and contributions payable	(35,000)	35,000
Other accrued liabilities	20,500	20,900
Intermediary funds payable	-	(4,482)
Net cash (used for) provided by operating activities	(910,858)	18,569
Cash flows from investing activities:		
Purchases of investments	(1,178,557)	(716,294)
Proceeds from sale of investments	1,399,050	676,828
Purchases of furniture and equipment	(20,075)	(24,955)
Net cash provided by (used for) investing activities	200,418	(64,421)
Cash flows from financing activities:		
Permanently restricted contribution	50,000	-
Net cash provided by financing activities	50,000	-
Net decrease in cash and cash equivalents	(660,440)	(45,852)
Cash, cash equivalents and restricted cash, beginning of year	778,655	824,507
Cash, cash equivalents and restricted cash, end of year	$ 118,215	$ 778,655

Supplemental disclosures of noncash investing and financing activities:

During the year ended September 30, 2016, All Stars disposed of fully depreciated equipment with an original cost of $47,069.

See accompanying independent auditors' report
and notes to financial statements.

ALL STARS HELPING KIDS, INC.
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

NOTE A - ORGANIZATION

For over 28 years, All Stars Helping Kids (All Stars) has fulfilled a vision to increase the effectiveness of Bay Area nonprofits so that all youth can thrive, regardless of where they come from. During this time, we have invested over eleven million dollars in over 500 nonprofits. We believe that with early-stage investment, many more nonprofits could make the world a better place. The mission of All Stars is to disrupt the cycle of poverty and encourage innovation by seed funding start-up nonprofits in the Bay Area. The values that guide our work, both internally and in the community, are: Risk-taking, Teamwork, Integrity and Reflection.

All Stars has invested in hundreds of nonprofits who reflect our mission, vision and values. These nonprofits serve children in the Bay Area and beyond by meeting needs for literacy and education programs, camps, out-of-school enrichment programs, community and family integration services, high-quality medical care and treatment, and many other areas. All Stars Helping Kids operates within a simple formula of raising money for the purpose of redistributing funds to start-up nonprofits. We also encourage sustainability by providing organizational best practice resources to create opportunities in education, health, and life skills for disadvantaged youth. We believe that breaking the cycle of poverty will give all youth a fair shot, and will benefit each and every one of us too.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements of All Stars have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation - All Stars is required to report information regarding its financial position and activities in accordance with three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

> *Unrestricted* - These generally result from revenues generated by receiving unrestricted contributions, and receiving interest from investments less expenses incurred in providing program related services, raising contributions, and performing administrative functions.
>
> *Temporarily Restricted* - All Stars reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. 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. Restricted contributions whose restrictions are met in the same reporting period are recorded as temporarily restricted contributions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

> *Permanently Restricted–Endowments* - Permanently restricted net assets consist of assets the use of which has been restricted for investment in perpetuity as donor-restricted endowments. As specified by the donor, the income from endowments is available for either general operations or specific programs as All Stars determines. The Board of Directors of All Stars (the Board) has interpreted the State of California's enacted version of the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, All Stars classifies as permanently restricted net assets; (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts donated to the permanent endowment, and (3) additions to the permanent endowment in accordance with donor directions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets until those amounts are appropriated for expenditure by All Stars.

Funds with Deficiencies - From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires All Stars to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in unrestricted net assets per donor intent. Such deficiencies may result from unfavorable market fluctuations that occurred shortly after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board.

Revenue Recognition - Contributions from individuals, corporations and foundations are recognized when the donor makes a promise to give to All Stars that is, in substance, unconditional. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. Cash from conditional gifts received prior to the conditions being met will be classified as deferred revenue. Special event sponsorships and grants are recognized in the year pledged. Special event revenue from auction items sold at the events are recognized as revenue in the period the event is held.

Unconditional promises to give due in the next year are recorded at their net realizable value.

In-kind donations consist of the following:

> *Materials* - Donations of materials are recorded as support at their estimated fair value on the date of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated materials to a specific purpose. Materials donated with explicit restrictions regarding their use are reported as restricted support. Gifts of long-lived assets are reported as unrestricted support and depreciated over their useful life.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

> *Services* - Donated services are recognized if the services received (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Cash and Cash Equivalents - Cash and cash equivalents include highly liquid investments and investments with a maturity of three months or less.

