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KICKSTART INTERNATIONAL, INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2020 and 2019

CONTENTS

REPORT OF INDEPENDENT AUDITOR
TO THE MEMBERS OF KICKSTART INTERNATIONAL, INC.

Opinion

We have audited the consolidated financial statements of Kickstart International, Inc. (the "Corporation") set out on pages 4 to 20, which comprise the consolidated statements of financial position as at June 30, 2020 and 2019, and the consolidated statements of activities, functional expenses and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated statements of financial position of the Corporation as at June 30, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). 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 independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in kenya, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Restriction on Use and Basis of Accounting

Without modifying our opinion, we draw attention to page 7 which describes the basis of accounting. Our report is not intended for general circulation or publication nor is it to be reproduced or used for any purpose other than that outlined in our terms of reference. As a result, the financial statements may not be suitable for another purpose.

Responsibilities of Directors for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with accounting principles generally accepted in the United States of America, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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REPORT OF INDEPENDENT AUDITOR
TO THE MEMBERS OF KICKSTART INTERNATIONAL, INC. (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- 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 the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF Kenya LLP.

Certified Public Accountants of Kenya

NAIROBI, KENYA

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CONSOLIDATED STATEMENTS OF ACTIVITIES

	Notes	2020 Without donor restrictions Funds	2020 With donor restrictions Funds	2020 Total Funds	2019 Without donor restrictions Funds	2019 With donor restrictions Funds	2019 Total Funds
		$	$	$	$	$	$
Product sales	1	882,002	-	882,002	1,292,949	-	1,292,94
Contributions and grants	2	943,034	1,670,138	2,613,172	1,001,136	2,713,202	3,714,33
Other income	3	28,740	-	28,740	124,504	-	124,50
Net assets released from restrictions	5	1,928,848	(1,928,848)	-	2,965,060	(2,965,060)	-
Total income		3,782,624	(258,710)	3,523,914	5,383,649	(251,858)	5,131,79
Cost of sales		(693,049)	-	(693,049)	(972,341)	-	(972,34
Program services	6	(2,638,267)	-	(2,638,267)	(3,623,300)	-	(3,623,30
Management and general	7	(379,298)	-	(379,298)	(521,737)	-	(521,73
Fundraising	7	(184,528)	-	(184,528)	(227,654)	-	(227,65
(Loss) on translation exchange		(13,188)	-	(13,188)	(66,559)	-	(66,55
Total expenses		(3,908,330)	-	(3,908,330)	(5,411,591)	-	(5,411,59
Change in net assets before tax		(125,706)	(258,710)	(384,416)	(27,942)	(251,858)	(279,80
Taxation	8	746	-	746	(737)	-	(73
Change in net assets after tax		(124,960)	(258,710)	(383,670)	(28,679)	(251,858)	(280,53
Net assets at the beginning of the year		(574,450)	1,737,697	1,163,247	(545,771)	1,989,555	1,443,78
Change in net assets after tax		(124,960)	(258,710)	(383,670)	(28,679)	(251,858)	(280,53
Net assets at the end of the year		(699,410)	1,478,987	779,577	(574,450)	1,737,697	1,163,24

The accounting policies on pages 7 to 12 and the notes on pages 13 to 20 form an intergral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at June 30, 2020 $	2019 $
ASSETS			
Current assets			
Cash and cash equivalents	9	908,296	743,514
Cash restricted due to guarantee of debt	9	-	503,281
Trade and other receivable (net)	10	555,461	898,122
Contributions receivable (net)	11	742,658	872,622
Inventory	12	260,385	477,175
		2,466,800	3,494,714
Non-current assets			
Contributions receivable (net)	10	458,469	649,558
Property, plant and equipment (Net)	13	77,204	92,366
Deferred tax	14	1,164	421
		536,837	742,345
Total assets		3,003,637	4,237,059
LIABILITIES AND NET ASSETS			
Current liabilities			
Trade and other payables	15	549,004	918,848
Borrowings	16	1,675,056	2,154,964
Total liabilities		2,224,060	3,073,812
Net assets/(deficit)			
Without donor restrictions		(699,410)	(574,450)
With donor restrictions	4	1,478,987	1,737,697
Total net assets		779,577	1,163,247
Total liabilities and net assets		3,003,637	4,237,059

