



KICKSTART INTERNATIONAL, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2022 AND 2021

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**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 3 to 19, which comprise the consolidated statements of financial position as at June 30, 2022 and 2021, and the consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related 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, 2022 and 2021, 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 Consolidated 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 audits of the consolidated 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

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

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audits. We remain solely responsible for our audit opinion.

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.

The engagement partner responsible for the audit resulting in this independent auditor's report is FCPA Chaudhry Mohammed Asif - Practising certificate No. 2059.



**For and on behalf of PKF Kenya LLP
Certified Public Accountants
Nairobi, Kenya**

22 December 2022

1515/22

CONSOLIDATED STATEMENTS OF ACTIVITIES

	Notes	2022 Without donor restrictions Funds \$	2022 With donor restrictions Funds \$	2022 Total Funds \$	2021 Without donor restrictions Funds \$	2021 With donor restrictions Funds \$	2021 Total Funds \$
Product sales	1	1,120,337	-	1,120,337	806,400	-	806,400
Contributions of cash and other financial assets	2(a)	622,846	2,235,442	2,858,288	814,661	1,903,087	2,717,748
Contribution of non-financial assets	2(b)	156,793	-	156,793	136,584	-	136,584
Other income	3	96,170	-	96,170	82,044	-	82,044
Net assets released from restrictions	5	2,032,803	(2,032,803)	-	2,025,366	(2,025,366)	-
Total income		<u>4,028,949</u>	<u>202,639</u>	<u>4,231,588</u>	<u>3,865,055</u>	<u>(122,279)</u>	<u>3,742,776</u>
Cost of sales		(955,389)	-	(955,389)	(735,139)	-	(735,139)
Program services	6	(2,369,257)	-	(2,369,257)	(2,016,011)	-	(2,016,011)
Management & general	7	(290,357)	-	(290,357)	(216,054)	-	(216,054)
Contributed services	7	(156,793)	-	(156,793)	(136,584)	-	(136,584)
Fundraising	7	(50,772)	-	(50,772)	(70,693)	-	(70,693)
(Loss)/gain on translation exchange		(102,180)	-	(102,180)	27,315	-	27,315
Total expenses		<u>(3,924,748)</u>	<u>-</u>	<u>(3,924,748)</u>	<u>(3,147,166)</u>	<u>-</u>	<u>(3,147,166)</u>
Change in net assets before tax		104,201	202,639	306,840	717,889	(122,279)	595,610
Taxation	8	(13,166)	-	(13,166)	(179)	-	(179)
Change in net assets after tax		<u>91,035</u>	<u>202,639</u>	<u>293,674</u>	<u>717,710</u>	<u>(122,279)</u>	<u>595,431</u>
Net assets at the beginning of the year		18,300	1,356,708	1,375,008	(699,410)	1,478,987	779,577
Change in net assets after tax		<u>91,035</u>	<u>202,639</u>	<u>293,674</u>	<u>717,710</u>	<u>(122,279)</u>	<u>595,431</u>
Net assets at the end of the year		<u>109,335</u>	<u>1,559,347</u>	<u>1,668,682</u>	<u>18,300</u>	<u>1,356,708</u>	<u>1,375,008</u>

The accounting policies on pages 7 to 11 and the notes on pages 12 to 19 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 30 June	
	Notes	2022	2021
		\$	\$
ASSETS			
Current assets			
Cash and cash equivalents	9	1,074,852	874,676
Trade and other receivables	10	959,074	814,189
Contributions receivables	11	431,000	856,000
Inventory	13	27,667	157,814
		<u>2,492,593</u>	<u>2,702,679</u>
Non-current assets			
Contributions receivables (net)	11	512,922	142,857
Property, plant and equipment (net)	14	104,611	68,485
Intangible asset (net)	16	62,321	-
Deferred tax	15	939	967
		<u>680,793</u>	<u>212,309</u>
Total assets		<u><u>3,173,386</u></u>	<u><u>2,914,988</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Trade and other payables	17	455,873	294,523
Borrowings	18	1,041,155	1,245,457
Tax payable		7,676	-
Total liabilities		<u>1,504,704</u>	<u>1,539,980</u>
Net assets			
Without donor restrictions		109,335	18,300
With donor restrictions		<u>1,559,347</u>	<u>1,356,708</u>
Total net assets		<u>1,668,682</u>	<u>1,375,008</u>
Total liabilities and net assets		<u><u>3,173,386</u></u>	<u><u>2,914,988</u></u>

