



Kids Included Together®

FINANCIAL STATEMENTS

JUNE 30, 2013



Leaf & Cole, LLP
Certified Public Accountants

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
FINANCIAL STATEMENTS
JUNE 30, 2013

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Leaf & Cole, LLP
Certified Public Accountants
A Partnership of Professional Corporations

Steven W. Northcote, C.P.A.
Michael S. Schreiberman, C.P.A.
Michael J. Zizzi, C.P.A.
Julie A. Firl, C.P.A.
Nicholas M. Gines, C.P.A.

Members
American Institute of Certified Public Accountants
California Society of Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Kids Included Together - San Diego, Inc.
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of Kids Included Together - San Diego, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kids Included Together - San Diego, Inc. as of June 30, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Kids Included Together - San Diego, Inc.'s 2012 financial statements, and our report dated October 22, 2012, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leaf & Cole LLP

San Diego, California
November 4, 2013

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

ASSETS

	<u>2013</u>	<u>2012</u>
<u>Current Assets:</u> (Notes 1 and 2)		
Cash and cash equivalents	\$ 612,769	\$ 607,759
Accounts receivable	197	3,980
Grants and contracts receivable	278,030	215,171
Prepaid expenses and deposits	20,771	31,557
Total Current Assets	<u>911,767</u>	<u>858,467</u>
<u>Noncurrent Assets:</u> (Notes 1 and 3)		
Property, furniture and equipment, net	108,065	122,535
Total Noncurrent Assets	<u>108,065</u>	<u>122,535</u>
TOTAL ASSETS	<u>\$ 1,019,832</u>	<u>\$ 981,002</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u> (Note 1)		
Accounts payable	\$ 49,595	\$ 66,102
Accrued expenses	46,863	79,036
Deferred revenue	-	35,424
Total Current Liabilities	<u>96,458</u>	<u>180,562</u>
Total Liabilities	<u>96,458</u>	<u>180,562</u>
<u>Commitments</u> (Notes 4 and 7)		
<u>Net Assets:</u> (Notes 1 and 5)		
Unrestricted	909,549	800,440
Temporarily restricted	13,825	-
Total Net Assets	<u>923,374</u>	<u>800,440</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,019,832</u>	<u>\$ 981,002</u>

The accompanying notes are an integral part of the financial statements.

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

	2013			<u>2012</u>
	Unrestricted	Temporarily Restricted	Total	
<u>Support and Revenue:</u>				
Training revenue	\$ 1,596,591	\$ -	\$ 1,596,591	\$ 1,641,713
Contributions	164,568	41,600	206,168	166,029
Special events	161,382	-	161,382	214,226
Interest income	1,250	-	1,250	616
Net assets released from restrictions	27,775	(27,775)	-	-
Total Support and Revenue	1,951,566	13,825	1,965,391	2,022,584
<u>Expenses:</u>				
Program Services:				
NTCI	1,221,061	-	1,221,061	1,007,996
Affiliates	203,606	-	203,606	273,651
Washington D.C. Office	27,776	-	27,776	-
Mitsubishi Electric America Foundation	-	-	-	26,119
Total Program Services	1,452,443	-	1,452,443	1,307,766
Supporting Services:				
Management and general	137,952	-	137,952	115,032
Fundraising	139,708	-	139,708	137,774
Total Supporting Services	277,660	-	277,660	252,806
Special Events	112,354	-	112,354	148,889
Total Expenses	1,842,457	-	1,842,457	1,709,461
Change in Net Assets	109,109	13,825	122,934	313,123
Net Assets at Beginning of Year	800,440	-	800,440	487,317
NET ASSETS AT END OF YEAR	\$ 909,549	\$ 13,825	\$ 923,374	\$ 800,440

The accompanying notes are an integral part of the financial statements.

