

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

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

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

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SEPTEMBER 30, 2019 AND 2018

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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, 2019 and 2018, and the related statements of activities, functional expenses, 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 Organization'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 Organization'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, 2019 and 2018, 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
January 20, 2020

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

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2019 AND 2018

<u>ASSETS</u>	2019	2018
Current assets:		
Cash and cash equivalents	\$ 176,492	\$ 243,817
Investments	19,446	10,508
Unconditional promises to give, net	41,115	145,125
Prepaid expenses	10,573	29,402
Total current assets	247,626	428,852
Property and equipment, net	4,431	17,234
Other assets:		
Deposits	3,457	3,457
Investments	2,253,608	2,284,949
Total other assets	2,257,065	2,288,406
	\$ 2,509,122	\$ 2,734,492
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 1,047	\$ 26,579
Accrued expenses	25,805	40,045
Grants and contributions payable	20,000	168,500
Other payable	137,496	-
Total current liabilities	184,348	235,124
Total liabilities	184,348	235,124
Net assets:		
Without donor restrictions:		
Board designated endowment	541,725	392,585
Undesignated	71,166	214,419
Total net assets without donor restrictions	612,891	607,004
With donor restrictions:		
Restricted - specific purpose	61,883	242,364
Held in perpetuity	1,650,000	1,650,000
Total net assets with donor restrictions	1,711,883	1,892,364
Total net assets	2,324,774	2,499,368
	\$ 2,509,122	\$ 2,734,492

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

ALL STARS HELPING KIDS, INC.
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STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019			2018		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support:						
Individuals, corporations, and private foundations	\$ 661,228	\$ 43,707	\$ 704,935	\$ 625,626	\$ 133,559	\$ 759,185
In-kind services	156,617	-	156,617	120,870	-	120,870
Total support	<u>817,845</u>	<u>43,707</u>	<u>861,552</u>	<u>746,496</u>	<u>133,559</u>	<u>880,055</u>
Revenues:						
Special events revenue and contributions:						
Special events revenue and contributions	686,641	204,228	890,869	170,494	379,482	549,976
Less direct special events costs	<u>(651,842)</u>	<u>-</u>	<u>(651,842)</u>	<u>(224,764)</u>	<u>-</u>	<u>(224,764)</u>
Net special events revenue and contributions	34,799	204,228	239,027	(54,270)	379,482	325,212
Net investment income	<u>78,080</u>	<u>-</u>	<u>78,080</u>	<u>270,247</u>	<u>-</u>	<u>270,247</u>
Total revenues	<u>112,879</u>	<u>204,228</u>	<u>317,107</u>	<u>215,977</u>	<u>379,482</u>	<u>595,459</u>
Net assets released from restrictions	<u>428,416</u>	<u>(428,416)</u>	<u>-</u>	<u>454,723</u>	<u>(454,723)</u>	<u>-</u>
Total support and revenues	1,359,140	(180,481)	1,178,659	1,417,196	58,318	1,475,514
Expenses:						
Program expenses	799,764	-	799,764	960,156	-	960,156
General and administrative	442,893	-	442,893	318,936	-	318,936
Fundraising expenses	<u>110,596</u>	<u>-</u>	<u>110,596</u>	<u>116,654</u>	<u>-</u>	<u>116,654</u>
Total expenses	<u>1,353,253</u>	<u>-</u>	<u>1,353,253</u>	<u>1,395,746</u>	<u>-</u>	<u>1,395,746</u>
Change in net assets	5,887	(180,481)	(174,594)	21,450	58,318	79,768
Net assets, beginning of year	<u>607,004</u>	<u>1,892,364</u>	<u>2,499,368</u>	<u>585,554</u>	<u>1,834,046</u>	<u>2,419,600</u>
Net assets, end of year	<u>\$ 612,891</u>	<u>\$ 1,711,883</u>	<u>\$ 2,324,774</u>	<u>\$ 607,004</u>	<u>\$ 1,892,364</u>	<u>\$ 2,499,368</u>

