

KICKSTART INTERNATIONAL, INC.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022

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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 4 to 20, which comprise the consolidated statements of financial position as at June 30, 2023 and 2022, 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, 2023 and 2022, 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.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 CPA Mike Kimundu, - Practising certificate No. 2235.



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

14 January 2024

006/24

Kick-Start International, Inc.
Consolidated Financial Statements
For the years ended June 30, 2023 and 2022

CONSOLIDATED STATEMENTS OF ACTIVITIES

	Notes	2023 Without donor restrictions Funds	2023 With donor restrictions Funds	2023 Total Funds	2022 Without donor restrictions Funds	2022 With donor restrictions Funds	2022 Total Funds
Product sales	3	\$ 945,001	\$ -	\$ 945,001	\$ 1,120,337	\$ -	\$ 1,120,337
Contributions of cash and other financial assets	4(a)	1,896,853	3,328,978	5,225,831	622,846	2,235,442	2,858,288
Contribution of non-financial assets	4(b)	140,849	-	140,849	156,793	-	156,793
Other income	5	108,101	-	108,101	96,170	-	96,170
Net assets released from restrictions	7	2,493,650	(2,493,650)	-	2,032,803	(2,032,803)	-
Total income		5,584,454	835,328	6,419,782	4,028,949	202,639	4,231,588
Cost of sales		(707,911)	-	(707,911)	(955,389)	-	(955,389)
Program services	8	(3,012,170)	-	(3,012,170)	(2,369,257)	-	(2,369,257)
Management and general	9	(229,271)	-	(229,271)	(290,357)	-	(290,357)
Contributed services	9	(140,849)	-	(140,849)	(156,793)	-	(156,793)
Fundraising	9	(163,639)	-	(163,639)	(50,772)	-	(50,772)
Loss on translation exchange		(184,097)	-	(184,097)	(102,180)	-	(102,180)
Total expenses		(4,437,937)	-	(4,437,937)	(3,924,748)	-	(3,924,748)
Change in net assets before tax		1,146,517	835,328	1,981,845	104,201	202,639	306,840
Taxation		(24)	-	(24)	(13,166)	-	(13,166)
Change in net assets after tax		1,146,493	835,328	1,981,821	91,035	202,639	293,674
Net assets at the beginning of the year		109,335	1,559,347	1,668,682	18,300	1,356,708	1,375,008
Change in net assets after tax		1,146,493	835,328	1,981,821	91,035	202,639	293,674
Net assets at the end of the year		1,255,828	2,394,675	3,650,503	109,335	1,559,347	1,668,682

The accounting policies on pages 8 to 12 and the notes on pages 13 to 20 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at June 30,	
	Notes	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	12	1,869,257	1,074,852
Trade and other receivables	13	981,713	959,074
Contributions receivables	13	976,000	431,000
Inventory	15	21,433	27,667
		<u>3,848,404</u>	<u>2,492,593</u>
Non-current assets			
Contributions receivables (net)	13	737,360	512,922
Property, plant and equipment (net)	16	152,681	104,611
Intangible asset (net)	17	26,149	62,321
Deferred tax	18	963	939
		<u>917,153</u>	<u>680,793</u>
Total assets		<u><u>4,765,557</u></u>	<u><u>3,173,386</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Trade and other payables	19	298,986	455,873
Borrowings	20	809,960	1,041,155
Tax payable		6,108	7,676
Total liabilities		<u>1,115,054</u>	<u>1,504,704</u>
Net assets			
Without donor restrictions		1,255,828	109,335
With donor restrictions		<u>2,394,675</u>	<u>1,559,347</u>
Total net assets		<u>3,650,503</u>	<u>1,668,682</u>
Total liabilities and net assets		<u><u>4,765,557</u></u>	<u><u>3,173,386</u></u>

The accounting policies on pages 8 to 12 and the notes on pages 13 to 20 form an intergral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