The accounting policies on pages 7 to 12 and the notes on pages 13 to 20 form an intergral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020	PROGRAM SERVICES						SUPPORT SERVICES			TOTAL
	Eastern Programs	Western Programs	Southern Programs	Product Development & Field Innovation	Other Africa Programs	2020 Total Program Services	Mgmt & General	Fund-Raising	2020 Total Support Services	2020 Total Expenses
	$	$	$	$	$	$	$	$	$	$
Salaries and wages	166,614	56,394	194,822	191,899	576,168	1,185,897	105,221	110,629	215,850	1,401,747
Benefits and other employee expenses	42,870	9,584	27,952	42,906	154,272	277,584	36,147	33,273	69,420	347,004
Audit, legal and professional fees	14,080	13,583	9,437	4,596	49,824	91,520	61,141	4,821	65,962	157,482
Contributed legal services	-	-	-	115,814	-	115,814	132,051	-	132,051	247,865
Supplies, printing and publications	34,263	1,465	1,954	17,787	16,944	72,413	13,756	10,941	24,697	97,110
Mail and communications	9,157	1,821	4,238	5,315	25,586	46,117	3,850	833	4,683	50,800
Rent and utilities	14,876	11,001	5,628	23,970	56,629	112,104	12,922	13,787	26,709	138,813
Motor vehicle expenses	31,516	4,452	27,247	11,201	10,299	84,715	-	-	-	84,715
Equipment and machinery	261	-	-	3,390	2,875	6,526	406	26	432	6,958
Information technology	64	-	401	9	6,439	6,913	-	-	-	6,913
Depreciation	2,292	1,563	2,296	739	3,152	10,042	905	977	1,882	11,924
Impairment loss	2,914	-	-	-	-	2,914	-	-	-	2,914
Advertising and sales promotion	63,494	4,738	7,421	1,169	595	77,417	774	-	774	78,191
Travel and meetings	58,639	41,706	40,286	5,145	72,126	217,902	4,491	5,761	10,252	228,154
Provision/(recovery) for bad debt	2,955	154,171	-	-	-	157,126	-	2,500	2,500	159,626
Other business expenses	22,720	1,157	57,223	16,099	76,065	173,263	7,634	980	8,614	181,877
Total program and support	466,715	301,635	378,905	440,038	1,050,974	2,638,267	379,298	184,528	563,826	3,202,093
Cost of sales	250,593	15,182	427,274	-	-	693,049	-	-	-	693,049
Gross expenditure	717,308	316,817	806,179	$440,038	1,050,974	3,331,316	379,298	184,528	563,826	3,895,142

For the year ended June 30, 2019	Eastern Programs	Western Programs	Southern Programs	Product Innovations & Development	Other Africa Programs	2019 Total Program Services	Mgmt & General	Fund-Raising	2019 Total Support Services	2019 Total Expenses
	$	$	$	$	$	$	$	$	$	$
Salaries & wages	131,078	57,744	199,682	346,489	770,801	1,505,794	100,962	140,794	241,756	1,747,550
Benefits & other employee expenses	26,232	7,347	58,642	61,759	157,377	311,357	30,562	42,181	72,743	384,100
Audit, legal & professional fees	56,697	20,068	202,922	68,276	33,574	381,537	76,805	6,862	83,667	465,204
Contributed legal services	2,222	-	-	218,862	-	221,084	261,450	-	261,450	482,534
Supplies, printing & publications	1,607	1,020	2,666	31,303	20,182	56,778	12,796	10,942	23,738	80,516
Mail & communications	6,704	2,846	6,562	7,607	26,745	50,464	3,580	1,329	4,909	55,373
Rent & utilities	11,314	13,439	8,019	23,664	57,299	113,735	11,415	8,177	19,592	133,327
Motor vehicle expenses	38,344	7,943	42,734	11,825	11,433	112,279	-	-	-	112,279
Equipment & machinery	163	350	-	1,863	5,008	7,384	111	86	197	7,581
Information technology	3,202	6,400	9,115	1,868	19,802	40,387	638	-	638	41,025
Depreciation	6,158	1,653	4,811	72	-	12,694	1,137	-	2,295	14,989
Advertising & sales promotion	43,528	11,218	69,668	10,333	14,098	148,845	632	513	1,145	149,990
Travel & meetings	79,921	73,497	76,817	20,286	159,525	410,046	7,425	11,165	18,590	428,636
(Recovery)/provision for bad debt	(52,765)	8,237	-	-	-	(44,528)	-	-	-	(44,528)
Other business expenses	174,905	23,199	8,165	17,815	71,361	295,444	14,224	4,447	18,671	314,115
Total program and support	529,310	234,961	689,803	822,022	1,347,205	3,623,300	521,737	227,654	749,391	4,372,691
Cost of sales	301,661	186,471	484,209	-	-	972,341	-	-	-	972,341
Gross expenditure	830,971	421,432	1,174,012	$822,022	1,347,205	4,595,641	521,737	227,654	749,391	5,345,032

