

KIDVANTAGE

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED DECEMBER 31, 2023 AND 2022



KIDVANTAGE
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
KidVantage
Issaquah, Washington

Opinion

We have audited the accompanying financial statements of KidVantage (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of KidVantage as of December 31, 2023 and 2022, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

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

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

Jacobson Jarvis & Co, PLLC

Jacobson Jarvis & Co, PLLC
Seattle, Washington
June 25, 2024

KIDVANTAGE

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 295,823	\$ 789,556
Government grants receivable	131,066	83,838
Investments	977,414	919,756
Prepays and deposits	80,751	71,832
Inventory for distribution	<u>1,687,368</u>	<u>1,860,872</u>
Total Current Assets	3,172,422	3,725,854
Right of Use Assets	493,923	605,262
Property and Equipment, net	<u>357,109</u>	<u>222,751</u>
	<u>\$ 4,023,454</u>	<u>\$ 4,553,869</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities		
Accounts payable	\$ 65,247	\$ 60,220
Accrued payroll liabilities	33,681	31,116
Operating lease liabilities	<u>167,853</u>	<u>181,580</u>
Total Current Liabilities	266,781	272,916
Operating Lease Liabilities, net of current	<u>281,199</u>	<u>422,884</u>
Total Liabilities	547,980	695,800
Net Assets		
Without donor restrictions - undesignated	2,509,372	2,937,074
Without donor restrictions - Board designated	<u>960,909</u>	<u>801,347</u>
	3,470,281	3,738,421
With donor restrictions	<u>5,193</u>	<u>119,648</u>
Total Net Assets	<u>3,475,474</u>	<u>3,858,069</u>
	<u>\$ 4,023,454</u>	<u>\$ 4,553,869</u>

See notes to financial statements.

KIDVANTAGE

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Without Donor Restrictions		With Donor Restrictions	Total	Without Donor Restrictions		With Donor Restrictions	Total
	Undesignated	Board Designated			Undesignated	Board Designated		
Public Support								
Contributions	\$ 941,113	\$ -	\$ 51,489	\$ 992,602	\$ 1,028,240	\$ -	\$ 107,648	\$ 1,135,888
Special events, net	388,032	-	-	388,032	374,150	-	-	374,150
Government grants	880,967	-	-	880,967	887,731	-	-	887,731
Donated use of space and other goods	181,205	-	-	181,205	175,643	-	-	175,643
Investment return	63,231	-	-	63,231	(6,131)	-	-	(6,131)
Other revenue	1,828	-	-	1,828	2,110	-	-	2,110
	<u>2,456,376</u>	<u>-</u>	<u>51,489</u>	<u>2,507,865</u>	<u>2,461,743</u>	<u>-</u>	<u>107,648</u>	<u>2,569,391</u>
Net assets released from restrictions	165,944	-	(165,944)	-	99,383	-	(99,383)	-
Transfers of board designated funds	(159,562)	159,562	-	-	(159,562)	159,562	-	-
Total Support and Revenue	<u>2,462,758</u>	<u>159,562</u>	<u>(114,455)</u>	<u>2,507,865</u>	<u>2,401,564</u>	<u>159,562</u>	<u>8,265</u>	<u>2,569,391</u>
Expenses								
Program services	934,812	-	-	934,812	848,242	-	-	848,242
Management and general	348,803	-	-	348,803	260,009	-	-	260,009
Fundraising	546,716	-	-	546,716	556,283	-	-	556,283
Total Expenses	<u>1,830,331</u>	<u>-</u>	<u>-</u>	<u>1,830,331</u>	<u>1,664,534</u>	<u>-</u>	<u>-</u>	<u>1,664,534</u>
Change in Net Assets Before Products For Kids Revenue and Expense	<u>632,427</u>	<u>159,562</u>	<u>(114,455)</u>	<u>677,534</u>	<u>737,030</u>	<u>159,562</u>	<u>8,265</u>	<u>904,857</u>
Products for Kids Revenue and Expense								
Contributions, in-kind products for kids	6,211,969	-	-	6,211,969	5,288,588	-	-	5,288,588
Distributions, products for kids	(7,272,098)	-	-	(7,272,098)	(6,090,100)	-	-	(6,090,100)
Net Products for Kids	<u>(1,060,129)</u>	<u>-</u>	<u>-</u>	<u>(1,060,129)</u>	<u>(801,512)</u>	<u>-</u>	<u>-</u>	<u>(801,512)</u>
Total Change in Net Assets	<u>(427,702)</u>	<u>159,562</u>	<u>(114,455)</u>	<u>(382,595)</u>	<u>(64,482)</u>	<u>159,562</u>	<u>8,265</u>	<u>103,345</u>
Net Assets - Beginning of Year	<u>2,937,074</u>	<u>801,347</u>	<u>119,648</u>	<u>3,858,069</u>	<u>3,001,556</u>	<u>641,785</u>	<u>111,383</u>	<u>3,754,724</u>
Net Assets - End of Year	<u>\$ 2,509,372</u>	<u>\$ 960,909</u>	<u>\$ 5,193</u>	<u>\$ 3,475,474</u>	<u>\$ 2,937,074</u>	<u>\$ 801,347</u>	<u>\$ 119,648</u>	<u>\$ 3,858,069</u>

See notes to financial statements.

