

Small Steps Nurturing Center

Financial Statements
and Independent Auditors' Report
for the years ended June 30, 2018 and 2017

Small Steps Nurturing Center

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Independent Auditors' Report

To the Board of Directors of
Small Steps Nurturing Center:

We have audited the accompanying financial statements of Small Steps Nurturing Center, which comprise the statements of financial position as of June 30, 2018 and 2017 and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

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

Auditors' Responsibility – Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our 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 auditors' 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 Small Steps Nurturing Center as of June 30, 2018 and 2017 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.

Blazek & Vetterling

December 19, 2018

Small Steps Nurturing Center

Statements of Financial Position as of June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash	\$ 425,199	\$ 396,175
Prepaid expenses and other assets	50,550	83,154
Pledges receivable, net (<i>Note 2</i>)	697,777	776,837
Cash designated or restricted for long-term purposes (<i>Note 3</i>)	2,252	161,308
Investments (<i>Note 4</i>)	1,806,741	1,758,680
Property, net (<i>Note 5</i>)	<u>2,816,236</u>	<u>2,916,351</u>
TOTAL ASSETS	<u>\$ 5,798,755</u>	<u>\$ 6,092,505</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 61,506	\$ 60,102
Funds held for others	<u>74,705</u>	<u>23,951</u>
Total liabilities	<u>136,211</u>	<u>84,053</u>
Net assets (<i>Note 8</i>):		
Unrestricted (<i>Note 6</i>)	3,693,323	4,039,193
Temporarily restricted (<i>Note 7</i>)	1,904,221	1,929,259
Permanently restricted	<u>65,000</u>	<u>40,000</u>
Total net assets	<u>5,662,544</u>	<u>6,008,452</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,798,755</u>	<u>\$ 6,092,505</u>

See accompanying notes to financial statements.

Small Steps Nurturing Center

Statement of Activities for the year ended June 30, 2018

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:				
Contributions <i>(Notes 9 and 10)</i>	\$ 861,979	\$ 640,122	\$ 25,000	\$ 1,527,101
Golf tournament	411,310	498,323		909,633
Sporting clay tournament	435,912	24,305		460,217
Wine Classic event	552,474	136,100		688,574
Luncheon event	140,550	130,924		271,474
Cost of direct donor benefits	(538,166)			(538,166)
Investment return <i>(Note 4)</i>	29,880	11,583		41,463
Other revenue	<u>2,741</u>			<u>2,741</u>
Total revenue	1,896,680	1,441,357	25,000	3,363,037
Net assets released from restrictions:				
Program expenditures	969,815	(969,815)		
Expiration of time restrictions	<u>496,580</u>	<u>(496,580)</u>		
Total	<u>3,363,075</u>	<u>(25,038)</u>	<u>25,000</u>	<u>3,363,037</u>
EXPENSES:				
Program services	3,031,189			3,031,189
Management and general	280,272			280,272
Fundraising	<u>397,484</u>			<u>397,484</u>
Total expenses	<u>3,708,945</u>			<u>3,708,945</u>
CHANGES IN NET ASSETS	(345,870)	(25,038)	25,000	(345,908)
Net assets, beginning of year	<u>4,039,193</u>	<u>1,929,259</u>	<u>40,000</u>	<u>6,008,452</u>
Net assets, end of year	<u>\$ 3,693,323</u>	<u>\$ 1,904,221</u>	<u>\$ 65,000</u>	<u>\$ 5,662,544</u>

See accompanying notes to financial statements.