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	2020 $	2019 $
Cash flows from operating activities			
Change in net assets before tax		(384,416)	(279,800)
Adjustments to reconcile change in net assets to net cash from operating activities:			
Depreciation on property, plant and equipment	13	11,926	14,989
Gain on disposal of property, plant and equipment		-	(22,107)
Impairment loss on property, plant and equipment		2,914	-
Loss on translation exchange		13,188	66,559
Changes in operating assets and liabilities:			
- Inventory		216,790	(126,017)
- Trade and other receivables		342,661	568,247
- Contributions receivable	11	321,053	(28,377)
- Trade and other payables		(369,844)	(78,952)
Net cash flows from operating activities		154,272	114,542
Cash flows (used in)/from investing activities			
Cash paid for purchase of property, plant and equipment	13	(5,466)	(14,546)
Proceeds from disposal of property, plant and equipment		-	17,631
Net cash flows (used in)/from investing activities		(5,466)	3,085
Cash flows from financing activities			
Proceeds from borrowings		312,046	150,000
Repayment of borrowings		(545,000)	(70,470)
Repayment of Open Road Alliance LOC		(267,475)	(199,056)
Increase/(decrease) in bank overdraft		20,521	(11,581)
Net cash flows used in financing activities		(479,908)	(131,108)
Net decrease in cash, cash equivalents and restricted cash		(331,102)	(13,481)
Movement in cash, cash equivalents and cash restricted due to guarantee of debt			
Cash, cash equivalents and restricted cash at start of year		1,246,795	1,324,463
Net loss on translation exchange - excluding property, plant and equipment		(7,396)	(64,188)
Net decrease in cash, cash equivalents and restricted cash		(331,102)	(13,481)
Cash, cash equivalents and restricted cash at end of year	9	908,296	1,246,795
Supplemental disclosure of cash flow information			
Cash paid during the year for interest		136,043	168,553

The accounting policies on pages 7 to 12 and the notes on pages 13 to 20 form an intergral part of the consolidated financial statements.

1. **Corporation**

KickStart International, Inc. (KickStart or the "Corporation") is a not-for-profit corporation under the General Corporation Law of the State of Delaware and is domiciled in the state of California, United States of America.

The principal purpose of KickStart is to promote sustainable economic growth and employment creation in under-developed countries and/or areas and emerging economies. KickStart is engaged in (1) fundraising to support its work in Africa; (2) collaboration with universities and industries to improve methodologies and develop the next generation of technologies to support economic development in developing countries; and (3) raising public awareness about cost-effective models for economic development.

The consolidated financial statements include the following entities:
- KickStart International, Inc.
- KickStart International, Inc. in Kenya
- KickStart International, Inc. in Tanzania
- KickStart International, Inc. in Zambia
- KickStart International, Inc. in Mali
- KickStart International, Inc. in Ghana
- KickStart International, Inc. in Nigeria
- Appropriate Technologies for Enterprise Creation (ApproTEC) in Africa

MoneyMaker LLC and MoneyMaker Limited - Kenya were formed during the year ended June 30, 2016 as vehicles to advance the objectives of KickStart International, Inc. in any state, territory or dependency of the United States of America or any foreign country in which it is necessary or expendient for the Corporation to transact business. These companies did not have any transactions as at the reporting date of these financial statements.

2. **Significant accounting policies**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) **Basis of accounting**

The accompanying consolidated financial statements have been prepared in accordance with the accounting policies of United States of America ("U.S. GAAP").

Revenues, expenses, gains and losses are recorded and classified as without donor restrictions or with donor restrictions based on the existence or absence of donor imposed restriction. When donor imposed restrictions are met, net assets with donor restriction are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities.

Going concern

The financial performance of the Corporation is set out in the consolidated statement of activities. The financial position is set out in the consolidated statement of financial position.

The line of credit with RSF Finance which the Corporation mainly utilises to finance its operations is still available and the Corporation has started the process of renewal of the facility which was maturing on November 15,2020. The financier, RSF Finance has already commenced the due diligence process and management is confident that the facility will be extended.

2. **Significant accounting policies (continued)**

a) **Basis of accounting (continued)**

Going concern (continued)

Management has also put in place plans of improving the operating results of the Corporation by revising their annual expenditure budgets to align with the expected income. There is also emphasis placed on fundraising efforts through recruitment of a fundraising team in the United States, starting fund raising activities in Africa and partnerships with other similar Organisations in raising funds.

Recently adopted accounting pronouncements

Effective July 1, 2019, the Corporation adopted new US GAAP ASU 2014-09, revenue recognition guidance which provides a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The new revenue recognition guidance does not apply to how contributions and pledges are recognized, as they are specifically scoped out of the new guidance. The core principle of the new guidance is that an entity should recognize revenue from the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to receive for those promised goods or services to customers. The guidance includes a five-step framework to determine the timing and amount of revenue to recognize related to contracts with customers. In addition, this guidance requires new or expanded disclosures related to judgments made by entities when following this framework. The adoption of the accounting standard update ("ASU") had an immaterial impact on the Corporation's consolidated financial statements.

