

**KIDS INCLUDED TOGETHER - SAN DIEGO, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2012**



Leaf & Cole, LLP  
*Certified Public Accountants*

**KIDS INCLUDED TOGETHER - SAN DIEGO, INC.**  
**FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

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## Independent Auditor's Report

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

We have audited the accompanying statement of financial position of Kids Included Together - San Diego, Inc. ("KIT") as of June 30, 2012, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of KIT's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Kids Included Together - San Diego, Inc.'s 2011 financial statements and in our report dated September 21, 2011, we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Leaf & Cole LLP*

San Diego, California  
October 22, 2012

**KIDS INCLUDED TOGETHER - SAN DIEGO, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)**

**ASSETS**

	<u>2012</u>	<u>2011</u>
<b><u>Current Assets:</u></b> (Notes 1 and 2)		
Cash and cash equivalents	\$ 607,759	\$ 207,131
Accounts receivable	3,980	14,105
Grants and contracts receivable	215,171	232,454
Prepaid expenses and deposits	31,557	47,843
Total Current Assets	<u>858,467</u>	<u>501,533</u>
<b><u>Noncurrent Assets:</u></b> (Notes 1 and 3)		
Property, furniture and equipment, net	<u>122,535</u>	<u>140,618</u>
Total Noncurrent Assets	<u>122,535</u>	<u>140,618</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>981,002</u></b>	<b>\$ <u>642,151</u></b>

**LIABILITIES AND NET ASSETS**

<b><u>Current Liabilities:</u></b> (Note 1)		
Accounts payable	\$ 66,102	\$ 22,599
Accrued expenses	79,036	112,402
Deferred revenue	35,424	19,833
Total Current Liabilities	<u>180,562</u>	<u>154,834</u>
Total Liabilities	<u>180,562</u>	<u>154,834</u>
<b><u>Commitments</u></b> (Notes 4 and 6)		
<b><u>Unrestricted Net Assets</u></b> (Note 1)	<u>800,440</u>	<u>487,317</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>981,002</u></b>	<b>\$ <u>642,151</u></b>

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, 2012**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	<u>2012</u>	<u>2011</u>
<b><u>Support and Revenue:</u></b>		
Training revenue	\$ 1,641,713	\$ 1,123,101
Contributions	166,029	183,197
Special events	214,226	124,881
Interest income	616	569
Total Support and Revenue	<u>2,022,584</u>	<u>1,431,748</u>
<b><u>Expenses:</u></b>		
<b>Program Services:</b>		
NTCI	1,007,996	648,902
Affiliates	273,651	355,129
Mitsubishi Electric America Foundation	26,119	51,591
Total Program Services	<u>1,307,766</u>	<u>1,055,622</u>
<b>Supporting Services:</b>		
Management and general	115,032	109,279
Fundraising	137,774	119,507
Total Supporting Services	<u>252,806</u>	<u>228,786</u>
<b>Special Events</b>	<u>148,889</u>	<u>65,919</u>
Total Expenses	<u>1,709,461</u>	<u>1,350,327</u>
Change in Unrestricted Net Assets	313,123	81,421
Unrestricted Net Assets at Beginning of Year	<u>487,317</u>	<u>405,896</u>
<b>UNRESTRICTED NET ASSETS AT END OF YEAR</b>	<u><u>\$ 800,440</u></u>	<u><u>\$ 487,317</u></u>