KIDVANTAGE

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Program Services	Management and		Total	Program Services	Management and		Total
		General	Fundraising			General	Fundraising	
Salaries and wages	\$ 412,236	\$ 230,851	\$ 304,461	\$ 947,548	\$ 375,735	\$ 151,163	\$ 320,205	\$ 847,103
Payroll taxes and benefits	50,358	21,373	44,423	116,154	38,497	21,630	37,892	98,019
Total personnel costs	462,594	252,224	348,884	1,063,702	414,232	172,793	358,097	945,122
Occupancy	330,987	21,988	40,478	393,453	295,295	22,406	47,762	365,463
Professional services	45,116	37,397	17,956	100,469	55,054	31,745	37,656	124,455
Events	-	-	69,744	69,744	-	-	70,480	70,480
Office expense	1,953	17,884	30,858	50,695	6,977	9,933	14,697	31,607
Depreciation	42,803	1,428	1,167	45,398	32,435	1,174	1,597	35,206
Software	9,544	2,316	11,641	23,501	10,190	1,986	4,814	16,990
Supplies	17,415	3,667	4,249	25,331	20,158	4,269	2,564	26,991
Publications and events	-	-	15,104	15,104	-	-	7,455	7,455
Miscellaneous	8,484	945	4,703	14,132	2,033	7,419	10,233	19,685
Insurance	6,515	5,475	1,057	13,047	4,948	5,815	311	11,074
Conferences and travel	7,084	3,652	707	11,443	6,438	1,600	551	8,589
Equipment	2,317	1,827	168	4,312	482	869	66	1,417
Total expenses, excluding products for kids distribution	934,812	348,803	546,716	1,830,331	848,242	260,009	556,283	1,664,534
Distributions, products for kids	7,272,098	-	-	7,272,098	6,090,100	-	-	6,090,100
Total Expenses	\$ 8,206,910	\$ 348,803	\$ 546,716	\$ 9,102,429	\$ 6,938,342	\$ 260,009	\$ 556,283	\$ 7,754,634

KIDVANTAGE

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Cash received from:		
Donors	\$ 1,380,634	\$ 1,525,250
Government agencies	833,739	887,731
Investments	5,573	-
Other revenue	1,828	2,110
Cash paid for:		
Personnel	(1,061,137)	(937,027)
Services and supplies	<u>(1,474,614)</u>	<u>(1,230,463)</u>
Net Cash (Used) Provided by Operating Activities	(313,977)	247,601
Cash Flows from Investing Activities		
Purchases of investments	-	(193,921)
Purchases of property and equipment	<u>(179,756)</u>	<u>(97,884)</u>
Net Cash Used by Investing Activities	<u>(179,756)</u>	<u>(291,805)</u>
Changes in Cash and Cash Equivalents	(493,733)	(44,204)
Cash and Cash Equivalents - beginning of year	<u>789,556</u>	<u>833,760</u>
Cash and Cash Equivalents - end of year	<u>\$ 295,823</u>	<u>\$ 789,556</u>

KIDVANTAGE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities – KidVantage (the Organization or KidVantage) is a nonprofit organization headquartered in Issaquah, Washington. KidVantage was previously known as Eastside Baby Corner and formally changed its name to KidVantage in 2022.

KidVantage’s mission is to help kids reach their full potential tomorrow by meeting basic needs today. KidVantage keeps kids well-nourished, safe and healthy by providing children’s essentials such as diapers, formula, car seats, clothing, safe sleep and home items, school supplies, books and more.

KidVantage strengthens families, builds resiliency in children, reduces inequities, and creates stronger communities through our mission of helping kids reach their full potential tomorrow by meeting basic needs today. The Organization provides concrete assistance at no cost to families who are in difficulty, reducing the distress felt by children, and their parents.

Through partnerships with over 80 health and human service organizations, early learning centers and food banks to get an average of 2,318 unique children each month with what they need to grow, play, learn and thrive. Kids have the stress of living in economic insecurity reduced, their healthy development promoted, and they are better prepared for success in school and life. Partner agencies can concentrate their resources and expertise on supporting families, increasing their opportunities for success. Parents and caregivers have what they need to care for their families.