In June 2018, the Financial Accounting Standards Board issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made ("ASU 2018-08"). ASU 2018-08 provides a framework for evaluating whether grants and contributions should be accounted for as exchange transactions or as nonexchange transactions. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018 and the Corporation adopted ASU 2018-08 on a modified prospective basis and has determined the adoption to have an immaterial impact to the consolidated financial statements.

In November 2016, the Financial Accounting Standards Board issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. ASU 2016-18 requires significant changes regarding how restricted cash is classified and presented on the statement of cash flows. On July 1, 2019, the Corporation adopted the new guidance regarding the presentation and classification of restricted cash. The guidance requires the Corporation to 1) include restricted cash and restricted cash equivalents in the cash and cash equivalents balances in the statement of cash flows, 2) provide a reconciliation between the statement of financial position and the statement of cash flows when more than one item for cash, cash equivalents, restricted cash and restricted cash equivalents is presented on the statement of financial position, 3) eliminate the presentation of transfers between restricted cash and cash, and 4) include disclosures about the nature of the restrictions for material balances. Adoption of the ASU resulted in change in the accounting for restricted cash on the statement of cash flows.

b) **Basis of consolidation**

Other KickStart entities are entities over which the Corporation has the power to govern the financial and operating policies. The entities are fully consolidated from the date on which control is transferred to the Corporation. These are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions among the companies are cancelled out. Accounting policies of the entities have been changed where necessary to ensure consistency with the policies adopted by the Corporation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) **Net assets without donor restrictions**

Net assets that are not subject to donor imposed restrictions and include the carrying value of all physical properties. Items that affect this net category include revenue, unrestricted contributions and related expenses associated with the core activities of Kickstart International, Inc.

d) **Net assets with donor restrictions**

Net assets with donor restrictions represent contributions and other assets received from donors that are limited in use by Kickstart International, Inc. in accordance with temporary donor-imposed stipulations. Items that affect this net asset category are restricted contributions and unconditional pledges. These stipulations may expire with time or may be satisfied and removed by Kickstart International, Inc. according to the terms of the contribution. Upon satisfaction of such stipulations, net assets with donor restrictions are released to net assets without donor restrictions.

Net assets of $ 1,928,848 and $ 2,965,060 were released from donor restrictions during 2020 and 2019, respectively, through satisfaction of the restricted purposes.

e) **Cash equivalents**

Cash equivalents represent short term, highly liquid investments with maturities of three months or less at time of purchase. Certain cash is restricted by donors for longterm purposes.

Kickstart International, Inc. had $ 126,180 and $ 211,866 of cash and cash equivalents held at financial institutions in foreign countries at June 30, 2020 and 2019, respectively. The majority of the funds invested in foreign countries are uninsured.

U.S. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $ 250,000. At times during the year, Kickstart International, Inc. maintains cash balances in excess of the the FDIC insurance limits.

f) **Trade and other receivables (net)**

Receivables are recorded at their net realisable value, which approximates fair value. An allowance for doubtful debts is made on receivable balances where there is indication of impairment.

g) **Pledges receivable (net)**

Unconditional promises to give that are expected to be collected within one year, are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years, are recorded at the present value of their estimated future cash flows.

h) **Inventory**

Inventory is stated at the lower of cost and net realizable value. Cost is determined on a first-in-first-out basis. Net realizable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

i) **Advances**

Advances, which are held to maturity, are measured at amortized cost.

j) **Borrowings**

Loans, which are held to maturity, are measured at amortized cost.

k) **Property, plant and equipment (Net)**

Property, plant and equipment is stated at cost less accumulated depreciation.

Depreciation is calculated on the reducing balance basis to write down the cost amount of each asset to its residual value over its estimated useful life using the following annual rates:

	Rate - %
Land	Not depreciated
Work in progress	Not depreciated
Machinery, equipment and furniture	12.5%
Computers and software	33.0%
Motor vehicles	25.0%

Work in progress represents property in the course of construction. It carries at cost, less any recognized impairment cost.

l) **Revenue and support**

Contributions: Contributions are recognized as revenue when a written unconditional promise to give has been received or upon receipt. When donor imposed restrictions are met and released in the same period, they are considered net assets without donor restrictions. Conditional promises to give are not recognised as revenue until the donor conditions are substantially met.

Product sales: Sales of goods are recognised upon delivery of products and customer acceptance.

Other revenue and support: Other revenue and support is recognized on the accrual basis.

m) **Expenses**

The costs of providing the various programs and other activities have been summarised on functional basis in the consolidated statement of activities. Accordingly, cetain costs have been allocated among the programs and supporting services benefited.

All expenses are recognized on the accrual basis.

