



DECATUR, GEORGIA

AUDITED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

STANDUP FOR KIDS
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	
STATEMENTS OF FINANCIAL POSITION	1
STATEMENTS OF ACTIVITIES AND NET ASSETS	2
STATEMENTS OF FUNCTIONAL EXPENSES	3-4
STATEMENTS OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6-12



Jones and Kolb
Certified Public Accountants
Atlanta, Georgia

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
StandUp For Kids
Decatur, Georgia

We have audited the accompanying financial statements of StandUp For Kids (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and net assets, 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.

Auditor's 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 StandUp For Kids as of December 31, 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.

Jones and Kolb

May 19, 2020

STANDUP FOR KIDS
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash	\$ 1,543,588	\$ 1,137,555
Restricted cash	306,585	311,325
Investments	108,799	4,417
Contributions receivable	129,093	409,572
Prepaid expenses	<u>14,832</u>	<u>13,913</u>
Total current assets	2,102,897	1,876,782
PROPERTY AND EQUIPMENT, NET	-	85
DEPOSITS AND OTHER ASSETS	<u>16,748</u>	<u>21,178</u>
Total assets	<u><u>\$ 2,119,645</u></u>	<u><u>\$ 1,898,045</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 42,075	\$ 30,868
Deferred income	<u>2,204</u>	<u>-</u>
Total current liabilities	<u>44,279</u>	<u>30,868</u>
NET ASSETS		
Without donor restrictions		
Undesignated	1,741,590	1,308,100
Board designated	<u>160,687</u>	<u>171,087</u>
Total without donor restrictions	1,902,277	1,479,187
With donor restrictions	<u>173,089</u>	<u>387,990</u>
Total net assets	<u>2,075,366</u>	<u>1,867,177</u>
Total liabilities and net assets	<u><u>\$ 2,119,645</u></u>	<u><u>\$ 1,898,045</u></u>

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

STANDUP FOR KIDS
STATEMENTS OF ACTIVITIES AND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Individual contributions	\$ 469,969	\$ 373,783
Foundation contributions	321,405	160,710
Business contributions	210,956	389,292
Other contributions	289,502	261,577
In-kind contributions	205,273	326,980
Special events revenue	159,431	35,189
Direct costs of special events	(47,361)	(15,973)
Other income	3,976	12,531
Investment earnings	4,468	306
	<hr/>	<hr/>
Total revenue and support	1,617,619	1,544,395
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<hr/>	<hr/>
	335,058	107,433
TOTAL REVENUE, SUPPORT AND NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<hr/>	<hr/>
	1,952,677	1,651,828
EXPENSES		
Program services	1,201,493	1,283,248
Management and general	158,762	116,710
Fundraising	169,332	96,668
	<hr/>	<hr/>
Total expenses	1,529,587	1,496,626
	<hr/>	<hr/>
Change in net assets without donor restrictions	423,090	155,202
NET ASSETS WITH DONOR RESTRICTIONS		
Restricted contributions	120,157	355,141
Net assets released from donor restrictions	(335,058)	(107,433)
	<hr/>	<hr/>
Change in net assets with donor restrictions	(214,901)	247,708
CHANGE IN NET ASSETS	<hr/>	<hr/>
	208,189	402,910
NET ASSETS, BEGINNING OF YEAR	<hr/>	<hr/>
	1,867,177	1,464,267
NET ASSETS, END OF YEAR	<hr/> <hr/>	<hr/> <hr/>
	\$ 2,075,366	\$ 1,867,177