Small Steps Nurturing Center

Statement of Activities for the year ended June 30, 2017

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
REVENUE:				
Contributions <i>(Notes 9 and 10)</i>	\$ 1,085,943	\$ 927,162	\$ 20,000	\$ 2,033,105
Golf tournament	390,383	384,408		774,791
Sporting clay tournament	363,874	12,825		376,699
Wine Classic event	525,080	90,750		615,830
Luncheon event	73,933	151,500		225,433
Cost of direct donor benefits	(495,980)			(495,980)
Investment return <i>(Note 4)</i>	44,520	16,619		61,139
Other revenue	<u>2,561</u>			<u>2,561</u>
Total revenue	1,990,314	1,583,264	20,000	3,593,578
Net assets released from restrictions:				
Program expenditures	810,181	(810,181)		
Expiration of time restrictions	<u>126,971</u>	<u>(126,971)</u>		
Total	<u>2,927,466</u>	<u>646,112</u>	<u>20,000</u>	<u>3,593,578</u>
EXPENSES:				
Program services	2,895,505			2,895,505
Management and general	242,312			242,312
Fundraising	<u>391,268</u>			<u>391,268</u>
Total expenses	<u>3,529,085</u>			<u>3,529,085</u>
CHANGES IN NET ASSETS	(601,619)	646,112	20,000	64,493
Net assets, beginning of year	<u>4,640,812</u>	<u>1,283,147</u>	<u>20,000</u>	<u>5,943,959</u>
Net assets, end of year	<u>\$ 4,039,193</u>	<u>\$ 1,929,259</u>	<u>\$ 40,000</u>	<u>\$ 6,008,452</u>

See accompanying notes to financial statements.

Small Steps Nurturing Center

Statement of Functional Expenses for the year ended June 30, 2018

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries	\$ 1,866,275	\$ 159,408	\$ 250,429	\$ 2,276,112
Employer payroll taxes	144,362	11,189	19,885	175,436
Employee benefits	<u>266,513</u>	<u>12,822</u>	<u>21,639</u>	<u>300,974</u>
Total salaries and related expenses	2,277,150	183,419	291,953	2,752,522
Professional services	92,010	79,248	17,139	188,397
Depreciation	158,721	2,873	4,517	166,111
Food	80,543			80,543
Insurance	61,761	6,986	1,891	70,638
Outcome measure testing	64,508			64,508
Extended day program provider	55,000			55,000
Supplies	49,981	1,353	3,611	54,945
Utilities	52,155	1,085	1,628	54,868
Repairs and maintenance	40,315	711	1,078	42,104
Transportation	38,222			38,222
Printing, publications and postage	499	384	28,314	29,197
Bank and credit card fees		436	23,771	24,207
Continuing education	13,909	395	1,790	16,094
Equipment rental	14,423	181	276	14,880
Parent Education Program	14,274			14,274
Software and website	669	745	10,747	12,161
Other	<u>17,049</u>	<u>2,456</u>	<u>10,769</u>	<u>30,274</u>
Total expenses	<u>\$ 3,031,189</u>	<u>\$ 280,272</u>	<u>\$ 397,484</u>	3,708,945
Cost of direct donor benefits				<u>538,166</u>
Total				<u>\$ 4,247,111</u>

See accompanying notes to financial statements.

Small Steps Nurturing Center

Statement of Functional Expenses for the year ended June 30, 2017

	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries	\$ 1,883,111	\$ 114,199	\$ 204,387	\$ 2,201,697
Employer payroll taxes	137,042	8,578	15,394	161,014
Employee benefits	<u>220,854</u>	<u>7,887</u>	<u>13,680</u>	<u>242,421</u>
Total salaries and related expenses	2,241,007	130,664	233,461	2,605,132
Professional services	55,786	84,257	60,809	200,852
Depreciation	165,330	2,931	4,514	172,775
Food	49,840			49,840
Insurance	46,776	6,649	1,407	54,832
Outcome measure testing	12,902			12,902
Extended day program provider	55,000			55,000
Supplies	65,497	2,421	3,775	71,693
Utilities	53,748	1,131	1,697	56,576
Repairs and maintenance	59,639	1,210	1,815	62,664
Transportation	35,286		204	35,490
Printing, publications and postage	413	686	29,228	30,327
Bank and credit card fees		614	21,860	22,474
Continuing education	23,594	918	490	25,002
Equipment rental	11,375	131	196	11,702
Software and website	1,447	126	20,000	21,573
Other	<u>17,865</u>	<u>10,574</u>	<u>11,812</u>	<u>40,251</u>
Total expenses	<u>\$ 2,895,505</u>	<u>\$ 242,312</u>	<u>\$ 391,268</u>	3,529,085
Cost of direct donor benefits				<u>495,980</u>
Total				<u>\$ 4,025,065</u>

See accompanying notes to financial statements.