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

ALL STARS HELPING KIDS, INC.
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Program	General and administrative	Fundraising	Total
Salaries	\$ 152,877	\$ 32,526	\$ 65,243	\$ 250,646
Payroll taxes	13,438	2,894	5,607	21,939
Employee benefits	21,125	3,651	9,165	33,941
Total salaries and related expenses	187,440	39,071	80,015	306,526
Accounting and auditing	-	72,494	-	72,494
Bad debt expense	-	76,547	-	76,547
Bank charges	8	9,194	29	9,231
Donor recognition	-	-	1,893	1,893
Equipment	3,105	1,307	1,008	5,420
Grants and contributions	510,891	-	-	510,891
In-kind legal expense	-	156,617	-	156,617
Insurance	3,271	3,168	897	7,336
License, permits and registration	25	364	-	389
Marketing and public relations	1,919	320	-	2,239
Occupancy	22,540	8,019	7,191	37,750
Supplies	32,378	2,455	9,763	44,596
Other expenses	566	348	-	914
Professional fees and consulting	19,678	52,706	2,508	74,892
Telephone and internet	3,860	1,172	1,993	7,025
Travel and professional development	5,633	13,547	2,611	21,791
Total expenses before interest and depreciation	791,314	437,329	107,908	1,336,551
Depreciation	8,450	2,979	2,688	14,117
Interest	-	2,585	-	2,585
	<u>\$ 799,764</u>	<u>\$ 442,893</u>	<u>\$ 110,596</u>	<u>\$ 1,353,253</u>

See accompanying independent auditors' report
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ALL STARS HELPING KIDS, INC.
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STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Program	General and administrative	Fundraising	Total
Salaries	\$ 191,150	\$ 15,737	\$ 33,395	240,282
Payroll taxes	16,178	1,264	2,590	20,032
Employee benefits	30,429	3,305	5,909	39,643
Total salaries and related expenses	237,757	20,306	41,894	299,957
Accounting and auditing	-	57,315	-	57,315
Bad debt expense	-	80,000	-	80,000
Bank charges	-	11,920	2,617	14,537
Donor recognition	-	-	57	57
Equipment	4,618	565	694	5,877
Grants and contributions	509,674	-	-	509,674
In-kind legal expense	-	119,620	1,250	120,870
Insurance	5,049	2,983	744	8,776
License, permits and registration	100	1,254	-	1,354
Marketing and public relations	17,095	1,250	6,395	24,740
Occupancy	32,840	1,759	4,851	39,450
Supplies	61,434	3,335	37,497	102,266
Other expenses	1,129	2,173	-	3,302
Professional fees and consulting	60,007	3,256	17,009	80,272
Telephone and internet	7,621	1,877	1,038	10,536
Travel and professional development	10,013	10,633	719	21,365
Total expenses before depreciation	947,337	318,246	114,765	1,380,348
Depreciation	12,819	690	1,889	15,398
	<u>\$ 960,156</u>	<u>\$ 318,936</u>	<u>\$ 116,654</u>	<u>\$ 1,395,746</u>

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

ALL STARS HELPING KIDS, INC.
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STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (174,594)	\$ 79,768
Adjustments to reconcile changes in net assets to net cash used for operating activities:		
Contributions with donor restrictions	-	(50,000)
Net realized and unrealized gain on investments	(56,104)	(258,031)
Depreciation expense	14,117	15,398
Allowance for unconditional promises to give	45,000	45,000
Changes in current assets and liabilities:		
Unconditional promises to give	59,010	(57,481)
Prepaid expenses	18,829	(23,801)
Deposits	-	(1,939)
Accounts payable	(25,532)	(5,976)
Accrued expenses	(14,240)	(7,779)
Grants and contributions payable	(148,500)	168,500
Other payable	137,496	-
Net cash used for operating activities	(144,518)	(96,341)
Cash flows from investing activities:		
Purchases of investments	(912,738)	(834,622)
Proceeds from sale of investments	991,245	1,006,565
Purchases of property and equipment	(1,314)	-
Net cash provided by investing activities	77,193	171,943
Cash flows from financing activities:		
Advances from related party	200,000	-
Repayment of related party advances	(200,000)	-
Contributions with donor restrictions	-	50,000
Net cash provided by financing activities	-	50,000
Net (decrease) increase in cash and cash equivalents	(67,325)	125,602
Cash and cash equivalents, beginning of year	243,817	118,215
Cash and cash equivalents, end of year	\$ 176,492	\$ 243,817