At KidVantage, members of the community connect with each other while caring for their neighbors. They donate goods, volunteer, or give financial support to make sure kids are getting what they need, when they need it. What KidVantage does seems simple, but the goods families receive relieves stress, reduces financial burdens, and provides the support caregivers need to ensure the safety and well-being of their children.

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board has designated certain otherwise net assets without donor restrictions as a Board designated operating reserve fund. These funds are approved by the Board to be held for specific purposes and require Board approval to designate for any other purpose.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There were no perpetually restricted net assets at December 31, 2023 and 2022.

KIDVANTAGE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At December 31, 2023 and 2022, cash and cash equivalents consist of checking and savings accounts. At times, cash and cash equivalents may exceed federally insured limits. The Organization has not experienced a loss due to this risk.

Government Grants Receivable

Government grants receivable consist of amounts due from governmental contracts earned. All balances are unsecured and expected to be collected within the next fiscal year. No allowance for uncollectible balances has been established by management based upon the Organization's historical experience in the collection of balances due.

Investments

The Organization carries investments with readily determinable fair values at their fair values in the statements of financial position. Investment return is included in the accompanying statements of activities.

Fair Value Measurements

Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are as follows:

- Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.
- Level 3 Inputs that are not observable that reflect management's assumptions and estimates.

Fair value measurements apply to the Organization's investments in money market and mutual funds, which are all classified within Level 1 of the fair value hierarchy.

Inventory, Revenue and Expense

Inventory for distribution consists of new and used clothing and equipment for children and babies, and is recognized at estimated fair value. Purchased inventory is used to supplement donated goods inventory and is recorded at the date of purchase.

KIDVANTAGE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is carried at cost. Depreciation is computed using the straight-line method over a period of five to fifteen years. The Organization follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of \$1,000 that provide future benefits over a period longer than one year.

Revenue Recognition

Contributions and special events are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. 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 statement of activities as net assets released from restriction. For conditional contributions and grants with donor restrictions, it is the Organization's policy to recognize restricted conditional contributions in the net assets without donor restrictions class if the restrictions have been met in the same year. Contributions with donor restrictions for the purchase of property and equipment are released from restriction when the property and equipment is placed in service.

Revenue from government grants is recognized based on billings submitted for reimbursement and are subject to audit and retroactive adjustment made by the funding agencies. There were no adjustments resulting from government audits during the years ended December 31, 2023 and 2022. Amounts received in advance are deferred to the applicable period in which the related expenditures are incurred.

In-Kind Contributions

The Organization receives in-kind contributions of inventory, use of space and services. Donated goods are recorded at fair value when received. Contributions of use of space are recognized on a monthly basis when the lease is a month-to-month lease, and recognized when promised for a long-term lease. Donated services are recognized as revenue and expenses, at fair value, if the services received (i) create or enhance nonfinancial assets or (ii) require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if not provided by donation.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Payroll and related costs are allocated based on estimates of time and effort spent. Occupancy and related costs are allocated based on percentage of full-time equivalent employees for program and other activities. Other costs are charged directly to the affected programs and supporting services.

KIDVANTAGE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on the net assets or change in net assets as of or for the year ended December 31, 2022.

NOTE B - LIQUIDITY AND AVAILABILITY

The Organization's financial assets have seasonal variations during the year attributed to the timing of receipts from the major fundraising event. The Organization has an operating reserve that the governing board has dedicated with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. Distress or a liquidity need could result from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, the Organization could also draw upon \$100,000 of an available line of credit.

Financial assets available for general expenditure use over the next year of the statement of financial position date are as follows at December 31:

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash and cash equivalents	\$ 295,823	\$ 789,556
Investments	977,414	919,756
Government grant receivables	<u>131,066</u>	<u>83,838</u>
Total financial assets	1,404,303	1,793,150
Less those unavailable for general expenditures within one year:		
Restricted by donors with purpose restrictions	-	(91,180)
Board reserve fund (unavailable without Board approval)	<u>(960,909)</u>	<u>(801,347)</u>
	<u>\$ 443,394</u>	<u>\$ 900,623</u>

KIDVANTAGE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE C - FAIR VALUE MEASUREMENTS

The following tables summarizes the valuation of the Organization's investments in the fair value hierarchy.