	PROGRAM SERVICES						SUPPORT SERVICES			
	2023						2023			
	Eastern Programs	Western Programs	Southern Programs	Product Innovations and Development	Other Africa Programs	Total Program Services	Management and General	Fund-Raising	Contributed services	Total Support Services
For the year ended June 30, 2023										
Salaries and wages	\$ 223,853	\$ 40,479	\$ 214,410	\$ 185,111	\$ 869,432	\$ 1,533,285	\$ 93,167	\$ 95,926	\$ -	\$ 189,093
Benefits and other employee expenses	30,945	5,681	23,179	21,514	195,081	276,400	23,740	24,999	-	48,739
Audit, legal and professional fees	27,729	8,448	10,819	16,898	77,946	141,840	38,678	2,642	-	41,320
Contributed legal services	-	-	-	-	-	-	-	-	140,849	140,849
Supplies, printing and publications	10,465	530	7,251	12,311	31,479	62,036	2,598	11,841	-	14,439
Mail and communications	7,049	1,419	5,468	7,267	22,594	43,797	926	2,547	-	3,473
Rent and utilities	16,063	1,887	4,215	20,352	37,403	79,920	-	30	-	30
Motor vehicle expenses	50,477	-	38,042	1,741	2,844	93,104	-	-	-	-
Equipment and machinery	731	-	-	2,447	1,842	5,020	-	-	-	-
Information technology	196	34	3,047	1,271	11,996	16,544	-	-	-	-
Depreciation on property, plant and equipment	15,542	-	676	4,107	25,690	46,015	411	409	-	820
Amortisation of intangible assets	-	-	-	-	29,119	29,119	-	-	-	-
Advertising and sales promotion	57,979	4,712	38,420	640	3,671	105,422	-	-	-	105,422
Travel and meetings	157,642	55,843	65,746	3,040	78,365	360,636	4,952	23,585	-	28,537
Provision for bad debt	43,290	99,775	-	-	5,000	148,065	-	-	-	-
Other business expenses	4,042	6,555	5,171	46,503	8,697	70,967	64,718	1,158	-	65,876
Total program and support	646,003	225,363	416,444	323,202	1,401,159	3,012,170	229,271	163,639	140,849	533,759
Cost of sales	248,981	75,715	383,315	-	-	707,911	-	-	-	-
Gross expenditure	894,884	301,078	799,759	323,202	1,401,159	3,720,081	229,271	163,639	140,849	533,759
For the year ended June 30, 2022										
Salaries and wages	\$ 140,368	\$ 55,390	\$ 206,479	\$ 163,542	\$ 756,538	\$ 1,322,318	\$ 103,072	\$ 30,410	\$ -	\$ 133,482
Benefits and other employee expenses	32,323	8,832	20,087	15,804	153,526	230,570	33,472	7,776	-	41,248
Audit, legal and professional fees	48,423	10,723	7,612	28,035	60,946	155,738	68,429	1,867	-	70,296
Contributed legal services	-	-	-	-	-	-	-	-	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
Mail and communications	5,826	2,537	4,676	9,531	21,414	43,984	2,040	1,168	-	3,208
Rent and utilities	9,400	4,516	4,313	23,230	50,457	91,916	700	-	-	700
Motor vehicle expenses	46,358	405	40,138	1,445	8,880	97,226	-	-	-	-
Equipment and machinery	437	711	-	4,977	3,740	9,865	-	26	-	26
Information technology	31	-	401	879	6,260	7,571	-	-	-	-
Depreciation on property, plant and equipment	1,260	-	3,077	2,390	24,067	30,796	163	323	-	486
Amortisation of intangible assets	-	-	-	-	31,160	31,160	-	-	-	-
Advertising and sales promotion	34,897	439	14,455	-	582	50,373	1,787	-	-	1,787
Travel and meetings	96,686	35,242	44,162	1,673	27,738	205,501	2,631	1,968	-	4,599
Provision for bad debt	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
Total program and support	425,327	120,894	351,591	301,074	1,170,371	2,369,257	290,357	50,772	156,793	497,922
Cost of sales	459,373	170,493	325,523	-	-	955,389	-	-	-	-
Gross expenditure	884,700	291,387	677,114	301,074	1,170,371	3,324,646	290,357	50,772	156,793	497,922