The accounting policies on pages 7 to 11 and the notes on pages 12 to 19 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the year ended June 30, 2022	PROGRAM SERVICES					SUPPORT SERVICES					2022 Total Expenses
	Eastern Programs	Western Programs	Southern Programs	Product Innovations & Development	Other Africa Programs	2022 Total Program Services	Mgmt & General	Fund-Raising	Contributed services	2022 Total Support Services	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Salaries and wages	140,368	55,390	206,479	163,542	756,538	1,322,318	103,072	30,410	-	133,481	1,455,799
Benefits and other employee expenses	32,323	8,832	20,087	15,804	153,526	230,570	33,472	7,776	-	41,248	271,818
Audit, legal and professional fees	48,423	10,723	7,612	28,035	60,946	155,738	68,429	1,867	-	70,296	226,034
Contributed legal services	-	-	-	-	-	-	-	-	156,793	156,793	156,793
Supplies, printing and publications	1,587	310	2,173	24,543	17,179	45,791	14,846	5,263	-	20,109	65,900
Mail and communications	5,826	2,537	4,676	9,531	21,414	43,984	2,040	1,168	-	3,208	47,192
Rent and utilities	9,400	4,516	4,313	23,230	50,457	91,916	700	-	-	700	92,616
Motor vehicle expenses	46,358	405	40,138	1,445	8,880	97,226	-	-	-	-	97,226
Equipment and machinery	437	711	-	4,977	3,740	9,865	-	26	-	26	9,891
Information technology	31	-	401	879	6,260	7,571	-	-	-	-	7,571
Depreciation on property, plant and equipment	1,260	-	3,077	2,390	24,067	30,796	163	323	-	486	31,282
Amortisation of intangible assets	-	-	-	-	31,160	31,160	-	-	-	-	31,160
Advertising and sales promotion	34,897	439	14,455	-	582	50,373	1,787	-	-	1,787	52,160
Travel and meetings	96,686	35,242	44,162	1,673	27,738	205,501	2,631	1,968	-	4,599	210,100
Provision for bad debt	1,336	-	-	-	-	1,336	-	-	-	-	1,336
Other business expenses	6,395	1,789	4,018	25,026	7,884	45,112	63,218	1,971	-	65,188	110,300
Total program and support	425,327	120,894	351,591	301,074	1,170,370	2,369,257	290,357	50,772	156,793	497,921	2,867,178
Cost of sales	459,373	170,493	325,523	-	-	955,389	-	-	-	-	955,389
Gross expenditure	884,700	291,387	677,114	301,074	1,170,370	3,324,646	290,357	50,772	156,793	497,921	3,822,567
For the year ended June 30, 2021						2021 Total				2021 Total	2021 Total
	Eastern Programs	Western Programs	Southern Programs	Product Innovations & Development	Other Africa Programs	Program Services	Mgmt & General	Fund-Raising	Contributed services	Support Services	Total Expenses
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Salaries and wages	134,553	45,905	167,796	218,895	496,555	1,063,704	95,609	25,884	-	121,493	1,185,197
Benefits and other employee expenses	28,571	13,615	9,390	21,568	154,172	227,316	33,931	12,348	-	46,279	273,595
Audit, legal and professional fees	16,169	26,609	9,118	4,877	49,222	105,995	44,163	4,359	-	48,522	154,517
Contributed legal services	-	-	-	-	-	-	-	-	136,584	136,584	136,584
Supplies, printing and publications	4,338	374	2,086	10,074	14,896	31,768	14,064	11,639	-	25,703	57,471
Mail and communications	3,391	1,825	3,788	5,410	23,215	37,629	2,199	1,105	-	3,304	40,933
Rent and utilities	10,753	8,892	3,807	21,629	67,032	112,113	10,770	5,618	-	16,388	128,501
Motor vehicle expenses	32,641	1,108	24,612	10,878	10,564	79,803	-	-	-	-	79,803
Equipment and machinery	219	-	-	1,337	713	2,269	543	-	-	543	2,812
Information technology	32	-	954	112	5,197	6,295	-	75	-	75	6,370
Depreciation on property, plant and equipment	29	3,287	2,407	1,211	5,754	12,688	555	257	-	812	13,500
Advertising and sales promotion	17,705	1,763	47,014	1,116	118	67,716	1,600	-	-	1,600	69,316
Travel and meetings	39,043	24,054	25,416	9,538	7,093	105,144	49	-	-	49	105,193
Provision for bad debt	87,028	2,839	-	-	-	98,390	-	5,000	-	5,000	103,390
Other business expenses	11,421	5,927	6,961	16,177	24,695	65,181	12,571	4,408	-	16,979	82,160
Total program and support	385,893	136,198	311,872	322,822	859,226	2,016,011	216,054	70,693	136,584	423,331	2,439,342
Cost of sales	377,225	160,891	197,023	-	-	735,139	-	-	-	-	735,139
Gross expenditure	763,119	297,089	508,895	322,822	859,226	2,751,150	216,054	70,693	136,584	423,331	3,174,481