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

	Program Services			Total Program Services	Supporting Services			Special Events	2013 Total	2012 Total
	NTCI	Affiliates	Washington DC Office		Management and General	Fundraising	Total Supporting Services			
Salaries and Related Expenses:										
Salaries and wages	\$ 537,013	\$ 139,078	\$ -	\$ 676,091	\$ 63,221	\$ 89,101	\$ 152,322	\$ -	\$ 828,413	\$ 754,522
Employer payroll taxes and benefits	108,722	29,769	-	138,491	13,664	19,391	33,055	-	171,546	160,984
Total Salaries and Related Expenses	<u>645,735</u>	<u>168,847</u>	<u>-</u>	<u>814,582</u>	<u>76,885</u>	<u>108,492</u>	<u>185,377</u>	<u>-</u>	<u>999,959</u>	<u>915,506</u>
Nonsalary Related Expenses:										
Consultants	140,743	1,542	450	142,735	21,151	1,962	23,113	-	165,848	127,998
Travel expense	146,138	160	16,146	162,444	854	148	1,002	-	163,446	140,370
Training materials expense	110,455	6,726	-	117,181	1,200	-	1,200	-	118,381	118,524
Event costs	-	-	-	-	-	-	-	112,354	112,354	148,889
Rent expense	36,435	9,352	5,400	51,187	2,751	6,601	9,352	-	60,539	52,949
Promotions/marketing	37,230	701	512	38,443	1,015	495	1,510	-	39,953	16,605
Staff development	5,598	-	-	5,598	15,387	8,280	23,667	-	29,265	4,671
Printing and reproduction	24,369	1,367	385	26,121	741	1,085	1,826	-	27,947	68,596
Depreciation	16,145	4,158	-	20,303	1,223	2,935	4,158	-	24,461	27,899
Computer expense	13,013	1,206	-	14,219	2,321	886	3,207	-	17,426	11,532
Telephone	10,950	1,180	-	12,130	484	833	1,317	-	13,447	12,756
Insurance	7,783	2,054	-	9,837	867	1,401	2,268	-	12,105	11,089
Office supplies	6,264	1,058	464	7,786	1,086	934	2,020	-	9,806	14,653
Utilities	6,946	1,411	-	8,357	415	996	1,411	-	9,768	9,183
Financial services	5,108	1,316	-	6,424	670	929	1,599	-	8,023	9,015
Meeting expense	679	17	2,737	3,433	2,154	2,408	4,562	-	7,995	4,547
BOD/Volunteer expenses	1,270	109	-	1,379	5,298	50	5,348	-	6,727	3,902
Mileage	1,436	1,484	318	3,238	395	389	784	-	4,022	3,065
Postage and delivery	1,674	676	195	2,545	507	408	915	-	3,460	4,392
Dues and subscriptions	1,713	-	1,125	2,838	230	305	535	-	3,373	2,013
Loss on disposal of equipment	940	242	-	1,182	71	171	242	-	1,424	-
Repairs and maintenance	200	-	-	200	1,158	-	1,158	-	1,358	364
Merchant service fees	237	-	44	281	1,048	-	1,048	-	1,329	734
Interest	-	-	-	-	41	-	41	-	41	209
Total Nonsalary Related Expenses	<u>575,326</u>	<u>34,759</u>	<u>27,776</u>	<u>637,861</u>	<u>61,067</u>	<u>31,216</u>	<u>92,283</u>	<u>112,354</u>	<u>842,498</u>	<u>793,955</u>
TOTAL EXPENSES	<u>\$ 1,221,061</u>	<u>\$ 203,606</u>	<u>\$ 27,776</u>	<u>\$ 1,452,443</u>	<u>\$ 137,952</u>	<u>\$ 139,708</u>	<u>\$ 277,660</u>	<u>\$ 112,354</u>	<u>\$ 1,842,457</u>	<u>\$ 1,709,461</u>

The accompanying notes are an integral part of the financial statements.