The accounting policies on pages 8 to 12 and the notes on pages 13 to 20 form an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Change in net assets before tax		1,981,845	306,840
Adjustments to reconcile change in net assets before tax to net cash from operating activities:			
Depreciation on property, plant and equipment	16	46,835	31,282
Amortisation of intangible assets	17	29,119	31,160
Gain on sale of property, plant and equipment		-	(18,034)
Loss on translation exchange		184,097	102,180
Changes in operating assets and liabilities:			
- inventory		6,234	130,147
- trade and other receivables		(22,639)	(144,885)
- contributions receivable (net)		(769,438)	54,935
- trade payables and other payables		(156,887)	161,350
Net cash flows provided by operating activities		<u>1,299,165</u>	<u>654,975</u>
Cash flows from investing activities			
Cash paid for purchase of property, plant and equipment	16	(116,339)	(73,256)
Cash paid for purchase of intangible assets	17	-	(93,481)
Proceeds from sale of property, plant and equipment		-	18,034
Net cash flows (used in) investing activities		<u>(116,339)</u>	<u>(148,703)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	100,000
Repayment of borrowings		(200,000)	(316,000)
(Decrease)/increase in bank overdraft		(31,195)	11,698
Net cash flows (used in) financing activities		<u>(231,195)</u>	<u>(204,302)</u>
Net increase in cash and cash equivalents		<u>951,631</u>	<u>301,970</u>
Movement in cash and cash equivalents			
Cash and cash equivalents at start of year		1,074,852	874,676
Net gain on translation exchange - excluding property, plant and equipment		(157,225)	(101,794)
Net increase in cash		<u>951,631</u>	<u>301,970</u>
Cash and cash equivalents at end of year	12	<u>1,869,258</u>	<u>1,074,852</u>
Supplemental disclosure of cash flow information			
Cash paid during the year for interest		<u>54,926</u>	<u>55,098</u>

The accounting policies on pages 8 to 12 and the notes on pages 13 to 20 form an integral 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 2024.

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 class 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 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 \$ 2,493,650 and \$ 2,032,802 were released from donor restrictions during 2023 and 2022, 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 had \$ 252,002 and \$ 186,337 of cash and cash equivalents held at financial institutions in foreign countries at June 30, 2023 and 2022, 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 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 or 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 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 and 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, Agroprenuership training, education of donor partners, marketing development, marketing support, public relations, new program development, media management.

Management and 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 (2022: \$ 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, 2023 and 2022, 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) Advertising and sales promotion

Advertising and sales promotion costs are expensed when incurred. Advertising and sales promotion costs amounted to \$29,119 and \$31,160 for the years ended June 30, 2023 and 2022.

v) Operating leases

Operating leases are classified in accordance with the terms of the underlying agreements. During the year ended June 30, 2023, KickStart implemented the provisions of Accounting Standards Codification Topic 842, however, the implementation did not have an effect on Kickstart's leases due to the short-term lease exemption.

w) 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 January 11, 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Product sales	2023		2022	
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Eastern Hub	298,865	-	526,777	-
Western Hub	100,548	-	196,729	-
Southern Hub	545,588	-	396,831	-
	<u>945,001</u>	<u>-</u>	<u>1,120,337</u>	<u>-</u>

4(a) Contributions of cash and other financial assets	2023		2022	
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Foundations and trusts	120,000	2,940,815	34,600	2,019,942
Individuals	1,769,421	291,411	473,591	190,500
Corporations	7,432	84,819	114,655	25,000.00
Governments	-	11,932	-	-
	<u>1,896,853</u>	<u>3,328,978</u>	<u>622,846</u>	<u>2,235,442</u>

Contributions receivable that are expected to be collected after one year were discounted to their present values using a discount rate of 6%. There were no pledge amounts to be received in more than 5 Years. Refer to note 13

4(b). Contribution of non-financial assets	2023		2022	
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Contributed services	140,849	-	156,793	-

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.