The accounting policies on pages 7 to 11 and the notes on pages 12 to 19 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Change in net assets before tax		306,840	595,610
Adjustments to reconcile change in net assets before tax to net cash from operating activities:			
Depreciation on property, plant and equipment	14	31,282	13,500
Amortisation of intangible assets	16	31,160	-
Gain on sale of property, plant and equipment		(18,034)	(14,000)
Loss/(gain) on translation exchange		102,180	(27,315)
Changes in operating assets and liabilities:			
- inventory		130,147	102,571
- trade and other receivables		(144,885)	(258,728)
- contributions receivable (net)		54,935	202,270
- trade payables and other payables		161,350	(254,481)
Net cash flows from operating activities		<u>654,975</u>	<u>359,427</u>
Cash flows from investing activities			
Cash paid for purchase of property, plant and equipment	14	(73,256)	(7,255)
Cash paid for purchase of intangible assets	16	(93,481)	-
Proceeds from sale of property, plant and equipment		18,034	14,000
Net cash flows (used in)/from investing activities		<u>(148,703)</u>	<u>6,745</u>
Cash flows from financing activities			
Proceeds from borrowings		100,000	15,000
Repayment of borrowings		(316,000)	(395,045)
Increase/(decrease) in bank overdraft		11,698	(49,554)
Net cash flows (used in) financing activities		<u>(204,302)</u>	<u>(429,599)</u>
Net increase/(decrease) in cash and cash equivalents		<u>301,970</u>	<u>(63,427)</u>
Movement in cash and cash equivalents			
Cash and cash equivalents at start of year		874,676	908,296
Net (loss)/gain on translation exchange - excluding property, plant and equipment		(101,794)	29,806
Net increase/(decrease) in cash		<u>301,970</u>	<u>(63,427)</u>
Cash and cash equivalents at end of year	9	<u><u>1,074,852</u></u>	<u><u>874,676</u></u>
Supplemental disclosure of cash flow information			
Cash paid during the year for interest		<u><u>55,098</u></u>	<u><u>114,435</u></u>

The accounting policies on pages 7 to 11 and the notes on pages 12 to 19 form an intergral part of the consolidated financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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
- Money Maker LLC
- Money Maker Kenya Limited

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 as net assets released from restrictions.

Going concern

The financial performance of the Corporation is set out in the consolidated statements of activities. The financial position is set out in the consolidated statements 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 is confident that the facility will be extended upon maturity on 15 April 2023.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Significant accounting policies (continued)

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.

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 asset 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 \$ 2,032,802 and \$ 2,025,366 were released from donor restrictions during 2022 and 2021, respectively, through satisfaction of the restricted purposes.

e) Cash and cash equivalents

Cash equivalents represent short term, highly liquid investments with maturities of three months or less at time of purchase.

Kickstart International, Inc. had \$ 186,337 and \$ 168,748 of cash and cash equivalents held at financial institutions in foreign countries at June 30, 2022 and 2021, 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

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) Contributions 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 is carried at cost, less any recognized impairment cost.

l) **Intangible assets**

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

m) **Revenue and support**

Contributions of cash and other financial assets: Contributions of cash and other financial assets are recognized as revenue when a written unconditional promise to give has been received or upon receipt. Conditional promises to give are not recognised as revenue until the donor conditions are substantially met.

Contributions of non-financial assets: Contributions of non-financial assets are recognized as revenue when services are provided to the Corporation.