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

STANDUP FOR KIDS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 376,023	\$ 75,205	\$ 50,136	\$ 501,364
Specific assistance	477,353	-	-	477,353
Occupancy	204,726	25,591	25,591	255,908
Fundraising	-	-	68,305	68,305
Payroll taxes and fees	30,390	6,078	4,052	40,520
Communications	27,429	5,486	3,657	36,572
Conferences and meetings	24,770	6,605	1,651	33,026
Professional fees	4,396	23,406	2,106	29,908
Office expense	13,780	5,300	2,120	21,200
Travel	11,330	1,416	1,416	14,162
Miscellaneous	8,770	3,741	980	13,491
Insurance	10,227	2,959	-	13,186
Dues and subscriptions	7,739	1,548	1,032	10,319
Advertising and public relations	-	916	8,277	9,193
Repairs and maintenance	4,497	498	-	4,995
Depreciation	63	13	9	85
Total expenses	<u>\$ 1,201,493</u>	<u>\$ 158,762</u>	<u>\$ 169,332</u>	<u>\$ 1,529,587</u>

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

STANDUP FOR KIDS
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries and wages	\$ 362,979	\$ 45,834	\$ 22,917	\$ 431,730
Specific assistance	574,708	-	-	574,708
Occupancy	230,545	19,466	9,332	259,343
Fundraising	-	-	24,725	24,725
Payroll taxes and fees	18,391	5,255	2,627	26,273
Communications	17,263	2,418	789	20,470
Conferences and meetings	17,859	9,502	3,040	30,401
Professional fees	5,659	14,806	-	20,465
Office expense	18,764	5,984	1,261	26,009
Travel	5,496	1,099	733	7,328
Miscellaneous	10,793	6,581	8,869	26,243
Insurance	10,351	3,470	690	14,511
Dues and subscriptions	4,173	556	835	5,564
Advertising and public relations	-	1,096	20,825	21,921
Repairs and maintenance	5,785	643	-	6,428
Depreciation	482	-	25	507
Total expenses	<u>\$ 1,283,248</u>	<u>\$ 116,710</u>	<u>\$ 96,668</u>	<u>\$ 1,496,626</u>

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

STANDUP FOR KIDS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 208,189	\$ 402,910
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Depreciation	85	507
Unrealized/realized gain on investments	(3,805)	-
Contribution of marketable securities	-	(4,417)
Change in contributions receivable	280,479	(253,281)
Change in prepaid expenses	(919)	4,640
Change in deposits and other assets	4,430	7,516
Change in accounts payable and accrued expenses	11,207	(4,112)
Change in deferred revenue	2,204	-
Total adjustments	<u>293,681</u>	<u>(249,147)</u>
Net cash provided by operating activities	<u>501,870</u>	<u>153,763</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	<u>(100,577)</u>	<u>-</u>
Net cash used in investing activities	<u>(100,577)</u>	<u>-</u>
NET INCREASE IN CASH	401,293	153,763
CASH		
Beginning of year	<u>1,448,880</u>	<u>1,295,117</u>
End of year	<u>\$ 1,850,173</u>	<u>\$ 1,448,880</u>
RECONCILIATION OF END OF YEAR CASH TO THE AMOUNTS REPORTED IN THE STATEMENTS OF FINANCIAL POSITION		
Cash	\$ 1,543,588	\$ 1,137,555
Restricted cash	<u>306,585</u>	<u>311,325</u>
Cash, end of year	<u>\$ 1,850,173</u>	<u>\$ 1,448,880</u>

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

STANDUP FOR KIDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. StandUp For Kids (the "Organization") was founded in 1990 to help rescue homeless and at-risk youth. With its national headquarters in Decatur, Georgia, StandUp For Kids is run almost entirely by volunteers, and has established seventeen programs in ten states and the District of Columbia.

B. The Organization considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents. The Organization maintains cash deposits that at times may exceed the Federal deposit insurance limit of \$250,000 but management believes it mitigates any risk by depositing cash with major financial institutions.

C. Contributions, including unconditional promises to give from private companies, foundations, and individuals, are recorded as revenue when the unconditional pledge is made. All contributions are available for unrestricted use unless specifically restricted by the donor. At December 31, 2019 and 2018, the Organization considered all contributions receivable to be fully collectible within a year; therefore, an allowance for uncollectible contributions receivable has not been recorded. At December 31, 2018, 49% of pledges receivable was due from one donor. Approximately 13% of total contributions was from one donor for the year ended December 31, 2018.