Program expenses are composed of all the expenses incurred in sale of pumps and creating public awareness in the use of the economical and efficient irrigation methods.

Functional allocation of expenses

The costs of providing various programs and related supporting services have been summarised on a functional basis. Expenses that can be identified with programs or other activities are allocated directly according to their natural expenditure classification.

Eastern, Western and Southern Programs Costs - on-the-ground sales and marketing expenses for promotion of pumps, education of partners and the farmers, field demonstrations, awareness creation in the 17 strategic countries where we have sales programs.

Product Development & Field Innovation Costs - costs of developing new products and irrigation solutions, carry out field tests of new products, impact evaluation and measurements.

Other Africa Programs Costs - costs of supply chain management & logistics, inventory management, Agroprenuership training, education of donor partners, marketing development, marketing support, public relations, new program development, media management.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m) **Expenses (continued)**

Management & General Costs - General costs of management support to programs, program design, solutions, carry out field tests of new products, impact evaluation and measurements, advocacy broaden conversation and catalyze discussions to increase irrigation, staff development, Board Management, project management, evaluation, monitoring and reporting, legal, internal audit, etc.

Fundraising Costs - costs of fundraising, campaigns and special fundraising events, donor support and communication, donor engagement and field visits, donor education.

n) **Translation of foreign currencies**

Where an entity's functional currency is a foreign currency, translation adjustments result from the process of translating that entity's financial statements into the reporting currency. Transactions are recorded in the functional currency during the fiscal year and translated using an average exchange rate during consolidation. Assets and liabilities denominated in the non U.S. currency are translated into U.S. dollars at the exchange rate in effect at the date of the consolidated statements of financial position.

o) **Foreign currencies**

Monetary assets and liabilities expressed in foreign currencies are translated into United States dollars at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies during the year are translated at the rates ruling on the dates of the transactions. The resulting gains or losses are included in the consolidated statement of activities.

p) **Retirement benefit obligations**

The Corporation has a defined contribution plan for its employees in Kenya, under which the Corporation pays fixed contribution into a separate pension scheme regulated by a government agency. The Corporation has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefit relating to employee service in the current and prior periods.

The employees in Kenya and Tanzania also contribute to the National Social Security Fund (NSSF) while the employees of Zambia, Ghana and Mali contributed to National Pension Scheme Authority (NAPSA), National Pensions Regulatory Authority (NPRA) and Istituto Nazionale della Previdenza Sociale (INPS), respectively. These are statutory defined contribution schemes registered under the local statutes of each country.

The Corporation's contributions to the defined contribution scheme are charged to the consolidated statemer of activities in the year to which they relate. The consolidated total amount paid to the defined contribution schemes of the respective countries during the year was $ 65,819 (2019: $ 65,506).

q) **Use of estimates in the preparation of the financial statements**

KickStart management uses estimates and assumptions in preparing consolidated financial statements in accordance with U.S. GAAP. 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 vary from the estimates that were assumed in preparing the consolidated financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r) **Current and deferred income tax**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statements of activities.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is established against deferred tax assets so that the net carrying amount equals the amount that is more likely than not to be recovered based on current or future taxable income.

s) **Uncertain tax positions**

For the years ended June 30, 2020 and 2019, Kickstart International, Inc. has documented its consideration of FASB ASC 740-10, Income Taxes, that provides guidance for reporting uncertainty in income taxes. Tax returns for all years since 2017 remain open to examination by the respective U.S. taxing authorities. There are currently no tax examination in progress.

t) **Subsequent events evaluation by management**

Management has evaluated subsequent events and transactions for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which date is October 30, 2020.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. **Product sales**

	2020 Without donor restrictions funds	2020 With donor restrictions funds	2019 Without donor restrictions funds	2019 With donor restrictions funds
	$	$	$	$
Eastern Hub	295,607	-	409,657	-
Western Hub	19,846	-	251,325	-
Southern Hub	566,549	-	631,967	-
	882,002	-	1,292,949	-

2. **Contributions and grants**

	2020 Without donor restrictions funds	2020 With donor restrictions funds	2019 Without donor restrictions funds	2019 With donor restrictions funds
	$	$	$	$
Foundations and trusts	232,870	1,250,000	131,184	2,363,002
Individuals	456,696	380,000	362,658	275,000
Corporations	5,603	40,138	16,812	75,200
Contributed legal services	247,865	-	482,534	-
	943,034	1,670,138	1,001,136	2,713,202

Contributions receivable that are expected to be collected after one year were discounted to their present values using a discount rate of 5% (2019: 3.25%). There were no pledge amounts to be received in more than 5 Years. Refer to note 11.