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012)

	<u>2013</u>	<u>2012</u>
<u>Cash Flows From Operating Activities:</u>		
Change in net assets	\$ 122,934	\$ 313,123
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	24,461	27,899
Loss on disposal of equipment	1,424	-
(Increase) Decrease in:		
Accounts receivable	3,783	10,125
Grants and contracts receivable	(62,859)	17,283
Prepaid expenses and deposits	10,786	16,286
Increase (Decrease) in:		
Accounts payable	(16,507)	43,503
Accrued expenses	(32,173)	(33,366)
Deferred revenue	(35,424)	15,591
Net Cash Provided by Operating Activities	<u>16,425</u>	<u>410,444</u>
<u>Cash Flows From Investing Activities:</u>		
Purchase of property, furniture and equipment	<u>(11,415)</u>	<u>(9,816)</u>
Net Cash Used in Investing Activities	<u>(11,415)</u>	<u>(9,816)</u>
<u>Cash Flows From Financing Activities:</u>		
Payments on lines-of-credit	-	(50,000)
Borrowings on lines-of-credit	<u>-</u>	<u>50,000</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	5,010	400,628
Cash and Cash Equivalents at Beginning of Year	<u>607,759</u>	<u>207,131</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 612,769</u>	<u>\$ 607,759</u>

The accompanying notes are an integral part of the financial statements.

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

Note 1 - Organization and Significant Accounting Policies:

Organization and Nature of Activities

Kids Included Together - San Diego, Inc. (“KIT”) is a 501(c)(3) non-profit organization founded in San Diego, California in 1997. The mission of KIT is to provide learning opportunities that support recreation, child development and youth enrichment programs to include children with and without disabilities.

KIT’s goals are to enrich the lives of all who participate and to increase understanding and acceptance of disabilities as a natural part of life. The following is a brief description of KIT’s professional development and training programs:

KIT Affiliates

During fiscal year 2012 - 2013, KIT provided live training on the best practices of inclusion, coaching and ongoing feedback through a support center, child specific consultation, and a variety of job aids and instructional print materials to 69 local affiliate organizations representing over 368 recreation, enrichment and child and youth development site locations. In addition to live support, KIT provides its affiliates with a state-of-the-art online learning center that includes self-paced modules, instructional videos, downloadable resources and bi-monthly webinars. KIT Affiliates are a diverse group including: city parks and recreation departments; child development centers; dance, art and theater organizations; before and after school programs; resident and day camps; YMCAs; scouting; and other enrichment organizations. In fiscal year 2012-2013, KIT supported affiliate organizations that serve more than 48,000 children. About 10% of the children that KIT affiliate programs served are reported to have a moderate disability or special need and about .5% are reported to have a significant disability or special need.

National Training Center on Inclusion

In 2007, KIT created the National Training Center on Inclusion (NTCI) as the formal home of the training function and now provides live training, eLearning and a variety of learner support and technical assistance throughout the United States and on military installations worldwide. Since inception, KIT has presented live training in 43 states and 11 countries. The online training center is currently utilized by over 12,000 learners. Since 2010, KIT has been an Authorized Provider of the International Association for Continuing Education & Training and as such offers its live and online learners continuing education units (CEU). In early 2013, KIT was authorized by the Behavior Analyst Certification Board to issue CEU’s. In March 2013, KIT hosted its 8th annual National Conference on Inclusion, attended by 204 child care, youth development and recreation providers. On demand rebroadcasting of the National Conference is available through KIT’s learning management system. Over the past year 7,013 people attended one of the in-person or live webinar training sessions sponsored by the NTCI.

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Organization and Nature of Activities (Continued)

KIT Partners with the Department of Defense Child, Youth and Teen Programs

KIT provides live and on-line training, consultations, site visits, toll-free support center and technical assistance to the Department of Defense Army, Navy, Air Force and Marine Corps Child, Youth and Teen Programs. During fiscal year 2012 – 2013, KIT provided training and consultation support to 245 installations worldwide on the topic of inclusion for children with disabilities in child development centers, family child care homes, and school age, youth and teen programs.

KIT Opens Office in Washington, D.C.

In 2012, KIT's 15th anniversary year, the board and staff spent six months creating a three-year strategic plan designed to scale KIT's impact beyond San Diego and into communities around the United States. One of the strategic objectives was to open a satellite office in Washington, DC housed with like-minded organizations in the National Youth Transitions Center. In January 2013 the office was opened. A physical presence in Washington, DC gives KIT a two-fold benefit, the first being the opportunity to serve high-need child and youth organizations in our nation's capital and the second being the national platform that is gained from close proximity with government agencies, politicians and other national organizations.