Small Steps Nurturing Center

Statements of Cash Flows for the years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ (345,908)	\$ 64,493
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Contributions restricted for long-term purposes	(25,000)	(20,000)
Depreciation	166,111	172,775
Net realized and unrealized (gain) loss on investments	12,743	(11,344)
Changes in operating assets and liabilities:		
Prepaid expenses and other assets	32,604	(36,181)
Pledges receivable	79,060	(431,598)
Accounts payable	1,404	27,697
Funds held for others	<u>50,754</u>	<u>(248)</u>
Net cash used by operating activities	<u>(28,232)</u>	<u>(234,406)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(53,651)	(49,503)
Proceeds from sale of investments	17,729	3,958
Net change in cash held for investments	(24,882)	(20,562)
Purchases of property	<u>(65,996)</u>	<u>(10,108)</u>
Net cash used by investing activities	<u>(126,800)</u>	<u>(76,215)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term purposes	<u>25,000</u>	<u>20,000</u>
NET CHANGE IN CASH	(130,032)	(290,621)
Cash, beginning of year	<u>557,483</u>	<u>848,104</u>
Cash, end of year	<u>\$ 427,451</u>	<u>\$ 557,483</u>
 <i>Reconciliation of cash balances:</i>		
Cash	\$ 425,199	\$ 396,175
Cash designated or restricted for long-term purposes	<u>2,252</u>	<u>161,308</u>
Total cash	<u>\$ 427,451</u>	<u>\$ 557,483</u>

See accompanying notes to financial statements.

Small Steps Nurturing Center

Notes to Financial Statements for the years ended June 30, 2018 and 2017

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Small Steps Nurturing Center (Small Steps) is a Texas nonprofit corporation located in Houston, Texas, providing a comprehensive early childhood development program aimed at giving at-risk, pre-school-age children and their parents the opportunity to grow socially, emotionally, physically, intellectually, and spiritually. Small Steps serves approximately 180 students at its Jensen and DePelchin campuses. Small Steps relies on charitable contributions for support of its program and does not solicit or accept governmental funding.

Federal income tax status – Small Steps is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §509(a)(1).

Cash includes demand deposits except that cash held for long-term investment is grouped with investments and excluded from cash in the statement of cash flows. Bank deposits exceed the federally insured limit per depositor per institution.

Pledges receivable that are expected to be collected within one year are reported at net realizable value. Pledges receivable that are expected to be collected in future years are discounted, if material, to estimate the present value of future cash flows. An allowance for uncollectible pledges receivable is provided when it is believed balances may not be collected in full. Small Steps' policy is to write off receivables against the allowance when management determines the receivable will not be collected. The loss on pledges recognized each period and the resulting adequacy of the allowance at the end of each period are determined using a combination of historical loss experience and analysis of individual pledge balances. It is possible that management's estimate regarding the collectability of the balances will change in the near term resulting in a change in the carrying value of these receivables.

Investments are reported at fair value. Investment return is reported in the statement of activities as an increase in unrestricted net assets unless the use of the income is limited by donor-imposed restrictions. Investment return whose use is restricted by the donor is reported as an increase in temporarily restricted net assets until expended in accordance with donor-imposed restrictions.

Property with an original value of at least \$1,000 is reported at cost if purchased or at fair value at the date of gift if donated. Property is depreciated using the straight-line method over estimated useful lives of 3 to 7 years for furniture, equipment and supplies, 5 years for vans, and 10 to 30 years for buildings and improvements.

