

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

AUDITED FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

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

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SEPTEMBER 30, 2020 AND 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 4, 2021

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

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 242,066	\$ 176,492
Investments	-	19,446
Current portion of unconditional promises to give, net	10,000	41,115
Prepaid expenses	9,371	10,573
Total current assets	261,437	247,626
Property and equipment, net	4,505	4,431
Other assets:		
Deposits	3,457	3,457
Unconditional promises to give, net of current portion	10,000	-
Investments	2,452,865	2,253,608
Total other assets	2,466,322	2,257,065
	\$ 2,732,264	\$ 2,509,122
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 16,146	\$ 1,047
Accrued expenses	23,011	25,805
Grants and contributions payable	-	20,000
Other payable	-	137,496
Total current liabilities	39,157	184,348
Long-term liabilities		
Paycheck Protection Program Loan	59,462	-
Total liabilities	98,619	184,348
Net assets:		
Without donor restrictions:		
Board designated endowment	534,579	541,725
Undesignated	180,780	71,166
Total net assets without donor restrictions	715,359	612,891
With donor restrictions:		
Restricted - specific purpose	268,286	61,883
Held in perpetuity	1,650,000	1,650,000
Total net assets with donor restrictions	1,918,286	1,711,883
Total net assets	2,633,645	2,324,774
	\$ 2,732,264	\$ 2,509,122

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, 2020 AND 2019

	2020			2019		
	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	\$ 689,700	\$ 313,890	\$ 1,003,590	\$ 661,228	\$ 43,707	\$ 704,935
In-kind services	69,983	-	69,983	156,617	-	156,617
Total support	<u>759,683</u>	<u>313,890</u>	<u>1,073,573</u>	<u>817,845</u>	<u>43,707</u>	<u>861,552</u>
Revenues:						
Special events revenue and contributions:						
Special events revenue and contributions	172,428	600	173,028	686,641	204,228	890,869
Less direct special events costs	(25,873)	-	(25,873)	(651,842)	-	(651,842)
Net special events revenue and contributions	<u>146,555</u>	<u>600</u>	<u>147,155</u>	<u>34,799</u>	<u>204,228</u>	<u>239,027</u>
Net investment income	305,551	-	305,551	78,080	-	78,080
Total revenues	<u>452,106</u>	<u>600</u>	<u>452,706</u>	<u>112,879</u>	<u>204,228</u>	<u>317,107</u>
Net assets released from restrictions	<u>108,087</u>	<u>(108,087)</u>	<u>-</u>	<u>428,416</u>	<u>(428,416)</u>	<u>-</u>
Total support and revenues	1,319,876	206,403	1,526,279	1,359,140	(180,481)	1,178,659
Expenses:						
Program expenses	591,353	-	591,353	838,918	-	838,918
General and administrative	318,208	-	318,208	364,585	-	364,585
Fundraising expenses	307,847	-	307,847	149,750	-	149,750
Total expenses	<u>1,217,408</u>	<u>-</u>	<u>1,217,408</u>	<u>1,353,253</u>	<u>-</u>	<u>1,353,253</u>
Change in net assets	102,468	206,403	308,871	5,887	(180,481)	(174,594)
Net assets, beginning 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>
Net assets, end of year	<u>\$ 715,359</u>	<u>\$ 1,918,286</u>	<u>\$ 2,633,645</u>	<u>\$ 612,891</u>	<u>\$ 1,711,883</u>	<u>\$ 2,324,774</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, 2020

	Program	General and administrative	Fundraising	Total
Salaries	\$ 122,121	\$ 87,350	\$ 161,619	\$ 371,090
Payroll taxes	9,456	6,908	12,438	28,802
Employee benefits	11,905	12,119	25,660	49,684
Total salaries and related expenses	143,482	106,377	199,717	449,576
Accounting and auditing	-	85,539	-	85,539
Bad debt expense	-	15,767	-	15,767
Bank charges	32	5,202	-	5,234
Donor recognition	36	-	17,168	17,204
Equipment	2,194	2,147	2,369	6,710
Grants and contributions	338,500	-	-	338,500
In-kind legal expense	17,496	34,991	17,496	69,983
Insurance	1,524	4,179	1,646	7,349
License and permits	-	264	-	264
Marketing and public relations	-	9,100	-	9,100
Occupancy	11,711	11,314	12,593	35,618
Other expenses	-	1,665	-	1,665
Professional fees and consulting	53,608	28,052	44,872	126,532
Supplies	15,351	5,853	5,444	26,648
Telephone and internet	1,371	1,341	2,560	5,272
Travel and professional development	4,774	5,490	2,597	12,861
Total expenses before interest and depreciation	590,079	317,281	306,462	1,213,822
Depreciation	1,274	665	1,385	3,324
Interest	-	262	-	262
	<u>\$ 591,353</u>	<u>\$ 318,208</u>	<u>\$ 307,847</u>	<u>\$ 1,217,408</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	39,154	78,309	39,154	156,617
Insurance	3,271	3,168	897	7,336
License and permits	25	364	-	389
Marketing and public relations	1,919	320	-	2,239
Occupancy	22,540	8,019	7,191	37,750
Other expenses	566	348	-	914
Professional fees and consulting	19,678	52,706	2,508	74,892
Supplies	32,378	2,455	9,763	44,596
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	830,468	359,021	147,062	1,336,551
Depreciation	8,450	2,979	2,688	14,117
Interest	-	2,585	-	2,585
	<u>\$ 838,918</u>	<u>\$ 364,585</u>	<u>\$ 149,750</u>	<u>\$ 1,353,253</u>