Concentration of Credit Risk - Financial instruments that potentially subject All Stars to concentrations of credit risk consist principally of cash. Risks associated with cash are mitigated by banking with creditworthy institutions. The federally insured limit is $250,000 per institution. There were no amounts in excess of federally insured limit as of September 30, 2017. All Stars had approximately $510,000 of cash in excess of the insured limit as of September 30 2016, respectively. All Stars has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Unconditional Promises to Give - Unconditional promises to give consist of amounts due for support and from fund-raising events held during the fiscal year. Unconditional promises to give are recognized at their net realizable value in the period received provided that they are to be paid within one year. Amounts that are expected to be collected in excess of one year are recorded at the net present value of their estimated future cash flows. The discounts on these amounts are computed using risk free rates modified for certain considerations applicable to the number of years the pledge is expected to remain outstanding. Amortization of the discounts is included in contributed revenue in accordance with donor-imposed restrictions, if any, on the contributions. During the years ended September 30, 2017 and 2016, no amortization of the discounts has been recognized.

All Stars recognizes an allowance for estimated bad debts on unconditional promises to give that are no longer estimated to be collectible. All Stars adjusts any allowance for subsequent collections upon final determination that an amount is no longer collectible. Management recognized an allowance for estimated bad debts for $3,750 as of September 30, 2017.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and Equipment - Furniture and equipment are carried at cost or, if donated, at estimated fair value on the date of the gift if the cost or estimated fair value is $1,000 or greater. Major additions and betterments are capitalized; maintenance is charged to operations as incurred. Gains and losses on dispositions, if any, are included in operations in the year of disposal. Depreciation for furniture, computer equipment, software, and website is computed using the straight-line method over three to seven years.

Investments - Investments in debt and equity securities are carried at the quoted market value of the investments. Net realized and unrealized gains and losses and investment income are reflected as increases or decreases in the unrestricted class of net assets in the period in which the gains and losses occur, unless the donor or relevant laws place temporary or permanent restrictions on the gains and losses.

Realized gains or losses are calculated on an adjusted cost basis. Adjusted cost is the estimated fair value of the security at the beginning of the year, or the cost if purchased during the year. Dividend and interest income are recorded when earned. All investments restricted for long-term purposes are classified as long-term investments.

Income Tax Status - All Stars was granted a tax-exempt status under Internal Revenue Code (IRC) Section 501(c)(3) and California Revenue and Taxation Code Section 23701(d). Accordingly, no provision for income taxes has been reflected in these financial statements. In addition, All Stars qualifies for the charitable contribution deduction under IRC Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation within the meaning of IRC Section 509(a).

All Stars reviews and assesses tax positions taken or expected to be taken against more-likely-than-not recognition threshold and measurement attributes for financial statement recognition. All Stars' policy for evaluating uncertain tax positions is a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more-likely-than-not that the position will be sustained upon audit, including resolution of related appeals or litigations processes, if any. The second step is to measure the tax benefit or liability as the largest amount that is more than 50% likely to be realized or incurred upon settlement. All Stars is exempt from taxation under IRC Section 501(c)(3) and is generally not subject to federal or state income taxes, the tax positions taken or expected to be taken have not had a material impact on All Stars' financial statements.

Grants and Contributions Payable - As of September 30, 2016, the Organization had authorized $35,000 in contributions that were unpaid at year-end. The contributions are to be paid in less than one year. If the grants and contributions payable were to be made in one or more years, it would be considered a noncurrent liability and reflected at the present value of estimated future cash flows using an average discount rate, based upon the applicable federal rate.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements - The carrying amount of cash, time certificates of deposit, receivables, and payables approximate fair value because of the short maturity of those instruments. All Stars follows the fair value measurements and disclosures standards which define fair value, establishes a framework for measuring fair value to measure assets and liabilities, and expands disclosures about fair value measurements. Under the standards for fair value measurements and disclosures, fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the assets and liabilities in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. Subsequent changes to fair value of these financial assets and liabilities are recognized in the change in net assets when they occur. The standard applies whenever the Financial Accounting Standards Board Codification (the Codification) requires or an irrevocable option has been made to measure certain financial assets or liabilities at fair value.