D. Property and equipment is stated at cost when purchased; or if donated, at the fair market value on the date of donation. Depreciation is calculated using the straight-line method over the estimated useful life of the asset, which ranges from three to seven years. Additions and replacements are charged to the property accounts, while repairs and maintenance are charged to expense as incurred.

Property and equipment, which consists of computer equipment, furniture, and leasehold improvements, is reported on the Statements of Financial Position net of accumulated depreciation, which was \$63,283 and \$63,198 as of December 31, 2019 and 2018, respectively. Depreciation expense was \$85 and \$507 for the years ended December 31, 2019 and 2018, respectively.

E. The Organization prepares its financial statements in accordance with U.S. generally accepted accounting principles ("GAAP"). The preparation of financial statements in conformity with GAAP 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 reported period. Actual results could differ from those estimates.

F. The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. Income generated from activities unrelated to the Organization's exempt purpose is subject to tax.

STANDUP FOR KIDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

G. Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – These net assets are available for use in general operations and are not subject to donor or grantor restrictions. The governing Board has designated an amount, from net assets without donor restrictions, for a building fund for the San Diego chapter and general scholarship awards. At December 31, 2019 and 2018, Board designated net assets were \$160,687 and \$171,087, respectively.

Net assets with donor restrictions – These net assets are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature; for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature; for example, stipulating that resources be maintained in perpetuity. The donors of these assets permit the Organization to use all of the income earned on related investments for general or specific purposes. More specifically, items included in net assets with donor restrictions are gifts for which restrictions have not been met.

When restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Net Assets as "net assets released from donor restrictions."

H. A portion of the Organization's revenue is derived from cost-reimbursable state contracts, which are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract provisions. The Organization received a cost-reimbursable contract of approximately \$85,000 that has not been recognized at December 31, 2019 and 2018, respectively, because qualifying expenditures have not yet been incurred

I. The Organization records donated services as contribution revenue and expense if the services create or enhance a non-financial asset, or the services would (1) need to be purchased by the Organization if not provided by contribution, (2) require specialized skills, and (3) are provided by individuals with those skills. Donated materials, office space and services are reflected as contributions in the accompanying statements at their estimated value at date of receipt. Donated materials primarily consist of clothing, food, and hygiene products.

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization with the administration of its programs. No amounts have been recorded in the financial statements for those services since they do not meet the criteria for recognition under GAAP.

STANDUP FOR KIDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

J. The costs of providing the Organization's various programs and other activities have been summarized on a functional basis in the Statements of Activities and Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include depreciation, general office and occupancy, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated on the basis of estimated time and effort.

K. The Organization adopted Accounting Standards Update ("ASU") No. 2018-08 Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605) and ASU 2016-18, Statement of Cash Flows (Topic 230) during the year ended December 31, 2019 and retroactively applied these standards to the year ended December 31, 2018. These standards improve the usefulness and understandability of the Organization's financial reporting and present a reconciliation of restricted cash on the Statements of Cash Flows.

L. Subsequent events have been evaluated by management through May 19, 2020, the date these financial statements were available to be issued.

2. LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statement of Financial Position date, comprise the following as of December 31:

	<u>2019</u>	<u>2018</u>
Cash and restricted cash	\$ 1,850,173	\$ 1,448,880
Contributions receivable	129,093	409,572
Investments	<u>108,799</u>	<u>4,417</u>
Total current financial assets	2,088,065	1,862,869
Less amounts unavailable for general expenditure:		
Board designated for a building fund and scholarships	160,687	171,087
Net assets with donor restrictions	<u>173,089</u>	<u>387,990</u>
Financial assets available for general expenditures	<u><u>\$ 1,754,289</u></u>	<u><u>\$ 1,303,792</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

STANDUP FOR KIDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

3. RESTRICTED CASH

The Organization maintains a separate bank account to deposit all funds received that are subject to donor restriction or Board designation. Funds subject to various restrictions and designations were \$306,585 and \$311,325 at December 31, 2019 and 2018, respectively.