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, 2012**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	Program Services				Supporting Services			Special Events	2012 Total	2011 Total
	NTCI	Affiliates	Mitsubishi Electric America Foundation	Total Program Services	Management and General	Fundraising	Total Supporting Services			
<b>Salaries and Related Expenses:</b>										
Salaries and wages	\$ 411,193	\$ 181,711	\$ 8,800	\$ 601,704	\$ 60,750	\$ 92,068	\$ 152,818	\$ -	\$ 754,522	\$ 697,359
Employer payroll taxes and benefits	84,400	40,957	2,837	128,194	14,871	17,919	32,790	-	160,984	134,546
Total Salaries and Related Expenses	<u>495,593</u>	<u>222,668</u>	<u>11,637</u>	<u>729,898</u>	<u>75,621</u>	<u>109,987</u>	<u>185,608</u>	<u>-</u>	<u>915,506</u>	<u>831,905</u>
<b>Nonsalary Related Expenses:</b>										
Training materials expense	104,202	6,588	6,250	117,040	1,429	55	1,484	-	118,524	106,556
Event costs	-	-	-	-	-	-	-	148,889	148,889	65,919
Travel expense	135,727	1,055	1,532	138,314	439	1,617	2,056	-	140,370	65,361
Consultants	107,368	1,224	800	109,392	18,000	606	18,606	-	127,998	61,120
Rent expense	28,042	17,622	-	45,664	2,086	5,199	7,285	-	52,949	45,069
Depreciation	16,460	6,975	-	23,435	1,395	3,069	4,464	-	27,899	35,624
Printing and reproduction	60,686	1,091	3,000	64,777	956	2,863	3,819	-	68,596	31,389
Computer expense	6,217	2,138	-	8,355	1,326	1,851	3,177	-	11,532	21,405
Telephone	7,746	3,088	-	10,834	533	1,389	1,922	-	12,756	10,845
Insurance	6,358	2,704	-	9,062	781	1,246	2,027	-	11,089	10,549
Interest	-	-	-	-	209	-	209	-	209	-
Utilities	5,702	2,123	-	7,825	527	831	1,358	-	9,183	9,426
Office supplies	10,469	1,429	900	12,798	1,104	751	1,855	-	14,653	8,977
Financial services	4,567	1,935	-	6,502	1,662	851	2,513	-	9,015	8,827
Promotions/marketing	9,533	16	-	9,549	2,022	5,034	7,056	-	16,605	8,578
Postage and delivery	2,231	270	1,250	3,751	334	307	641	-	4,392	8,390
BOD/Volunteer expenses	1,547	470	-	2,017	1,642	243	1,885	-	3,902	6,239
Repairs and maintenance	212	90	-	302	22	40	62	-	364	3,830
Meeting expense	708	21	750	1,479	2,605	463	3,068	-	4,547	3,756
Merchant service fees	48	-	-	48	686	-	686	-	734	2,832
Dues and subscriptions	1,155	75	-	1,230	-	783	783	-	2,013	2,019
Staff development	2,899	558	-	3,457	806	408	1,214	-	4,671	1,088
Mileage	526	1,511	-	2,037	847	181	1,028	-	3,065	623
Total Nonsalary Related Expenses	<u>512,403</u>	<u>50,983</u>	<u>14,482</u>	<u>577,868</u>	<u>39,411</u>	<u>27,787</u>	<u>67,198</u>	<u>148,889</u>	<u>793,955</u>	<u>518,422</u>
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 1,007,996</u>	<u>\$ 273,651</u>	<u>\$ 26,119</u>	<u>\$ 1,307,766</u>	<u>\$ 115,032</u>	<u>\$ 137,774</u>	<u>\$ 252,806</u>	<u>\$ 148,889</u>	<u>\$ 1,709,461</u>	<u>\$ 1,350,327</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, 2012**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2011)**

	<u>2012</u>	<u>2011</u>
<b><u>Cash Flows From Operating Activities:</u></b>		
Change in unrestricted net assets	\$ 313,123	\$ 81,421
<b>Adjustment to reconcile change in unrestricted net assets to net cash provided by (used in) operating activities:</b>		
Depreciation	27,899	35,624
<b>(Increase) Decrease in:</b>		
Accounts receivable	10,125	(14,105)
Grants and contracts receivable	17,283	(198,003)
Prepaid expenses and deposits	16,286	(27,660)
<b>Increase (Decrease) in:</b>		
Accounts payable	43,503	2,851
Accrued expenses	(33,366)	84,113
Deferred revenue	15,591	6,348
Net Cash Provided by (Used in) Operating Activities	<u>410,444</u>	<u>(29,411)</u>
<b><u>Cash Flows From Investing Activities:</u></b>		
Purchase of property, furniture and equipment	<u>(9,816)</u>	<u>(31,740)</u>
Net Cash Used in Investing Activities	<u>(9,816)</u>	<u>(31,740)</u>
<b><u>Cash Flows From Financing Activities:</u></b>		
Payments on lines-of-credit	(50,000)	(20,000)
Borrowings on lines-of-credit	<u>50,000</u>	<u>20,000</u>
Net Cash Provided by (Used in) Investing Activities	<u>-</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	400,628	(61,151)
Cash and Cash Equivalents at Beginning of Year	<u>207,131</u>	<u>268,282</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 607,759</u></u>	<u><u>\$ 207,131</u></u>