5. Other income	2023		2022	
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Sundry income	108,101	-	96,170	-

6. Net assets with donor restrictions	2023		2022	
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Time restriction			1,363,359	932,921
Use restriction			1,031,316	626,426
			<u>2,394,676</u>	<u>1,559,347</u>

7. 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:

Time restriction	631,000	1,087,351
Use restriction	1,862,650	945,452
	<u>2,493,650</u>	<u>2,032,803</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Program services	2023	2023	2022	2022
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Eastern Hub	675,122	-	425,327	-
Western Hub	225,363	-	120,894	-
Southern Hub	416,444	-	351,591	-
Product Innovations & Dev.	323,202	-	301,074	-
Other Africa programs	1,372,039	-	1,170,370	-
	<u>3,012,170</u>	<u>-</u>	<u>2,369,257</u>	<u>-</u>

9. Support services	2023	2023	2022	2022
	Without donor restrictions funds	With donor restrictions funds	Without donor restrictions funds	With donor restrictions funds
	\$	\$	\$	\$
Management & general	229,271	-	290,357	-
Fundraising	163,639	-	50,772	-
Contributed services	140,849	-	156,793	-
	<u>533,759</u>	<u>-</u>	<u>497,922</u>	<u>-</u>

10. Tax	2023	2022
		\$
Under provision of tax in prior year	-	13,194
Deferred tax credit (Note 18)	<u>24</u>	<u>(28)</u>
Tax charge	<u>24</u>	<u>13,166</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, 2023 and 2022, 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)

11. Contributions, trade and other receivables **2023**
\$ **2022**
\$

The fair value of contributions, trade and other receivables are as follows:

Trade receivables	490,141	494,739
Contributions receivable	1,713,360	943,922
Staff loans and advances	31,660	28,798
Other receivables	459,912	435,537
	<u>2,695,073</u>	<u>1,902,996</u>

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

Year ended 30 June 2023	0 to 1 Year \$	2 to 4 Years \$	Total \$
Trade receivables	490,141	-	490,141
Contributions receivable	976,000	737,360	1,713,360
Staff loans and advances	31,660	-	31,660
Other receivables	459,912	-	459,912
	<u>1,957,713</u>	<u>737,360</u>	<u>2,695,073</u>

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>

Movement in non-current contributions receivable	2023 \$	2022 \$
Non-current		
At start of year	512,922	142,857
Portion of new contributions received during the year	790,000	580,000
Reclassification of non-current receivables to current	(561,000)	(166,000)
Change in present value discount	(4,562)	(43,935)
At end of year	<u>737,360</u>	<u>512,922</u>

Contributions receivable that are expected to be collected after one year were discounted to their present values using a discount rate of 6% (2022: 4.6%). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Cash and cash equivalents	2023	2022
	\$	\$
Cash and cash equivalents	<u>1,869,257</u>	<u>1,074,852</u>
For the purpose of the statement cash flows, the year end cash and cash equivalents comprise the above		
13. Trade and other receivables		
Current		
Trade receivables	490,141	494,739
Staff loans and advances	31,660	28,798
Other receivables	<u>459,912</u>	<u>435,537</u>
Total	<u>981,713</u>	<u>959,074</u>
14. Contributions receivables		
Current		
Contributions receivable	<u>976,000</u>	<u>431,000</u>
Non-current		
Contributions receivable	800,000	571,000
Less: discount to present value	<u>(62,640)</u>	<u>(58,078)</u>
	<u>737,360</u>	<u>512,922</u>
Total	<u>1,713,360</u>	<u>943,922</u>
15. Inventory	2023	2022
	\$	\$
Inventory	<u>21,433</u>	<u>27,667</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16 Property, plant and equipment

Year ended June 30, 2023

	Land	Machinery equipment and furniture	Computers and software	Motor vehicles	Work in progress	Totals
Cost	\$	\$	\$	\$	\$	\$
At start of year	14,237	202,670	577,887	287,290	37,117	1,119,201
Reclassification	1,598	(165,315)	(353,649)	26,011	907	(490,448)
Additions during the year	-	14,031	21,557	80,751	-	116,339
Translation adjustments	(3,897)	(9,041)	(13,553)	(57,845)	(9,358)	(93,694)
At end of year	11,938	42,345	232,242	336,207	28,666	651,398
Depreciation						
At start of year	-	202,517	576,354	235,719	-	1,014,590
Reclassification	-	(181,512)	(374,450)	(60,767)	-	(616,729)
Translation adjustments	-	7,844	1,455	44,723	-	54,021
Charge for the year	-	1,255	11,572	34,008	-	46,835
At end of year	-	30,103	214,932	253,683	-	498,717
Net book value	11,938	12,243	17,310	82,524	28,666	152,681