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.

n) **Expenses**

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

All expenses are recognized on the accrual basis.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n) **Expenses (continued)**

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 Kickstart has 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 and logistics, inventory management, Agropreneurship training, education of donor partners, marketing development, marketing support, public relations, new program development, media management.

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 and internal audit.

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

o) **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 statement of financial position.

p) **Foreign currencies**

Monetary assets and liabilities expressed in foreign currencies are translated into U.S. dollars at the rates of exchange ruling at the consolidated 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 statements of activities.

q) **Retirement benefit obligations**

The Corporation has a defined contribution plan for its employees in Kenya, under which the Corporation pays a 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Retirement benefit obligations (continued)

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 statement of activities in the year to which they relate. The total amount paid to the defined contribution schemes of the respective countries during the year was \$ 65,819 (2021: \$ 65,506)

r) 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.

s) 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 consolidated financial statements and on unused tax losses or tax credits in the deferred income tax is determined using tax rates and laws that are expected to be enacted or substantively enacted when such deferred taxes are expected to be realized.

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.

t) Uncertain tax positions

For the years ended June 30, 2022 and 2021, 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 2019 remain open to examination by the respective U.S. taxing authorities. There are currently no tax examination in progress.

u) 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 December 20, 2022.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Product sales	2022	2022	2021	2021
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Eastern Hub	526,777	-	392,177	-
Western Hub	196,729	-	160,915	-
Southern Hub	396,831	-	253,308	-
	<u>1,120,337</u>	<u>-</u>	<u>806,400</u>	<u>-</u>

2(a) Contributions of cash and other financial assets	2022	2022	2021	2021
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Foundations and trusts	34,600	2,019,942	456,160	1,565,204
Individuals	473,591	190,500	323,795	231,883
Corporations	114,655	25,000	14,102	-
Governments	-	-	20,603	106,000
	<u>622,846</u>	<u>2,235,442</u>	<u>814,661</u>	<u>1,903,087</u>

Contributions receivable that are expected to be collected after one year were discounted to their present values using a discount rate of 4.5%. There were no pledge amounts to be received in more than 5 Years. Refer to note 12.

2(b). Contribution of non-financial assets	2022	2022	2021	2021
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Contributed services	<u>156,793</u>	<u>-</u>	<u>136,584</u>	<u>-</u>

Contributed services recognized comprise legal services from attorney advising Kickstart on various administrative legal matters. Contributed services are valued and are reported at the estimated fair value in the consolidated statements of activities based on the current rates for similar legal services.

3. Other income	2022	2022	2021	2021
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Sundry income	<u>96,170</u>	<u>-</u>	<u>82,044</u>	<u>-</u>

4. Net assets with donor restrictions	2022	2021
		\$
Time restriction	932,921	288,948
Use restriction	626,427	1,067,760
	<u>1,559,348</u>	<u>1,356,708</u>

5. Net assets released from restrictions

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:

	2022	2021
	\$	\$
Time restriction	1,087,351	452,879
Use restriction	945,452	1,572,487
	<u>2,032,803</u>	<u>2,025,366</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Program services	2022	2022	2021	2021
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Eastern Hub	425,327	-	385,893	-
Western Hub	120,894	-	136,198	-
Southern Hub	351,591	-	311,872	-
Product Innovations & Dev.	301,074	-	322,822	-
Other Africa programs	1,170,370	-	859,226	-
	<u>2,369,257</u>	<u>-</u>	<u>2,016,011</u>	<u>-</u>

7. Support services	2022	2022	2021	2021
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Management & general	290,357	-	216,054	-
Fundraising	50,772	-	70,693	-
Contributed services	156,793	-	136,584	-
	<u>497,922</u>	<u>-</u>	<u>423,331</u>	<u>-</u>

8. Tax	2022	2021
	\$	\$
Under provision of tax in prior year	13,194	-
Deferred tax (credit) (Note 15)	<u>(28)</u>	<u>(179)</u>
Tax charge	<u>13,166</u>	<u>(179)</u>

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, 2022 and 2021, 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") 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Cash and cash equivalents	2022	2021
	\$	\$
Cash and cash equivalents	<u>1,074,852</u>	<u>874,676</u>

For the purpose of the statement cash flows, the year end cash and cash equivalents comprise the above