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

**KIDS INCLUDED TOGETHER - SAN DIEGO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)**

**Note 1 - Organization and Significant Accounting Policies:**

**Organization**

Kids Included Together - San Diego, Inc. (“KIT”) is a registered 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 2011 - 2012, 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 67 local and nine national affiliate organizations representing over 335 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, virtual conferences 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 2011-2012 KIT supported affiliate organizations that serve a total of 47,336 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.

In fiscal year 2011-2012 KIT provided free one-day Inclusion Institutes at five of the national affiliate organizations, located in; Bethesda, MD; New York, NY; Bernalillo, New Mexico; Portland, OR and Kansas City, MO. Over 300 participants representing 61 organizations attended these free events. Participants were offered free access to KIT’s online learning center and bimonthly webinars.

**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 41 states and 9 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 October 2011 KIT hosted its 7th annual National Conference on Inclusion, attended by 325 child care, youth development and recreation providers. On demand rebroadcasting of the National Conference is available through KIT’s learning management system and over 22,608 unique views have been tracked for viewing of this conference. KIT also expanded its technology resources by creating a customized application for the Android system. The app content includes practical tips on inclusion, short videos, FAQs, booklets, events and links on making accommodations for individuals with disabilities. Over the past year, 11,699 people attended one of the live webinar or in-person training sessions sponsored by the NTCI.



**KIDS INCLUDED TOGETHER - SAN DIEGO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)**

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

**Organization (Continued)**

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

KIT provides live and on-line training, consultations, site visits, phone coaching and technical support to the Department of Defense Army, Navy, Air Force and Marine Corps Child, Youth and Teen Programs. During fiscal year 2011 - 2012, KIT provided training and consultation support to all Army, Navy, Air Force and Marine Corps Child, Youth and Teen Programs located on 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. Key features include access to self-paced online eLearning modules for all staff; development and presentation of webinars and other on-line learning opportunities, revision of existing operational documents related to children with special needs, live training through conference presentations, site visits and classroom observations, and the hosting of a toll free call-in and email support center to answer specific questions related to the inclusion of children with disabilities within the Department of Defense Child, Youth and Teen programs.

**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.

**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**

KIT has adopted the fair value standards for financial assets and liabilities that are required to be measured at fair value on a recurring basis. The Fair Value Measurement 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). These standards do not change existing guidance as to whether or not an instrument is carried at fair value. KIT had no financial instruments at June 30, 2012 and 2011.

**KIDS INCLUDED TOGETHER - SAN DIEGO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)**

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

**Significant Accounting Policies (Continued)**

**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, 2012 and 2011.

**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. 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 aggregated \$27,899 and \$35,624 for the years ended June 30, 2012 and 2011, 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 \$23,742 and \$17,633 at June 30, 2012 and 2011, respectively is accrued when incurred and included in accrued expenses.

**KIDS INCLUDED TOGETHER - SAN DIEGO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)**

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

**Significant Accounting Policies (Continued)**

**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 \$18,944 and \$38,174 at June 30, 2012 and 2011, respectively and are included in prepaid expenses and deposits. Deferred revenue from future events totaled \$35,424 and \$19,833 at June 30, 2012 and 2011, respectively.

**Donated Services**

KIT utilizes the services of many volunteers throughout the year. Approximately 1,079 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, 2012 and 2011, 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.