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ALL STARS HELPING KIDS, INC.
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STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 308,871	\$ (174,594)
Adjustments to reconcile changes in net assets to net cash used for operating activities:		
Net realized and unrealized gain on investments	(294,282)	(56,104)
Depreciation expense	3,324	14,117
Allowance for unconditional promises to give	15,767	45,000
Changes in current assets and liabilities:		
Unconditional promises to give	5,348	59,010
Prepaid expenses	1,202	18,829
Accounts payable	15,099	(25,532)
Accrued expenses	(2,794)	(14,240)
Grants and contributions payable	(20,000)	(148,500)
Other payable	(137,496)	137,496
Net cash used for operating activities	(104,961)	(144,518)
Cash flows from investing activities:		
Purchases of investments	(1,520,398)	(912,738)
Proceeds from sale of investments	1,634,869	991,245
Purchases of property and equipment	(3,398)	(1,314)
Net cash provided by investing activities	111,073	77,193
Cash flows from financing activities:		
Advances from related party	-	200,000
Repayment of related party advances	-	(200,000)
Proceeds from issuance of note payable	59,462	-
Net cash provided by financing activities	59,462	-
Net increase (decrease) in cash and cash equivalents	65,574	(67,325)
Cash and cash equivalents, beginning of year	176,492	243,817
Cash and cash equivalents, end of year	\$ 242,066	\$ 176,492

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, 2020 AND 2019

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:

All Stars Accelerator 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.

Rapid Response Fund: All Stars provided short-term, flexible operating grants to All Star's grantees and nonprofit partners to offset unexpected costs and loss of income incurred as a result of the disruptions to commerce, government, schools, businesses, and the local economy from the COVID-19 pandemic.

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.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued):

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.

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.

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, 2020, and 2019, All Stars received \$69,983 and \$156,617 of in-kind legal services, respectively.

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

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 if they are to be paid within one year. Amounts that are expected to be collected over more than 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, if material, is included in contributed revenue in accordance with donor-imposed restrictions, if any, on the contributions. During the years ended September 30, 2020 and 2019, 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. All Stars has an allowance for estimated bad debts of \$15,767 as of September 30, 2020. No allowance was deemed necessary as of September 30, 2019.

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.

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.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Contributions Payable: As of September 30, 2020, there were no grants and contributions unpaid at year-end. As of September 30, 2019, All Stars had authorized \$20,000 in grants and contributions that were unpaid at year-end. 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.

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.

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. All Stars maintains cash in bank deposit accounts that may from time to time exceed the federally insured limit of \$250,000. Management has not experienced any losses on these accounts.

ALL STARS HELPING KIDS, INC.
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NOTES TO FINANCIAL STATEMENTS

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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 (FASB) 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.

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, 2020 and 2019.

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.

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NOTES TO FINANCIAL STATEMENTS

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NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements Implemented: In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-For-Profit Entities (Topics 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the criteria for evaluating whether a transaction is a contribution or an exchange transaction and whether a contribution is conditional or unconditional. All Stars adopted ASU 2018-08 with a date of the initial application of October 1, 2019 using the modified prospective method. The adoption of ASU 2018-08 did not have a significant impact on All Stars' financial position, results of operations, or cash flows. All Stars has evaluated contributions received and contributions made and has determined that there is no change as a result of the adoption of the standard.

Recent Accounting Pronouncements Not Yet Implemented: 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, 2020. All Stars has no material subsequent events as of January 4, 2021. All Stars has not evaluated subsequent events after this date in the statements presented.