4. FAIR VALUE OF INVESTMENT SECURITIES

U.S. generally accepted accounting principles establish a framework for measuring fair value. That framework provides for a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and, inputs that are derived principally from, or corroborated by, observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of December 31, 2019 and 2018, the only assets or liabilities that are measured at fair value on a recurring basis are investments. All of the Organization's investments are equities and a government money market account which are valued at the closing price reported on the active market on which the individual securities are traded. Such investments are classified within Level 1 of the valuation hierarchy.

STANDUP FOR KIDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

5. NET ASSETS WITH DONOR RESTRICTIONS

Changes to net assets with donor restrictions are as follows:

	<u>December 31, 2018</u>	<u>Additions</u>	<u>Released from Restrictions</u>	<u>December 31, 2019</u>
Subject to expenditure for specified purpose:				
Mentoring and education	\$ 81,876	\$ 77,971	\$ (80,995)	\$ 78,852
Kids services	9,404	42,186	(19,124)	32,466
Housing support	42,593	-	(17,271)	25,322
Outreach centers	54,117	-	(17,668)	36,449
	<u>187,990</u>	<u>120,157</u>	<u>(135,058)</u>	<u>173,089</u>
Subject to the passage of time:				
Promises to give without donor restrictions but are unavailable until collected from donor	200,000	-	(200,000)	-
	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>	<u>-</u>
	<u>\$ 387,990</u>	<u>\$ 120,157</u>	<u>\$ (335,058)</u>	<u>\$ 173,089</u>
	<u>December 31, 2017</u>	<u>Additions</u>	<u>Released from Restrictions</u>	<u>December 31, 2018</u>
Subject to expenditure for specified purpose:				
Mentoring and education	\$ 85,084	\$ 54,000	\$ (57,208)	\$ 81,876
Kids services	20,834	12,650	(24,080)	9,404
Housing support	28,534	29,498	(15,439)	42,593
Outreach centers	5,830	58,993	(10,706)	54,117
	<u>140,282</u>	<u>155,141</u>	<u>(107,433)</u>	<u>187,990</u>
Subject to the passage of time:				
Promises to give without donor restrictions but are unavailable until collected from donor	-	200,000	-	200,000
	<u>-</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
	<u>\$ 140,282</u>	<u>\$ 355,141</u>	<u>\$ (107,433)</u>	<u>\$ 387,990</u>

STANDUP FOR KIDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

6. IN-KIND CONTRIBUTIONS

In-kind contributions received for the years ended December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Clothes	\$ 82,992	\$ 133,986
Food	40,327	68,395
Other miscellaneous items	39,185	64,519
Rent/meeting space	<u>42,769</u>	<u>60,080</u>
Total in-kind contributions	<u>\$ 205,273</u>	<u>\$ 326,980</u>

7. OPERATING LEASES

The Organization leases certain office space and outreach program centers under operating leases that will expire between 2020 and 2021. Lease expense for the years ended December 31, 2019 and 2018, was \$180,283 and \$153,584, respectively. At December 31, 2019, the future minimum lease payments under all leases are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 122,500
2021	<u>18,000</u>
Total	<u>\$ 140,500</u>

8. RETIREMENT PLAN

The Organization established a 401(k)-retirement plan (the "Plan") for all eligible employees in 2019. Employees may elect to contribute up to 100% of their compensation to the Plan up to the limit allowed by Federal law. The Organization did not match any employee's contributions during the year ended December 31, 2019.

STANDUP FOR KIDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

9. SUBSEQUENT EVENT - CORONAVIRUS PANDEMIC

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, with the outbreak widespread in the U.S. As a result, federal, state and local governments and private entities have mandated various restrictions, including travel restrictions, restrictions on public gatherings, and stay at home orders and advisories. Therefore, the Organization has on a case by case basis curtailed or severely limited most local operations and services. Each chapter is exercising precautions based on their specific program offering and limitations placed by various stakeholder entities.

The Organization's local leadership teams are actively monitoring conditions and will determine the level of which they resume operations and services based on the federal, state and local authorities' guidelines in order to ensure the safety of their staff, volunteers, and kids in need of assistance.