3. **Other income**

	2020 Without donor restrictions funds	2020 With donor restrictions funds	2019 Without donor restrictions funds	2019 With donor restrictions funds
	$	$	$	$
Sundry income	28,740	-	124,504	-
	28,740	-	124,504	-

4. **Net assets with donor restrictions**

	2020	2019
	$	$
Time restriction	465,438	446,206
Use restriction	1,013,549	1,291,491
	1,478,987	1,737,697

5. **Net assets released from restrictions**

	2020 Without donor restrictions funds	2020 With donor restrictions funds	2019 Without donor restrictions funds	2019 With donor restrictions funds
	$	$	$	$
Net assets released from restrictions	1,928,848	(1,928,848)	2,965,060	(2,965,060)

The following net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2020	2019
	$	$
Time restriction	420,768	700,179
Use restriction	1,508,081	2,264,881
	1,928,848	2,965,060

6. **Program services**

	2020 Without donor restrictions funds	2020 With donor restrictions funds	2019 Without donor restrictions funds	2019 With donor restrictions funds
	$	$	$	$
Eastern Hub	466,715	-	528,572	-
Western Hub	301,635	-	235,698	-
Southern Hub	378,905	-	689,803	-
Product Innovations & Dev.	440,038	-	822,022	-
Other Africa programs	1,050,974	-	1,347,205	-
	2,638,267	-	3,623,300	-

7. **Support services**

	2020 Without donor restrictions funds	2020 With donor restrictions funds	2019 Without donor restrictions funds	2019 With donor restrictions funds
	$	$	$	$
Management & general	379,298	-	521,737	-
Fundraising	184,528	-	227,654	-
	563,826	-	749,391	-

8. **Tax**

	2020	2019
	$	$
Alternative minimum tax (0.5% of turnover)	-	524
Deferred tax (credit)/charge (Note 14)	743	265
Translation adjustment	(1,489)	(52)
Tax (credit)/charge	(746)	737

The Corporation is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code, except on any net income derived from unrelated business activities. At June 30, 2020 and 2019, the Corporation has no recorded tax liability for unrelated business income, as it does not believe it is involved in any such activities. The Corporation believes it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. If the Corporation had unrelated business activities, any income derived from these activities would be subject to the requirement of reporting on the Corporation's federal Return of Corporation Exempt from Income Tax ("Form 990") for 2019, 2018 and 2017 and further filing of Exempt Corporation Business Income Tax Returns ("Form 990-T"), which are both subject to examination by the United States Internal Revenue Service, generally for three years after they are filed.

The Corporation's affiliates, in particular in Kenya, Tanzania, Ghana, Nigeria and Zambia are subject to local income tax on activities other than contributions and grants which are deemed to be exempt (however, such formal exemption has not been received from the local tax authorities). In Kenya, the affiliate has accumulated tax losses in respect of product sales income and expenditure on which deferred tax arises. Deferred tax assets on tax losses carried forward are only recognised to the extent of likelihood of availability of sufficient future taxable profits to utilise such losses.

Alternative minimum tax represents 0.5% current tax levied on turnover of Tanzania given that the branch has been in tax losses for the past two consecutive years.

8. **Tax (continued)**

Under the Kenyan Income Tax Act, with effect from January 1, 2010, tax losses are allowable as a deduction only in the four years succeeding the year in which they occurred. In 2015 an amendment was made to the Kenya Income Tax extending the tax losses from five years to 10 years. The tax losses of $ 9,022,185 carried forward will expire as follows:

Arising in	**Tax losses** $	**Expiring**
2011 and earlier	(1,283,868)	June 30, 2020
2012	(1,349,408)	June 30, 2021
2013	(1,066,146)	June 30, 2022
2014	(777,950)	June 30, 2023
2015	(927,932)	June 30, 2024
2016	(1,989,361)	June 30, 2025
2017	(1,215,491)	June 30, 2026
2019	(412,029)	June 30, 2028
Tax losses carried forward	(9,022,185)	

9. **Cash and cash equivalents and cash restricted due to debt guarantee of debt**

	2020 $	**2019** $
Cash and cash equivalents and cash restricted due to debt guarantee of debt	908,296	1,246,795

For the purpose of the statement cash flow, the year end cash and cash equivalents comprise the following:

	2020 $	**2019** $
Cash and cash equivalents	908,296	743,514
Restricted cash due to guarantee of debt	-	503,281
Total cash and cash equivalent and cash restricted due to guarantee of debt shown in the consolidated statement of cash flows	908,296	1,246,795

The restricted cash related to a guarantee towards the line of credit with Citi Bank which was utilized during 2019 when the Corporation repaid the line on credit on maturity.