Year ended June 30, 2022

	Land	Machinery equipment and furniture	Computers and 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	-	(557)	587	(1,714)	-	(1,684)
Charge for the year	-	5,120	8,655	17,506	-	31,282
At end of year	-	202,517	576,354	235,719	-	1,014,591
Net book value	14,237	153	1,532	51,571	37,117	104,611

Land was 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Intangible assets	2023	2022
	\$	\$
Cost		
At start of year	93,481	-
Translation adjustment	(15,062)	-
Additions	-	93,481
	<u>78,419</u>	<u>93,481</u>
At end of year	<u>78,419</u>	<u>93,481</u>
Accumulated amortisation		
At start of year	31,160	-
Translation adjustment	(8,009)	-
Charge for the year	29,119	31,160
	<u>52,270</u>	<u>31,160</u>
At end of year	<u>52,270</u>	<u>31,160</u>
Net book value	<u>26,149</u>	<u>62,321</u>

The above intangible assets relate to computer software.

18. Deferred tax

Deferred tax is calculated, in full, on all temporary differences under the liability method using a principal tax rate of 30% (2022: 30%). The movement on the deferred tax account is as follows:

	2023	2022
	\$	\$
At start of year	939	967
Exchange difference during the year	24	(28)
At end of year	<u>963</u>	<u>939</u>

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

Year ended June 30, 2023	At start of year	Charge to statement of activities	At end of year
	\$	\$	\$
Deferred tax (assets)			
Property, plant and equipment - accelerated tax depreciation	939	24	963
Net deferred tax (asset)	<u>939</u>	<u>24</u>	<u>963</u>
Year ended June 30, 2022			
Deferred tax (assets)			
Property, plant and equipment - accelerated tax depreciation	967	(28)	939
Net deferred tax (asset)	<u>967</u>	<u>(28)</u>	<u>939</u>

19. Trade and other payables

	2023	2022
	\$	\$
Current		
Trade payables	193,184	331,313
Due to directors (note 21)	31,851	52,943
Accruals & other payables	73,950	71,617
	<u>298,986</u>	<u>455,873</u>
Total trade and other payables	<u>298,986</u>	<u>455,873</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Borrowings	2023	2022
	\$	\$
Current		
Line of credit from RSF Social Finance	799,000	999,000
Bank overdraft	10,960	42,155
	<u>809,960</u>	<u>1,041,155</u>
Total borrowings	<u>809,960</u>	<u>1,041,155</u>

The line of credit is a revolving fund from RSF Social Finance. The agreed financing was \$ 1.35 million. The interest rate is 6% per annum and the maturity date for repayment is April 15, 2024. 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 \$ 54,926 (2022: \$ 50,496).

21. Related party transactions and balances	2023	2022
	\$	\$
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>71,761</u>	<u>354,510</u>
ii) <i>Other payables to directors (note 19)</i>	<u>31,851</u>	<u>52,943</u>

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

22. Liquidity and Availability of Financial Assets

KickStart has financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 and 2022, comprise the following:

	2023	2022
	\$	\$
Cash and cash equivalents	1,869,257	1,074,852
Trade receivables	490,141	494,739
Staff loans and advances	31,660	28,798
Other receivables	459,912	435,537
Contributions receivables	976,000	431,000
	<u>3,826,970</u>	<u>2,464,926</u>
Total financial assets	<u>3,826,970</u>	<u>2,464,926</u>
Less amounts not available to be used within one year:		
Net assets with donor restriction	2,394,675	1,559,347
Less net assets with restrictions to be met in less than one year	(737,359)	(890,426)
Cash and cash equivalents under lien	(3,546)	(4,451)
	<u>1,653,770</u>	<u>664,471</u>
	<u>1,653,770</u>	<u>664,471</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>2,173,200</u>	<u>1,800,455</u>

KickStart 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)

23. Contingent liability	2023	2022
	\$	\$
Total amount of contingent liability	<u>3,546</u>	<u>4,451</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.

24. Commitments

The future minimum lease payments under non-cancellable operating leases as of June 30, 2023 are \$ 24,322 for 2024.

Rent costs totalled \$ 63,082 for the year ended June 30, 2023 and \$ 70,761 for the year ended June 30, 2022.