Net asset classification – Contributions, investment return, and the related net assets are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* include those net assets whose use is not restricted by donor-imposed stipulations, even though their use may be limited in other respects, such as by contract or board designation.
- *Temporarily restricted net assets* include contributions and investment return restricted by the donor for specific purposes or time periods. When a purpose restriction is accomplished or a time restriction ends, temporarily restricted net assets are released to unrestricted net assets.
- *Permanently restricted net assets* include contributions that donors have restricted in perpetuity. Investment return is temporarily restricted to support specific purposes as stipulated by the donor.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as restricted support. Conditional contributions are recognized in the same manner when the conditions are substantially met. Small Steps recognizes gifts of long-lived assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are classified as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, Small Steps reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

In-kind contributions – Donated materials, use of facilities and services are recognized at fair value as contributions when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Recent financial accounting pronouncement – In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this ASU are aimed at providing more useful information to users of not-for-profit financial statements. Under this ASU, net assets will be presented in two classes: *net assets with donor restrictions* and *net assets without donor restrictions* and underwater endowments will be grouped with *net assets with donor restrictions*. New or enhanced disclosures will be required about the nature and composition of net assets, and the liquidity and availability of resources for general operating expenditures within one year of the balance sheet date. Expenses will be required to be presented by both nature and function and investment return will be presented net of external and direct internal investment expenses. Absent explicit donor stipulations, restrictions on long-lived assets will expire when assets are placed in service. The School is required to adopt this ASU for fiscal year 2019. Adoption of this ASU will impact the presentation and disclosures of the financial statements.

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	<u>2018</u>	<u>2017</u>
Operating	\$ 695,777	\$ 826,837
Capital campaign	2,000	52,222
Allowance for uncollectible capital pledges		<u>(50,000)</u>
Pledges receivable, net	<u>\$ 697,777</u>	<u>\$ 829,059</u>

At June 30, 2018, pledges are expected to be collected as follows:

Less than one year	\$ 487,777
One to five years	<u>210,000</u>
Total pledges receivable	<u>\$ 697,777</u>

Pledges from one donor comprised 43% of pledges receivable at June 30, 2018.

NOTE 3 – CASH DESIGNATED OR RESTRICTED FOR LONG-TERM PURPOSES

Cash whose use has been designated or restricted for long-term purposes consists of the following:

	<u>2018</u>	<u>2017</u>
Board-designated for future purposes	\$ 2,252	\$ 152,150
Donor Designated for capital campaign		<u>9,158</u>
Total	<u>\$ 2,252</u>	<u>\$ 161,308</u>

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at June 30, 2018 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Mutual funds:				
Balanced income	\$ 1,291,178			\$ 1,291,178
Total assets measured at fair value	<u>\$ 1,291,178</u>	<u>\$ 0</u>	<u>\$ 0</u>	1,291,178
Cash held for investment				<u>515,563</u>
Total investments				<u>\$ 1,806,741</u>

Assets measured at fair value at June 30, 2017 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Mutual funds:				
Balanced income	\$ 1,267,999			\$ 1,267,999
Total assets measured at fair value	<u>\$ 1,267,999</u>	<u>\$ 0</u>	<u>\$ 0</u>	1,267,999
Cash held for investment				<u>490,681</u>
Total investments				<u>\$ 1,758,680</u>

Mutual funds are valued at the closing price reported on the active market on which the individual securities are traded. This valuation method may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Small Steps believes its valuation method is appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Investment return includes earnings on cash and consists of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ 54,206	\$ 49,795
Net realized and unrealized gain (loss)	<u>(12,743)</u>	<u>11,344</u>
Total investment return	<u>\$ 41,463</u>	<u>\$ 61,139</u>

NOTE 5 – PROPERTY

Property consists of the following:

	<u>2018</u>	<u>2017</u>
Land	\$ 367,748	\$ 367,748
Buildings and improvements	3,796,480	3,740,424
Classroom equipment and supplies	204,479	204,479
Vans	188,899	214,407
Office furniture and equipment	<u>155,619</u>	<u>145,679</u>
Property, at cost	4,713,225	4,672,737
Accumulated depreciation	<u>(1,896,989)</u>	<u>(1,756,386)</u>
Property, net	<u>\$ 2,816,236</u>	<u>\$ 2,916,351</u>