10. **Trade and other receivables**

	2020 $	**2019** $
Current		
Trade receivables	161,486	466,418
Staff loans and advances	244,688	277,159
Other receivables	149,287	154,545
Total	555,461	898,122

11. **Contributions receivables (net)**

Current		
Contributions receivable	742,658	872,622
Non-current		
Contributions receivable	500,000	683,957
Less discount to present value	(41,531)	(34,399)
	458,469	649,558
Total	1,201,127	1,522,180

11. **Contributions receivables (net) (continued)**

The fair values of trade and other receivables are as follows:

	2020	2019
	$	$
Trade receivables	161,486	466,418
Contributions receivable	1,201,127	1,522,180
Staff loans and advances	244,688	277,159
Other receivables	149,287	154,545
	1,756,588	2,420,302

The maturity analysis based on estimated subsequent settlement of the trade and other receivables is as follows:

Year ended June 30, 2020	0 to 1 Year	2 to 4 Years	Total
	$	$	$
Trade receivables	161,486	-	161,486
Contributions receivable	742,658	458,469	1,201,127
Staff loans and advances	244,688	-	244,688
Other receivables	149,287	-	149,287
	1,298,119	458,469	1,756,588

Year ended June 30, 2019	0 to 1 Year	2 to 4 Years	Total
	$	$	$
Trade receivables	466,418	-	466,418
Contributions receivable	872,622	649,558	1,522,180
Staff loans and advances	277,159	-	277,159
Other receivables	154,545	-	154,545
	1,770,744	649,558	2,420,302

Movement in contributions receivable	2020	2019
	$	$
Non-current		
At start of year	649,558	373,648
Portion of new contributions received during the year	295,000	1,286,265
Reclassification of non-current receivables to current	(476,457)	(997,055)
Uncollectible pledges written off	(2,500)	-
Change in present value discount	(7,133)	(13,300)
At end of year	458,469	649,558
Non-current		
At start of year	649,558	373,648
Net movement in contribution receivables	(149,558)	310,309
Present value discount	(41,531)	(34,399)
At end of year	458,469	649,558

Contributions receivable that are expected to be collected after one year were discounted to their present values using a discount rate of 3.25% - 5% (2019: 3.25%). There were no pledge amounts to be received in more than 5 Years.

There is no significant concentration of credit risk as the contributions are widely held.

12. Inventory

	2020 $	2019 $
Inventory	260,385	477,175

13. Property, plant and equipment (Net)

Year ended June 30, 2020

	Land	Machinery, equipment & furniture	Computers & software	Motor vehicles	Work in progress	Totals
Cost	$	$	$	$	$	$
At start of year	16,405	314,657	747,199	574,650	39,381	1,692,292
Disposals during the year	-	(12,983)	(9,388)	(42,864)	-	(65,236)
Impairment	-	(89,012)	(125,352)	-	-	(214,364)
Translation adjustments	(501)	(5,235)	(11,312)	(31,843)	(1,202)	(50,093)
Additions during the year	-	525	4,940	-	-	5,466
At end of year	15,904	207,952	606,086	499,943	38,179	1,368,065
Depreciation						
At start of year	-	311,572	721,927	566,427	-	1,599,926
Disposals during the year	-	(7,251)	(9,696)	(42,867)	-	(59,813)
Impairment	-	(91,112)	(125,765)	-	-	(216,877)
Translation adjustments	-	(3,298)	(10,461)	(30,542)	-	(44,301)
Charge for the year	-	3,192	7,323	1,411	-	11,926
At end of year	-	213,104	583,328	494,429	-	1,290,861
Net book value	15,904	(5,152)	22,758	5,514	38,179	77,204

Year ended June 30, 2019

	Land	Machinery, equipment & furniture	Computers & software	Motor vehicles	Work in progress	Totals
Cost	$	$	$	$	$	$
At start of year	16,608	317,375	747,058	665,082	39,867	1,785,990
Disposals during the year	-	-	-	(52,031)	-	(52,031)
Translation adjustments	(203)	(4,243)	(12,880)	(38,401)	(486)	(56,213)
Additions during the year	-	1,525	13,021	-	-	14,546
At end of year	16,405	314,657	747,199	574,650	39,381	1,692,292
Depreciation						
At start of year	-	314,616	718,241	661,956	-	1,694,813
Disposals during the year	-	-	-	(52,031)	-	(52,031)
Translation adjustments	-	(4,027)	(9,166)	(44,652)	-	(57,845)
Charge for the year	-	983	12,852	1,154	-	14,989
At end of year	-	311,572	721,927	566,427	-	1,599,926
Net book value	16,405	3,085	25,272	8,223	39,381	92,366

Leasehold land and buildings were professionally valued on July 4, 2017 by Highland Valuers Limited on the basis of open market value for leasehold land and buildings. The revalued amount is $ 1 million. The book values of the properties have not been adjusted to the revaluations.