The fair value hierarchy consists of the following three levels:

> *Level 1* - Valuation inputs are obtained from real-time quotes for transactions in active exchange markets involving identical assets and liabilities.
>
> *Level 2* - Valuation inputs are obtained from readily-available pricing sources for comparable instruments.
>
> *Level 3* - Valuation inputs are obtained without observable market value and require a high level of judgment to determine the fair value.

There have been no changes in valuation techniques for the years ended September 30, 2017 and 2016.

Functional Allocation of Expenses - The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated based on management estimates among the programs and supporting services benefited.

Use of Estimates - The preparation of financial statements in conformity 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 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.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales Proceeds of Donated Financial Assets – For purposes of the statements of cash flows, All Stars classifies cash receipts from the sale of donated financial assets consistently with cash donations. If All Stars receives donated financial assets that upon receipt are converted immediately into cash without any donor imposed limitations, the cash receipts from the sale of those financial assets are classified as cash inflows from operating activities. If the donor restricts the use of the contributed resources to long-term purposes, the cash receipts from the sale of those financial assets are classified as cash flows from financing activities. Otherwise, cash receipts from the sale of donated financial assets are classified as cash flows from investing activities.

Recent Accounting Pronouncements Not Yet Implemented: On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that the Organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the Organization 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 Organization's contracts with customers. This standard will be effective for the fiscal year ending September 31, 2019. All Stars is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities and changes in net assets. This standard will be effective for the fiscal year ending September 30, 2021. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities and changes in net assets will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the fiscal year ending September 30, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 amends the requirements for financial statements and notes in Topic 958 to require a not-for-profit entity (NFP) to present on the face of the statements of financial position amounts for two classes of net assets at the end

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent accounting pronouncements not yet implemented (Continued): of the period rather than the three classes currently required, and on the face of the statements of activities the amount of the change in each of the two classes of net assets. An NFP will now report amounts for net assets with donor restrictions and net assets without donor restrictions. In addition, a NFP will be required to present the amounts of expenses by both their natural classification and their functional classification. Additional qualitative and quantitative disclosure information on the NFP's liquidity and availability of the NFP's financial assets will be required, as well as the elimination of the requirement to present or disclose the indirect method (reconciliation) if the NFP uses the direct method for the presentation of the statements of cash flows. ASU 2016-14 will be effective for annual financial statements issued for fiscal year ending September 30, 2019 with early application permitted, applied on a retrospective basis in the year adopted. The Organization is currently in the process of evaluating the effect the adoption of this ASU will have on the financial statements.

Subsequent Events - ASC 855-10, *Subsequent Measurement*, requires additional disclosure for events or transactions that occur after September 30, 2017. All Stars has no subsequent events as of December 21, 2017. All Stars has not evaluated subsequent events after this date in the statements presented.

NOTE C - INVESTMENTS

All investments are considered level 1 assets for fair value measurement purposes based on quoted prices in active markets of identical assets. Investments held at September 30, 2017 and 2016 are summarized as follows:

	2017	2016
Marketable securities - permanent endowment:		
Common and preferred stock	$ 1,236,296	$ 1,223,826
International funds	422,822	301,769
Fixed income	301,301	292,087
Bond funds	237,283	184,999
Total permanent endowment	2,197,702	2,002,681
Marketable securities - unrestricted:		
Equity funds	-	139,355
International funds	11,633	11,600
Fixed income	-	11,228
Bond funds	34	7,119
Total unrestricted	11,667	169,302
Total investments	$ 2,209,369	$ 2,171,983

As of September 30, 2017, approximately 56% of investments were held in common and preferred stock and equity funds, 14% in fixed income securities, 20% in international funds, and 11% in bond funds with two investment custodians. As of September 30, 2016, 63% of investments were held in common and preferred stock and equity funds, 14% in fixed income securities, 14% in international funds and 9% in bond funds with two investment custodians.