NOTE 6 – UNRESTRICTED NET ASSETS

Unrestricted net assets are comprised of the following:

	<u>2018</u>	<u>2017</u>
Property, net	\$ 2,816,236	\$ 2,916,351
Board-designated reserve funds	737,607	862,680
Undesignated	<u>139,480</u>	<u>260,162</u>
Total unrestricted net assets	<u>\$ 3,693,323</u>	<u>\$ 4,039,193</u>

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
For use in future years	\$ 589,850	\$ 501,580
Future operations and continuity fund	540,052	547,955
Term endowment to support school operations	311,606	316,557
Strategic core commitments	300,000	400,000
Higher education	133,215	136,160
Outcomes measurement	20,000	20,875
Other	<u>9,498</u>	<u>6,132</u>
Total temporarily restricted net assets	<u>\$ 1,904,221</u>	<u>\$ 1,929,259</u>

NOTE 8 – ENDOWMENT FUND

Small Steps maintains a permanently restricted endowment fund for continuity and a term endowment fund that is restricted by the donor until 2020 to provide consistent, long-term funding for educational operations by annually distributing 4% to 5% of the fund's average quarterly value. This term endowment has no permanently restricted component, but was established to function similar to an endowment. At the end of the term of the endowment, any remaining unspent funds may be used at the discretion of Small Steps' Board of Directors.

Changes in net assets of the endowment fund are as follows:

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>
Endowment net assets, June 30, 2016	\$ 0	\$ 301,821	\$ 20,000	\$ 321,821
Contributions			20,000	20,000
Investment return:				
Interest and dividends		13,295		13,295
Net realized and unrealized gain		<u>3,238</u>		<u>3,238</u>
Net investment return		<u>16,533</u>		<u>16,533</u>
Endowment net assets, June 30, 2017	<u>0</u>	<u>318,354</u>	<u>40,000</u>	<u>358,354</u>
Contributions			25,000	25,000
Investment return:				
Interest and dividends		13,897		13,897
Net realized and unrealized loss		<u>(2,314)</u>		<u>(2,314)</u>
Net investment return		<u>11,583</u>		<u>11,583</u>
Distributions		<u>(15,267)</u>		<u>(15,267)</u>
Endowment net assets, June 30, 2018	<u>\$ 0</u>	<u>\$ 314,670</u>	<u>\$ 65,000</u>	<u>\$ 379,670</u>

Investment Policy

The general purpose of the policy is to preserve and enhance the real value of the principal and to provide Small Steps with a dependable source of revenue to support its facilities and programs. More specifically, with respect to the donor-restricted endowment funds, the purpose of the policy is to provide a relatively stable annual income whose real value will be maintained.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Small Steps relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Small Steps targets a diversified asset allocation that varies based on the objectives of the specific fund. Asset allocation targets are determined by the Board of Directors based on the recommendations of the Investment Committee of the Board of Directors.

NOTE 9 – CONCENTRATION OF CONTRIBUTIONS

During the year ended June 30, 2018, contributions from four donors, three of which were foundations and one of which is a charitable organization, comprised approximately \$403,000 or 26% of total contributions. During the year ended June 30, 2017, contributions from four donors, two of which were foundations, comprised approximately \$969,000 or 48% of total contributions.

NOTE 10 – IN-KIND CONTRIBUTIONS

The following in-kind contributions are included in revenue as unrestricted contributions and in expenses in their respective functional categories as follows:

	<u>2018</u>	<u>2017</u>
Information technology services	\$ 39,050	\$ 26,000
Program food and supplies	36,389	2,083
After school program	35,000	35,000
Special event food and beverage	28,142	20,405
Building fire system maintenance	4,830	6,866
Other	<u>7,963</u>	<u>7,835</u>
Total in-kind contributions	<u>\$ 151,374</u>	<u>\$ 98,189</u>

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2018, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