See accompanying independent auditors' report
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ALL STARS HELPING KIDS, INC.
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

NOTE A – ORGANIZATION

All Stars Helping Kids (All Stars) is a nonprofit corporation organized to disrupt the cycle of poverty and encourage innovation by seed funding start-up nonprofits in the Bay Area. Since 1989, All Stars has invested more than \$25M to increase the effectiveness of Bay Area nonprofits so that all youth can thrive, regardless of where they live. All Stars operate the following programs:

Core Grantmaking Program: All Stars provides three years of general operating support, capacity building, coaching and peer networks for nonprofits providing access to education, career readiness and health & wellness for youth trapped in poverty.

Founders Fund: All Stars provides discretionary one-time grants to high-performing nonprofits that demonstrate the values of risk-taking, teamwork, integrity and reflection.

Helping Hands Fund: All Stars provides small, one-time grants to support local, grassroots organizations that help improve the life of under-served and underprivileged youth.

Fiscal Sponsorship: All Stars has certain fiscal sponsorships in which funds are restricted for specific purposes by outside parties. During the year ended September 30, 2019, All Stars transferred the entire balance of two fiscally sponsored projects – Winning Play\$ and Marcus Allen – to new fiscal sponsors.

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 two classes of net assets: without donor restrictions, and with donor restrictions.

Net Assets without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of All Stars. These net assets may be used at the discretion of All Stars management and Board of Directors.

Net Assets with Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of All Stars or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

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, 2019 and 2018, 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. No allowance was deemed necessary as of September 30, 2019. Management recognized an allowance for estimated bad debts of \$48,750 as of September 30, 2018.

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.

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 \$2,500 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.

ALL STARS HELPING KIDS, INC.
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Grants and Contributions Payable: As of September 30, 2019 and 2018, All Stars had authorized \$20,000 and \$168,500 in grants and contributions that were unpaid at year-end, respectively. The grants and 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.

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 services received that; (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. During the years ended September 30, 2019, and 2018, All Stars received \$156,617 and \$120,870 of in-kind legal services, respectively.

Functional Allocation of Expenses: Directly identifiable expenses are charged to program, general and administrative, and fundraising. Expenses related to more than one function are allocated based on salary expense, and percentage of time spent on functions by specific employees. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of All Stars.

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NOTES TO FINANCIAL STATEMENTS

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2019 and 2018.

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.

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NOTES TO FINANCIAL STATEMENTS

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (continued): 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.

Investments are considered level 1 assets for fair value measurement purposes (see Note C) There have been no changes in valuation techniques for the years ended September 30, 2019 and 2018.

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.

Reclassification: Certain amounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements.

Recent Accounting Pronouncements Implemented: In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-14, *Not-for-Profit Financial Statements*. The standard's core principal is to improve the current net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity. The standard eliminates the distinction between permanently and temporarily restricted net assets. The standard also includes enhanced disclosure requirements for board designated funds and donor restricted funds, qualitative information on what liquid resources are available for operation and how they are managed, amounts of expenses by both natural and function classification, methods used to allocate costs among program and support, and underwater endowment funds, and type of information provided about expenses and investment return. All Stars adopted ASU 2016-14 during the year ended September 30, 2019 and applied it retrospectively as allowed by the standard.

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NOTES TO FINANCIAL STATEMENTS

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Not Yet Implemented: In May 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 All Stars will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which All Stars 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 All Stars' contracts with customers. This standard will be effective for the fiscal year ending September 30, 2020. 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, 2022. All Stars 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, 2023. All Stars is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events: ASC 855-10, *Subsequent Measurement*, requires additional disclosure for events or transactions that occur after September 30, 2019. All Stars has no material subsequent events as of January 20, 2020. All Stars has not evaluated subsequent events after this date in the statements presented.