10. Trade and other receivables	2022	2021
	\$	\$
Current		
Trade receivables	494,739	239,575
Staff loans and advances	28,798	313,610
Other receivables	<u>435,537</u>	<u>261,004</u>
Total	<u>959,074</u>	<u>814,189</u>

11. Contributions receivables	2022	2021
	\$	\$
Current		
Contributions receivable	<u>431,000</u>	<u>856,000</u>
Non-current		
Contributions receivable	571,000	157,000
Less: discount to present value	<u>(58,078)</u>	<u>(14,143)</u>
	<u>512,922</u>	<u>142,857</u>
Total	<u>943,922</u>	<u>998,857</u>

12. Contributions, trade and other receivables	2022	2021
	\$	\$
The fair value of contributions, trade and other receivables are as follows:		
Trade receivables	494,739	239,575
Contributions receivable	943,922	998,857
Staff loans and advances	28,798	313,610
Other receivables	<u>435,537</u>	<u>261,004</u>
	<u>1,902,996</u>	<u>1,813,046</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Contributions, trade and other receivables (continued)

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

Year ended 30 June 2022	0 to 1 Year	2 to 4 Years	Total
	\$	\$	\$
Trade receivables	494,739	-	494,739
Contributions receivable	431,000	512,922	943,922
Staff loans and advances	28,798	-	28,798
Other receivables	435,537	-	435,537
	<u>1,390,074</u>	<u>512,922</u>	<u>1,902,996</u>
Year ended 30 June 2021	0 to 1 Year	2 to 4 Years	Total
	\$	\$	\$
Trade receivables	239,575	-	239,575
Contributions receivable	856,000	142,857	998,857
Staff loans and advances	313,610	-	313,610
Other receivables	261,004	-	261,004
	<u>1,670,189</u>	<u>142,857</u>	<u>1,813,046</u>

	2022	2021
	\$	\$
Movement in non-current contributions receivable		
Non-current		
At start of year	142,857	458,469
Portion of new contributions received during the year	580,000	42,000
Reclassification of non-current receivables to current	(166,000)	(385,000)
Change in present value discount	<u>(43,935)</u>	<u>27,388</u>
At end of year	<u>512,922</u>	<u>142,857</u>

Contributions receivable that are expected to be collected after one year were discounted to their present values using a discount rate of 4.6% (2021: 5%). 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.

13. Inventory	2022	2021
	\$	\$
Inventory	<u>27,667</u>	<u>157,814</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Property, plant and equipment

Year ended 30 June 2022

	Land	Machinery equipment & furniture	Computers & software	Motor vehicles	Work in progress	Totals
Cost	\$	\$	\$	\$	\$	\$
At start of year	15,563	205,055	607,752	386,918	37,354	1,252,642
Disposals during the year	-	(2,677)	(34,558)	(109,762)	-	(146,997)
Impairment	-	-	-	(53,205)	-	(53,205)
Translation adjustments	(1,326)	(3,164)	(2,151)	384	(237)	(6,494)
Additions during the year	-	3,457	6,844	62,956	-	73,256
At end of year	14,237	202,670	577,887	287,290	37,117	1,119,202
Depreciation						
At start of year	-	199,573	601,689	382,895	-	1,184,157
Disposals during the year	-	(1,620)	(34,577)	(109,762)	-	(145,959)
Impairment	-	-	-	(53,205)	-	(53,205)
Translation adjustments	-	(556)	587	(1,715)	-	(1,684)
Charge for the year	-	5,120	8,655	17,506	-	31,282
At end of year	-	33,335	208,653	255,158	-	1,014,591
Net book value	14,237	169,336	369,234	32,133	37,117	104,611

Year ended 30 June 2021

	Land	Machinery equipment & furniture	Computers & software	Motor vehicles	Work in progress	Totals
Cost	\$	\$	\$	\$	\$	\$
At start of year	15,904	207,952	606,086	499,943	38,179	1,368,064
Disposals during the year	-	(1,058)	-	(96,907)	-	(97,965)
Translation adjustments	(341)	(1,839)	(5,589)	(16,118)	(825)	(24,712)
Additions during the year	-	-	7,255	-	-	7,255
At end of year	15,563	205,055	607,752	386,918	37,354	1,252,642
Depreciation						
At start of year	-	197,509	598,923	494,429	-	1,290,861
Disposals during the year	-	(65)	(16)	(96,907)	-	(96,988)
Translation adjustments	-	(537)	(6,873)	(15,806)	-	(23,216)
Charge for the year	-	2,666	9,655	1,179	-	13,500
At end of year	-	199,573	601,689	382,895	-	1,184,157
Net book value	15,563	5,482	6,063	4,023	37,354	68,485