Significant Accounting Policies

Method of Accounting

The financial statements of KIT have been prepared on the accrual basis of accounting which is in accordance with accounting principles generally accepted in the United States of America (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The financial statements present information regarding the financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

- Unrestricted net assets – Net assets not subject to donor imposed stipulations.
- Temporarily restricted net assets – Net assets subject to donor imposed stipulations that will be met by actions of KIT and/or the passage of time. When a donor stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- Permanently restricted net assets – Net assets subject to donor imposed stipulations requiring that they be maintained permanently by KIT. The income from these assets is available for either general operations or specific programs as specified by the donor.

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

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.

Fair Value Measurements

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy). KIT had no financial instruments at June 30, 2013 and 2012.

Allowance for Doubtful Accounts

Management believes that all accounts receivable, and grants and contracts receivable were fully collectible; therefore, no allowance for doubtful accounts was recorded as of June 30, 2013 and 2012.

Contributions

Contributions are recognized when the donor makes a promise to give to KIT that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Capitalization and Depreciation

KIT capitalizes all expenditures in excess of \$1,000 for property, furniture and equipment at cost, while donations of property, furniture and equipment are recorded at their estimated fair values. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, KIT reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. KIT reclassifies temporarily restricted net assets to unrestricted net assets at that time.

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Capitalization and Depreciation (Continued)

Property, furniture and equipment are depreciated using the straight-line method over the estimated useful asset lives as follows:

Leasehold improvements	15 - 22 years
Equipment	3 - 7 years
Furniture	5 years

Depreciation totaled \$24,461 and \$27,899 for the years ended June 30, 2013 and 2012, respectively.

Maintenance, repairs and minor renewals are charged to operations as incurred. Upon sale or disposition of property, furniture and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings.

Compensated Absences

Accumulated unpaid vacation totaling \$32,781 and \$23,742 at June 30, 2013 and 2012, respectively is accrued when incurred and included in accrued expenses.

Event Revenue and Expense Recognition

Revenues and expenses directly associated with a future event are deferred until the fiscal year in which the event occurs. Prepaid expenses related to future events totaled \$-0- and \$18,944 at June 30, 2013 and 2012, respectively and are included in prepaid expenses and deposits. Deferred revenue from future events totaled \$-0- and \$35,424 at June 30, 2013 and 2012, respectively.

Donated Services

KIT utilizes the services of many volunteers throughout the year. Approximately 2,096 volunteer hours were donated to KIT in the areas of special events, board committee work, student summer internship, grant research, accounting, and general office work. This contribution of services by the volunteers is not recognized in the financial statements unless the services received (a) create or enhance nonfinancial assets or (b) require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The donated services for the years ended June 30, 2013 and 2012, did not meet the requirements above, therefore no amounts were recognized in the financial statements.

Allocated Expenses

Expenses by function have been allocated among program and supporting services classifications on the basis of internal records and estimates made by KIT's management.

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

Note 1 - Organization and Significant Accounting Policies: (Continued)

Significant Accounting Policies (Continued)

Income Taxes

KIT is a nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. KIT believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. KIT is not a private foundation.

KIT's Return of Organization Exempt from Income Tax for the years ended June 30, 2013, 2012, 2011, and 2010 are subject to examination by the Internal Revenue Service and State taxing authorities, generally three to four years after the returns are filed.

Concentration of Credit Risk

KIT maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. KIT has not experienced any losses in such accounts. KIT believes it is not exposed to any significant credit risk on cash and cash equivalents.

Cash and Cash Equivalents

For purposes of the statement of cash flows, KIT considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

Summarized Comparative Information for June 30, 2012

The financial statements include certain prior year summarized comparative information in total but not by net asset class. This summarized information is for comparative purposes only, and accordingly, such information should be read in conjunction with the KIT's financial statements for the year ended June 30, 2012, from which the summarized comparative information was derived.

Subsequent Events

In preparing these financial statements, KIT has evaluated events and transactions for potential recognition or disclosure through November 4, 2013, the date the financial statements were available to be issued.