14. **Deferred tax**

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2019: 30%). The movement on the deferred tax account is as follows:

	2020	2019
	$	$
At start of year	421	686
Credit/(charge) to statement of activities (note 8)	743	(265)
At end of year	1,164	421

Deferred tax (assets)/liabilities, deferred tax charge in profit or loss are attributable to the following items:

	At start of year	Credit to statement of activities	At end of year
Deferred tax assets	$	$	$
Property, plant and equipment - accelerated tax depreciation	421	743	1,164
Net deferred tax assets	421	743	1,164

Deferred tax assets on tax losses carried forward are only recognised to the extent of certainty of availability of sufficient future taxable profits to utilise such losses against. Deferred tax assets amounting to $ 2,706,856 (2019: $ 2,709,130) in respect of tax losses carried forward amounting to $ 9,022,185 (2019: $ 9,030,432) that can be carried forward against future taxable profits have not been recognised. These tax losses expiry is disclosed in note 8 to the financial statements.

15. **Trade and other payables**

	2020	2019
Current	$	$
Trade payables	379,697	661,153
Due to directors (note 17)	73,177	77,280
Accruals & other payables	96,130	180,415
Total trade and other payables	549,004	918,848

16. **Borrowings**

	2020	2019
Current	$	$
Line of credit from RSF Social Finance	1,489,045	1,919,999
Open Road Alliance	-	175,475
Temporary loan from US Government	106,000	-
Bank overdraft	80,011	59,490
Total borrowings	1,675,056	2,154,964

The line of credit is a revolving fund from RSF Social Finance. The agreed financing was USD 1.5 million. The interest rate is 5% per annum and the maturity date for repayment is November 12, 2020. The line of credit is secured by guaranty of $ 1,000,000 by Skoll Foundation, cash guaranty by The Michael E. Fisher Trust and uniform commercial code on the assets of the corporation. The interest expense on the line of credit was $ 136,043 (2019: $168,553)

The temporary loan relates to government payroll protection program where funds were disbursed at the beginning of covid and was to be utilised to cover payroll and rent expenses for 24 months. The Corporation has applied for forgiveness of the loan since no employee was terminated during the covid period, a condition set by the government.

17. Related party transactions and balances

	2020	2019
	$	$
The following transactions were carried out with other related parties:		
i) *Contributions from organizations associated with members of the board of directors.*	700,208	721,165
ii) *Other payables to directors (note 15)*	73,177	77,280

The other payables to directors relate to accrued salaries due to the Chief Executive Officer.

18. Liquidity and Availability of Financial Assets

KickStart International, Inc. has financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of June 30, 2020, comprise the following:

	2020	2019
	$	$
Cash and cash equivalents	908,296	743,514
Trade receivables (net)	161,486	466,418
Staff loans and advances (net)	244,688	277,159
Other receivables (net)	149,287	154,545
Contributions receivables (net)	742,658	872,622
Total financial assets	2,206,415	2,514,258
Less amounts not available to be used within one year:		
Net assets with donor restriction	1,478,987	1,737,697
Less net assets with restrictions to be met in less than one year	(1,025,518)	(1,086,351)
	453,469	651,346
Financial assets available to meet cash needs for general expenditure within one year	1,752,946	1,862,912

KickStart International, Inc. maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and obligation come due.

19. Contingent liability

	2020	2019
	$	$
Total amount of contingent liability	4,738	4,888

Guarantee facility offered by Standard Chartered Bank Limited for expatriate staff work permits, secured by lien over a sundry deposit of same amount included in cash and cash equivalents.

20. Commitments

There future minimum lease payments under non-cancellable operating leases as of June 30 were as follows:

	2020	2019
	$	$
2020	-	23,305
2021	24,288	25,052
2022	26,109	26,931
2023	20,663	21,314
	71,060	96,602

Rent costs totalled to $ 113,149 for the year ended June 30, 2020 and $ 104,575 for the year ended June 30, 2019.

21. **Subsequent events**

In light of the recent outbreak of Covid-19 and its continued global spread, management is continually reassessing financial and non-financial risks to the Corporation in certain key areas. These areas include:

- Demand risk for the Corporation's services;
- Customer credit risk and the need to ensure balance between service and recoverability of debts;
- Staffing adequacy and the requirements to have all non-essential support staff work remotely where possible; and
- Consequential impact on cash flows and compliance with borrowing obligations and covenants.

The directors are of the opinion that the outbreak represents a non-adjusting subsequent event and therefore the financial statements and the accounting policies, estimates and judgements applied in the preparation thereof do not include consideration of the outbreak in assessing the carrying value of the assets and liabilities.

The situation in Kenya, and around the world is continually evolving and management is constantly reassessing the virus's impact and/or potential impact on the business, its staff, customers, suppliers, financiers and other stakeholders. Whilst the management will continue to put in place and adapt various mitigating actions, the financial impact of this outbreak on the company cannot be reliably estimated as of the date of the approval of these financial statements.