ALL STARS HELPING KIDS, INC.
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

NOTE C - INVESTMENTS (CONTINUED)

Investment income and expenses on investments during the years ended September 30, 2017 and 2016 are summarized as follows:

	2017		
	Unrestricted	Endowment	Total
Investment income:			
Interest and dividends	$ 3,465	$ 41,674	$ 45,139
Net realized and unrealized gain	12,156	245,723	257,879
Investment expenses	(598)	(20,853)	(21,451)
Net investment income	$ 15,023	$ 266,544	$ 281,567

	2016		
	Unrestricted	Endowment	Total
Investment income:			
Interest and dividends	$ 6,288	$ 27,109	$ 33,397
Net realized and unrealized loss	25,012	180,331	205,343
Investment expenses	(536)	(18,706)	(19,242)
Net investment income	$ 30,764	$ 188,734	$ 219,498

NOTE D - FURNITURE AND EQUIPMENT

Furniture and equipment at September 30, 2017 and 2016 consisted of the following:

	2017	2016
Website	$ 45,030	$ 24,955
Furniture	4,632	4,633
	49,662	29,588
Less accumulated depreciation	(17,030)	(3,809)
	$ 32,632	$ 25,779

Depreciation expense for the years ended September 30, 2017 and 2016 was $13,222 and $2,856, respectively.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

At September 30, 2017 and 2016, All Stars had temporarily restricted net assets, available for the following purposes:

	2017	2016
Athlete Grants	$ 143,383	$ 115,124
Second Chance Fund	56,467	56,467
Charitable Fund	34,196	33,631
Javi Fund	-	382,652
R.U.S.H. for Literacy	-	60,039
	$ 234,046	$ 647,913

Temporarily restricted net assets totaling $785,104 and $261,962 were released from restriction during the years ended September 30, 2017 and 2016, respectively.

NOTE F – DONOR RESTRICTED ENDOWMENTS

Changes in endowment net assets for the years ended September 30, 2017 and 2016 are summarized as follows:

	2017		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning	$ 459,499	$ -	$ 1,550,000
Contributions	-	-	50,000
Interest and dividends	41,674	-	-
Net realized and unrealized gain	245,723	-	-
Investment fees	(20,853)	-	-
Appropriations for expenditure	(128,341)	-	-
Endowment net assets, ending	$ 597,702	$ -	$ 1,600,000

	2016		
	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning	$ 270,765	$ -	$ 1,550,000
Interest and dividends	27,109	-	-
Net realized and unrealized loss	180,331	-	-
Investment fees	(18,706)	-	-
Endowment net assets, ending	$ 459,499	$ -	$ 1,550,000

Endowment Investment and Distribution Policy - The Board of Directors may distribute a percentage of the fund's net income in such amounts that they deem appropriate. The Board has adopted investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Endowment assets include those assets of donor-restricted funds that All Stars must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a mix of stocks, corporate and government bonds and cash. To satisfy its long-term objectives, All Stars relies on a strategy in which investment returns are achieved through current yield (interest and dividends). Any marketable equity securities received by donation are sold as soon as practicable after receipt and are classified based on the donor's intention.

NOTE G - DONATED MATERIALS AND SERVICES

During the years ended September 30, 2017 and 2016, donated materials and services were recognized as revenue and expense in the statements of activities in the amounts of $478,390 and $536,610, respectively, which were included in support revenue and expenses.

NOTE H – LEASES AND RELATED PARTIES

All Stars subleases an office space with an entity owned by a member of the Board. This sublease agreement expires on January 1, 2019. Rent expense under this sublease for the years ended September 30, 2017 and 2016 totaled $32,673 and $22,050, respectively. All Stars has the option to extend the lease for 6 months on a month-to-month basis after the lease term ends on January 1, 2019.

All Stars also leases certain office equipment with an unrelated party under a non-cancelable operating lease agreement that expires May 1, 2019. The minimum future payments under these lease obligations are as follows:

Year ending September 30,	Related Party	Unrelated Party	Total
2018	$ 34,308	$ 2,112	$ 36,420
2019	11,436	1,408	12,844
	$ 45,744	$ 3,520	$ 49,264

Members of the Board have been identified as a less than 10% owner of one of the investment firms responsible for handling a portion of All Stars' investment assets. To avoid conflicts of interest, the board members in question recuse themselves from voting on any organizational matters pertaining to investment decisions.

NOTE I - EMPLOYEE BENEFIT PLAN

All Stars provides retirement benefits to its employees through a SIMPLE IRA plan. Employees are eligible to participate by making salary deferrals upon commencement of employment. Employees may defer 100% of their income, with a maximum contribution of $10,000 a year. All Stars matches contributions up to 3% of participants' salaries. Matching contributions for the years ended September 30, 2017 and 2016 were $8,697 and $8,892, respectively.