Note 2 - Grants and Contracts Receivable:

Grants and contracts receivable consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Commander Navy Installations Command	\$ 278,030	\$ 215,171
Total Grants and Contracts Receivable	<u>\$ 278,030</u>	<u>\$ 215,171</u>

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

Note 3 - Property, Furniture and Equipment:

Property, furniture, and equipment consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
Leasehold improvements	\$ 119,419	\$ 119,419
Equipment	181,836	176,798
Furniture	7,301	5,170
Subtotal	<u>308,556</u>	<u>301,387</u>
Less: Accumulated depreciation	<u>(200,491)</u>	<u>(178,852)</u>
Property, Furniture and Equipment, Net	<u>\$ 108,065</u>	<u>\$ 122,535</u>

Note 4 - Line-of-Credit:

KIT has a line-of-credit with Mutual of Omaha Bank in the amount of \$100,000 at an interest rate of the bank's prime rate plus 2.0% (3.25% at June 30, 2013), but not less than 6%. The line-of-credit is renewable on December 28, 2013 and is secured by all assets of KIT. There was no outstanding balance on the line-of-credit at June 30, 2013 and 2012.

Note 5 - Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of the following at June 30, 2013:

Washington D.C. Office	\$ <u>13,825</u>
Total Temporarily Restricted Net Assets	\$ <u><u>13,825</u></u>

Net assets totaling \$27,775 were released from donor restrictions due to the satisfaction of purpose or time restrictions during the year ended June 30, 2013.

Note 6 - Special Events:

On August 18, 2012, "Over the Edge for KIT" was held. Participants rappelled from the 33rd story of the Manchester Grand Hyatt to fundraise for KIT. From March 13th through March 15th, 2013, KIT held the 8th Annual National Conference on Inclusion. Two hundred and four people attended the conference featuring 23 sessions on innovative strategies for including all children in out of school time programs.

On August 20, 2011, "Over the Edge for KIT" was held. Participants rappelled from the 33rd story of the Manchester Grand Hyatt to fundraise for KIT. From October 12th through October 14st, 2011, KIT held the 7th Annual National Conference on Inclusion. Nearly 300 people attended the conference featuring 23 sessions on innovative strategies for including all children in out of school time programs.

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

Note 6 - Special Events: (Continued)

The following is a summary of special events for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Sponsorship and donations	\$ 109,486	\$ 88,165
Admission	48,670	122,589
Auction/drawing, net	3,226	3,472
Special Events Income	<u>161,382</u>	<u>214,226</u>
Less: Expenses	(112,354)	(148,889)
Special Events Income, Net	<u>\$ 49,028</u>	<u>\$ 65,337</u>

Note 7 - Commitments:

Pension Plan

KIT has established a Simple IRA for employees. The plan was amended as of January 1, 2013 to provide a 3% employer match for all participating employees. Prior to the amendment, the plan provided an employer contribution for each eligible employee 2% of the employee's annual compensation. Employer contributions totaled \$16,577 and \$14,766 for the years ended June 30, 2013 and 2012, respectively, and are included in employer payroll taxes and benefits in the Statement of Functional Expenses.

Operating Leases

In January 2013, KIT entered a 60-month operating lease agreement for office facilities which expires January 29, 2018. The previous lease for the office facilities was a three year lease with the right to terminate with a 90 day notice. On January 1, 2013, KIT entered an operating lease agreement for office space in Washington, D.C. The lease expires on December 31, 2014. Rent expense totaled \$60,539 and \$52,949 for the years ended June 30, 2013 and 2012, respectively.

KIT leases a copier and postage machine under leases expiring through December 2014.

The following is a schedule of future lease payments under the leases:

Years Ended <u>June 30</u>	
2014	\$ 69,262
2015	62,672
2016	56,044
2017	57,660
2018	34,185
Total	<u>\$ 279,823</u>

KIDS INCLUDED TOGETHER - SAN DIEGO, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2012)

Note 7 - Commitments: (Continued)

License Agreement

KIT entered into a license agreement on February 18, 2011 with Sum Total (formerly known as GeoLearning Inc.) to receive on demand software services to support their eLearning self-paced modules. The three year license agreement requires a \$70,000 annual service fee payable quarterly and expires on February 17, 2014. License fees totaled \$74,250 and \$77,125 for the years ended June 30, 2013 and 2012, respectively, which are included in training materials expense in the Statement of Functional Expenses.