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NOTE C – AVAILABILITY AND LIQUIDITY

All Stars goal is generally to maintain financial assets to meet three months of operating expenses (approximately \$200,000). The following represents All Stars financial assets that are available to meet general expenditures over the next twelve months on September 30:

	2020	2019
Cash and cash equivalents	\$ 242,066	\$ 176,492
Investments	-	19,446
Unconditional promises to give, net	10,000	41,115
	\$ 252,066	\$ 237,053

NOTE D – 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, 2020 and 2019 are summarized as follows:

	2020	2019
Marketable securities - endowment:		
Common and preferred stock	\$ 1,482,845	\$ 1,289,422
International funds	360,893	413,465
Bond funds	308,858	247,248
Fixed income	300,269	303,473
Total endowment	2,452,865	2,253,608
Marketable securities - undesignated:		
International funds	-	19,350
Bond funds	-	96
Total undesignated	-	19,446
	\$ 2,452,865	\$ 2,273,054

As of September 30, 2020, approximately 60% of investments were held in common and preferred stock and equity funds, 15% in international funds, 13% in bond funds, and 12% in fixed income securities with one investment custodian. As of September 30, 2019, 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.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment on September 30, 2020 and 2019 consisted of the following:

	2020	2019
Website	\$ 45,030	\$ 45,030
Furniture	9,344	5,946
	54,374	50,976
Less accumulated depreciation	(49,869)	(46,545)
	\$ 4,505	\$ 4,431

NOTE F – ENDOWMENTS

Changes in endowment net assets for the years ended September 30, 2020 and 2019 are summarized as follows:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	\$ 541,725	\$ 1,711,883	\$ 2,253,608
Contributions	-	314,490	314,490
Interest and dividends	32,255	-	32,255
Net realized and unrealized gain	294,282	-	294,282
Investment fees	(20,986)	-	(20,986)
Appropriations	(312,697)	(108,087)	(420,784)
Endowment net assets, ending	\$ 534,579	\$ 1,918,286	\$ 2,452,865
	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

ALL STARS HELPING KIDS, INC.
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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

NOTE F – ENDOWMENTS (CONTINUED)

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 – PAYCHECK PROTECTION PROGRAM LOAN

In response to the COVID-19 pandemic, the United States Congress passed the CARES Act on March 27, 2020 to assist employers retain, and continue to pay, their employees. All Stars obtained a \$59,200 Paycheck Protection Program (PPP) loan on April 21, 2020 from CRF Small Business Loan Company, LLC (the Bank) and the sponsoring agency, the Small Business Administrations (SBA). The loan bears interest at an annual rate of 1% with monthly principal and interest payments beginning in November 2020 through maturity in April 2022 for any amount not forgiven. The balance as of September 30, 2020 includes accrued interest of \$262. As of September 30, 2020, All Stars had used the entire loan proceeds for the payment of qualified expenses. All Stars anticipates the full loan balance to be forgiven once the required documentation has been submitted and approved by the Bank and SBA, no forgiveness of debt has been recorded as of September 30, 2020.

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. Rent expense for the years ended September 30, 2020 and 2019 was \$35,618 and \$37,325, respectively.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

NOTE H – RELATED PARTIES AND COMMITMENTS (CONTINUED)

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

Year ending September 30,		
2020	\$	39,577
2021		40,784
2022		24,199
		<u>104,560</u>
	\$	<u>104,560</u>

A member of the Board has 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. As of September 30, 2020, All Stars held no investment assets in the investment firm.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS

At September 30, 2020 and 2019, All Stars had net assets with donor restrictions, available for the following purposes:

	<u>2020</u>	<u>2019</u>
Restricted - specific purpose:		
All Stars Accelerator Program	\$ 125,000	\$ -
Program Support	60,000	-
Second Chance Fund	56,467	56,467
Rapid Response Fund	20,000	-
Fiscal Projects	6,819	5,416
Total restricted - specific purpose	<u>268,286</u>	<u>61,883</u>
Held in perpetuity:		
Endowment	<u>1,650,000</u>	<u>1,650,000</u>
	<u>\$ 1,918,286</u>	<u>\$ 1,711,883</u>

Net assets with donor restrictions totaling \$108,087 and \$428,416 were released from restriction during the years ended September 30, 2020 and 2019, respectively.

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NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2020 AND 2019

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, 2020 and 2019 were \$10,688 and \$3,202, respectively.

NOTE K – PANDEMIC AND TEMPORARY CLOSURES

Effective March 16, 2020, by order of the County of Santa Clara, generally all services were suspended to reduce further spreading of COVID-19. On April 21, 2020, All Stars obtained a PPP loan (see Note H). As a result of the pandemic and continuous changing environment, All Stars cannot estimate, at this time, the future financial impact from the curtailed operations.