As of December 31, 2023:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 816,548	\$ -	\$ -	\$ 816,548
Mutual funds:				-
Short-term investments	64,339	-	-	64,339
Small cap	38,728	-	-	38,728
Index	41,917	-	-	41,917
Value	-	-	-	-
International	10,285	-	-	10,285
Emerging markets	5,597	-	-	5,597
	<u>\$ 977,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 977,414</u>

As of December 31, 2022:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 776,999	\$ -	\$ -	\$ 776,999
Mutual funds:				-
Short-term investments	60,602	-	-	60,602
Small cap	32,690	-	-	32,690
Index	18,553	-	-	18,553
Value	16,930	-	-	16,930
International	8,855	-	-	8,855
Emerging markets	5,127	-	-	5,127
	<u>\$ 919,756</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 919,756</u>

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Ordering system	\$ 146,621	\$ 146,621
Warehouse improvements	215,983	55,345
Vehicles	111,688	111,688
Furniture and shelving	43,738	37,016
Equipment	62,331	49,935
	580,361	400,605
Less accumulated depreciation	(223,252)	(177,854)
	<u>\$ 357,109</u>	<u>\$ 222,751</u>

KIDVANTAGE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE E - LINE OF CREDIT

In July 2018, the Organization opened a revolving line of credit with a bank with a maximum borrowing amount of \$100,000. Interest is calculated at a rate of 2.25% over the Wall Street Journal Prime Rate, less a 0.50% preferred rate reduction, resulting in an annual rate of 10.25% and 9.25% at December 31, 2023 and 2022, respectively. The Organization did not use the line of credit in 2023 or 2022.

NOTE F - IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Inventory	\$ 6,211,969	\$ 5,288,588
Use of Space	129,810	118,250
Other goods	<u>51,395</u>	<u>57,393</u>
	<u>\$ 6,393,174</u>	<u>\$ 5,464,231</u>

In-kind contributions were used for program activities. In addition to the recognized in-kind services, the Organization had approximately 4,160 (unaudited) and 3,700 (unaudited) individual volunteers provide roughly 23,000 (unaudited) and 17,000 (unaudited) volunteers hours in 2023 and 2022, respectively. The value of these services is not recorded in the accompanying financial statements as the services do not meet the criteria for recognition under U.S. GAAP. Donated inventory and other goods is valued using market rates for comparable used goods in the region. Donated use of space is valued using comparable market rates for similar commercial warehouse space in the region.

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are donor-restricted for the following purposes at December 31:

	<u>2023</u>	<u>2022</u>
Office remodel	\$ -	\$ 91,180
Specific goods for distribution	3,859	27,134
Equipment	<u>1,334</u>	<u>1,334</u>
	<u>\$ 5,193</u>	<u>\$ 119,648</u>

NOTE H - OPERATING LEASE COMMITMENTS

The Organization has non-cancelable leases for warehouse and office space in Issaquah, Shoreline, Bremerton, and Kent. Expirations on these leases range from December 2023 to May 2027. The Organization received donated office and warehouse space for its Issaquah headquarters and central hub, which is valued at approximately \$129,810 and \$118,200 for the years ended December 31, 2023 and 2022, respectively.

KIDVANTAGE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE H - OPERATING LEASE COMMITMENTS (Continued)

Management elected to apply the short-term lease exception under Topic 842, Leases; therefore, leases with an initial term of twelve months or less are not recorded in the statements of financial position. Operating leases are included in right of use assets and lease liabilities in the statements of financial position. Right of use assets represent a right to use an underlying asset for the lease term and operating lease liabilities represent the Organization's obligation to make lease payments arising from the lease.

The discount rate represents the Organization's election of the risk free rate. Nonlease components, such as payments required for common area maintenance, are not included in the lease liability and are expensed as incurred. Operating lease costs under these long-term leases were approximately \$190,685 and \$221,000 for the years ended December 31, 2023 and 2022, respectively.

Supplemental cash flow information:

Weighted-average remaining lease term	3.0 years
Weighted-average discount rate	1.7%

Maturities of operating lease liabilities are as follows for the years ending December 31:

2024	\$ 173,274
2025	148,258
2026	115,734
2027	<u>48,735</u>
	486,001
Less present value discount	<u>(36,949)</u>
	<u>\$ 449,052</u>

NOTE I - CONDITIONAL GRANTS

KidVantage's federal, state, and local government contracts are mostly conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses or allowable services. Conditional contributions totaling \$738,091 and \$311,935 at December 31, 2023 and 2022, respectively, for which no amounts had been received in advance have not been recognized in the accompanying financial statements.

NOTE J - CONCENTRATIONS

One funder comprised 56% of government grant receivables at December 31, 2023. No such concentration existed at December 31, 2022.

KIDVANTAGE

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE K - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to December 31, 2023 through June 25, 2024 which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at December 31, 2023, including the estimates inherent in the processing of financial statements.