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NOTES TO FINANCIAL STATEMENTS

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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, 2019 and 2018 are summarized as follows:

	2019	2018
Marketable securities - endowment:		
Common and preferred stock	\$ 1,289,422	\$ 1,313,960
International funds	413,465	424,986
Fixed income	303,473	300,513
Bond funds	247,248	245,490
Total endowment	2,253,608	2,284,949
 Marketable securities - undesignated:		
International funds	19,350	10,477
Bond funds	96	31
Total undesignated	19,446	10,508
	\$ 2,273,054	\$ 2,295,457

As of September 30, 2019 and 2018, approximately 57% of investments were held in common and preferred stock and equity funds, 19% in international funds, 13% in fixed income securities, and 11% in bond funds with two investment custodians.

ALL STARS HELPING KIDS, INC.
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NOTES TO FINANCIAL STATEMENTS

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NOTE D - AVAILABILITY AND LIQUIDITY

All Stars goal is generally to maintain financial assets to meet three months of operating expenses. The following represents All Stars financial assets that are available to meet general expenditures over the next twelve months at September 30:

	2019	2018
Cash and cash equivalents	\$ 176,492	\$ 243,817
Investments - undesignated	19,446	10,508
Unconditional promises to give, net	41,115	145,125
	\$ 237,053	\$ 399,450

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2019 and 2018 consisted of the following:

	2019	2018
Website	\$ 45,030	\$ 45,030
Furniture	5,946	4,632
	50,976	49,662
Less accumulated depreciation	(46,545)	(32,428)
	\$ 4,431	\$ 17,234

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

NOTE F - ENDOWMENTS

Changes in endowment net assets for the years ended September 30, 2019 and 2018 are summarized as follows:

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ 392,585	\$ 1,892,364	\$ 2,284,949
Contributions	-	43,707	43,707
Interest and dividends	41,917	-	41,917
Net realized and unrealized gain	54,992	-	54,992
Investment fees	(20,648)	-	(20,648)
Appropriations	72,879	(224,188)	(151,309)
Endowment net assets, ending	\$ 541,725	\$ 1,711,883	\$ 2,253,608
	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ 363,656	\$ 1,834,046	\$ 2,197,702
Contributions	-	133,559	133,559
Interest and dividends	33,656	-	33,656
Net realized and unrealized gain	257,765	-	257,765
Investment fees	(21,753)	-	(21,753)
Appropriations	(240,739)	(75,241)	(315,980)
Endowment net assets, ending	\$ 392,585	\$ 1,892,364	\$ 2,284,949

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.

ALL STARS HELPING KIDS, INC.
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

NOTE H - RELATED PARTIES AND COMMITMENTS

In July 2019, a member of the Board of Directors made a \$200,000 cash advance to All Stars. All Stars was charged interest at 5.25% per annum while there was a balance outstanding prior to full repayment of principal and interest totaling \$2,538 in September 2019.

In March 2018, All Stars entered into a non-cancelable operating lease agreement expiring on April 30, 2023. The new lease has no affiliation to any members of the Board of Directors. Rent expense for the years ended September 30, 2019 and 2018 was \$37,325 and \$37,371, respectively.

The future minimum payments under these lease obligations are as follows:

Year ending September 30,	
2020	\$ 38,428
2021	39,577
2022	40,784
2023	<u>24,199</u>
	<u>\$ 142,988</u>

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 associated board members recuse themselves from voting on any matters pertaining to investment decisions.

ALL STARS HELPING KIDS, INC.
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

At September 30, 2019 and 2018, All Stars had net assets with donor restrictions, available for the following purposes:

	<u>2019</u>	<u>2018</u>
Restricted - specific purpose:		
Second Chance Fund	\$ 56,467	\$ 56,467
Athlete Grants	5,416	139,617
Charitable Fund	-	34,196
Winning Play	-	12,084
Total restricted - specific purpose	<u>61,883</u>	<u>242,364</u>
Held in perpetuity:		
Endowment	<u>1,650,000</u>	<u>1,650,000</u>
	<u>\$ 1,711,883</u>	<u>\$ 1,892,364</u>

Net assets with donor restrictions totaling \$428,416 and \$454,723 were released from restriction during the years ended September 30, 2019 and 2018, respectively.

All Stars had fiscal partnerships for which they were a fund mediator that ended September 30, 2019. These funds were previously included with Athlete Grants in net assets with donor restrictions. The balance payable related to these funds was \$137,496 as of September 30, 2019 and were repaid prior to the date of this report.

NOTE J - 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, 2019 and 2018 were \$3,202 and \$7,192, respectively