Land was professionally valued on 04 July 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2021: 30%). The movement on the deferred tax account is as follows:

	2022	2021
	\$	\$
At start of year	967	1,146
(Credit) to statement of activities (note 8)	<u>(28)</u>	<u>(179)</u>
At end of year	<u>939</u>	<u>967</u>

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

	At start of year	Charge to statement of activities	At end of year
	\$	\$	\$
Year ended June 30, 2022			
Deferred tax (assets)			
Property, plant and equipment - accelerated tax depreciation	967	<u>(28)</u>	<u>939</u>
Net deferred tax (asset)	<u>967</u>	<u>(28)</u>	<u>939</u>
Year ended June 30, 2021			
Deferred tax (assets)			
Property, plant and equipment - accelerated tax depreciation	1,146	<u>(179)</u>	<u>967</u>
Net deferred tax (asset)	<u>1,146</u>	<u>(179)</u>	<u>967</u>

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 \$ 1,779,520 (2021: \$ 2,652,436) in respect of tax losses carried forward amounting to \$ 5,931,734 (2021: \$ 8,841,452) that can be carried forward against future taxable profits have not been recognised. Tax losses amounting to \$ 2,909,718 were utilised during the year.

16. Intangible assets

	2022	2021
	\$	\$
Cost		
At start of year	-	-
Additions	93,481	-
At end of year	<u>93,481</u>	<u>-</u>
Accumulated amortisation		
At start of year	-	-
Charge for the year	31,160	-
At end of year	<u>31,160</u>	<u>-</u>
Net book value	<u>62,321</u>	<u>-</u>

The above intangible assets relate to computer software.

17. Trade and other payables

	2022	2021
	\$	\$
Current		
Trade payables	331,313	138,109
Due to directors (note 19)	52,943	69,686
Accruals & other payables	<u>71,617</u>	<u>86,728</u>
Total trade and other payables	<u>455,873</u>	<u>294,523</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Borrowings	2022	2021
	\$	\$
Current		
Line of credit from RSF Social Finance	999,000	1,215,000
Bank overdraft	42,155	30,457
	<u>1,041,155</u>	<u>1,245,457</u>
Total borrowings	<u>1,041,155</u>	<u>1,245,457</u>

The line of credit is a revolving fund from RSF Social Finance. The agreed financing was USD 1.35 million. The interest rate is 4.75% per annum and the maturity date for repayment is April 15, 2023. The line of credit is secured by guaranty of \$ 1,000,000 by Skroll Foundation, cash guarantee by Michael E Fisher Trust and uniform commercial code of the assets of the corporation. The interest expense on the line of credit was \$ 50,496 (2021: \$ 100,977).

19. Related party transactions and balances	2022	2021
	\$	\$
The following transactions were carried out with other related parties:		
i) <i>Contributions from organizations associated with members of the board of directors.</i>	<u>354,510</u>	<u>324,915</u>
ii) <i>Other payables to directors (note 17)</i>	<u>52,943</u>	<u>69,686</u>

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

20. 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, 2022 and 2021, comprise the following:

	2022	2021
	\$	\$
Cash and cash equivalents	1,074,852	874,676
Trade receivables	494,739	239,575
Staff loans and advances	28,798	313,610
Other receivables	435,537	261,004
Contributions receivables	431,000	856,000
	<u>2,464,926</u>	<u>2,544,865</u>
Less amounts not available to be used within one year:		
Net assets with donor restriction	1,559,348	1,356,707
Less net assets with restrictions to be met in less than one year	(890,426)	(1,246,211)
Cash and cash equivalents under lien	(4,451)	(4,636)
	<u>664,471</u>	<u>105,860</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>1,800,455</u>	<u>2,439,005</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Contingent liability	2022	2021
	\$	\$
Total amount of contingent liability	<u>4,451</u>	<u>4,636</u>

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.

22. Commitments

There future minimum lease payments under non-cancellable operating leases as of 30 June 2022 are \$ 20,217 for 2023.

Rent costs totalled \$ 70,761 for the year ended June 30, 2022 and \$ 112,113 for the year ended June 30, 2021.