**Income Taxes**

KIT is a public charity 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, 2012, 2011, 2010, and 2009 are subject to examination by the Internal Revenue Service and State taxing authorities, generally the three to four years after the returns were 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.

**KIDS INCLUDED TOGETHER - SAN DIEGO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)**

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

**Significant Accounting Policies (Continued)**

**Summarized Comparative Information for June 30, 2011**

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, 2011, 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 October 22, 2012, 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>2012</u>	<u>2011</u>
Commander Navy Installations Command	\$ 215,171	\$ 232,454
Total Grants and Contracts Receivable	<u>\$ 215,171</u>	<u>\$ 232,454</u>

**Note 3 - Property, Furniture and Equipment:**

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

	<u>2012</u>	<u>2011</u>
Leasehold improvements	\$ 119,419	\$ 119,419
Equipment	176,798	171,319
Furniture	5,170	5,170
Subtotal	<u>301,387</u>	<u>295,908</u>
Less: Accumulated depreciation	(178,852)	(155,290)
Property, Furniture and Equipment, Net	<u>\$ 122,535</u>	<u>\$ 140,618</u>

**Note 4 - Lines-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, 2012), but not less than 6%. The line-of-credit is renewable on December 28, 2012 and is secured by all assets of KIT. There was no outstanding balance on the line-of-credit at June 30, 2012 and 2011.

KIT had a line-of-credit with Wells Fargo in the amount of \$50,000 at an interest rate of 11.50%, which closed on May 2, 2011. There was no outstanding balance on the line-of-credit at June 30, 2011.

**KIDS INCLUDED TOGETHER - SAN DIEGO, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012**  
**(WITH COMPARATIVE TOTALS FOR JUNE 30, 2011)**

**Note 5 - Special Events:**

On August 20, 2011, “Over the Edge for KIT” was held. Participants rappelled from the 33<sup>rd</sup> story of the Manchester Grant Hyatt to fundraise for KIT. From October 12<sup>th</sup> through October 14<sup>st</sup>, 2011, KIT held the 7<sup>th</sup> 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.

KIT held two special events during the year ended June 30, 2011. On November 6, 2010, “Over the Edge for KIT” was held. Participants rappelled from the 33<sup>rd</sup> story of the Manchester Grant Hyatt to fundraise for KIT. From September 29<sup>th</sup> through October 1<sup>st</sup>, 2010, KIT held the 6<sup>th</sup> Annual National Conference on Inclusion.

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

	<u>2012</u>	<u>2011</u>
Admission	\$ 122,589	\$ 35,964
Sponsorship and donations	88,165	86,361
Auction/drawing, net	3,472	2,556
Special Events Income	<u>214,226</u>	<u>124,881</u>
Less: Expenses	(148,889)	(65,919)
Special Events Income, Net	<u>\$ 65,337</u>	<u>\$ 58,962</u>

**Note 6 - Commitments:**

**Pension Plan**

KIT has established a Simple IRA for employees. The plan was amended as of January 1, 2012 to provide a 3% employer match for all participating employees. Prior to the amendment, the plan provided an employer contribution for each eligible employee of 2% of the employee’s annual compensation. Employer contributions totaled \$14,766 and \$10,019 for the years ended June 30, 2012 and 2011, respectively, and are included in employer payroll taxes and benefits in the Statement of Functional Expenses.

**Operating Lease**

KIT entered into an operating lease for office facilities effective February 1, 2007, which expired January 31, 2010. KIT extended the operating lease effective January 31, 2010, which expires on January 29, 2013, but allows KIT to terminate the lease at any time and for any reason by providing no less than ninety (90) days prior written notice. Rent expense totaled \$52,949 and \$45,069 for the years ended June 30, 2012 and 2011, respectively.

**License Agreement**

KIT entered into a license agreement on February 18, 2011 with 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 \$77,125 and \$40,750 for the years ended June 30, 2012 and 2011, respectively, which are included in training materials expense in the Statement of Functional Expenses.