

IGNITE

Independent Auditor's Report
and Financial Statements

Year Ended June 30, 2020

With summarized comparative financial
information for the year ended June 30, 2019

**IGNITE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ignite
Oakland, CA

Report on the Financial Statements

We have audited the accompanying financial statements of Ignite (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ignite as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Ignite's 2018-19 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 31, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Fritzsche Associates, Inc.

Certified Public Accountants
Sacramento, CA
November 11, 2020

IGNITE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2019

	2020	2019
Assets		
Cash and equivalents	\$ 819,037	\$ 376,584
Contributions receivable	658,000	1,116,000
Accounts receivable	-	1,233
Prepaid expenses	7,030	6,086
Investments	250,174	-
Deposits	600	1,700
Fixed assets, net	3,161	3,839
 Total assets	 \$ 1,738,002	 \$ 1,505,442
 Liabilities and Net Assets		
Accounts payable	\$ 13,650	\$ 54,783
Accrued expenses	74,082	41,083
Refundable advances	277,670	-
Total liabilities	365,402	95,866
Net assets (deficit) without donor restrictions	176,396	(228,635)
Net assets with donor restrictions	1,196,204	1,638,211
Total net assets	1,372,600	1,409,576
Total liabilities and net assets	\$ 1,738,002	\$ 1,505,442

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

IGNITE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenues, gains, and other support:				
Foundation grants	\$ 471,633	\$ 891,500	\$ 1,363,133	\$ 1,763,295
Contributions	521,559	-	521,559	930,275
Corporate sponsorships	180,873	-	180,873	92,000
Program service fees	23,604	-	23,604	113,582
Special event revenue	110,997	-	110,997	-
Less: Direct cost of donor benefits	(39,039)	-	(39,039)	-
Investment return, net	174	-	174	-
Assets relieved of restrictions	1,333,507	(1,333,507)	-	-
Total revenues, gains and other support	<u>2,603,308</u>	<u>(442,007)</u>	<u>2,161,301</u>	<u>2,899,152</u>
Expenses:				
Program services	<u>1,599,829</u>	<u>-</u>	<u>1,599,829</u>	<u>1,397,488</u>
Supporting services:				
General and administrative	180,081	-	180,081	162,421
Fundraising	<u>418,367</u>	<u>-</u>	<u>418,367</u>	<u>640,403</u>
Total supporting services	<u>598,448</u>	<u>-</u>	<u>598,448</u>	<u>802,824</u>
Total expenses	<u>2,198,277</u>	<u>-</u>	<u>2,198,277</u>	<u>2,200,312</u>
Change in net assets	<u>405,031</u>	<u>(442,007)</u>	<u>(36,976)</u>	<u>698,840</u>
Net assets (deficit), beginning of year	<u>(228,635)</u>	<u>1,638,211</u>	<u>1,409,576</u>	<u>710,736</u>
Net assets, end of year	<u>\$ 176,396</u>	<u>\$ 1,196,204</u>	<u>\$ 1,372,600</u>	<u>\$ 1,409,576</u>

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

IGNITE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services		2020 Total	2019 Total
		General and Administrative	Fundraising		
Salaries & wages	\$ 944,773	\$ 81,261	\$ 284,277	\$ 1,310,311	\$ 1,023,823
Payroll taxes	68,518	5,893	20,617	95,028	82,860
Employee benefits	39,266	3,377	11,815	54,458	55,506
Subtotal personnel	1,052,557	90,531	316,709	1,459,797	1,162,189
Bank & payroll fees	-	22,052	-	22,052	12,634
Board expenses	-	-	-	-	337
Conferences & trainings	232,024	460	-	232,484	82,289
Depreciation	-	1,839	-	1,839	3,622
Dues & subscriptions	3,652	59	744	4,455	8,799
Equipment purchase & rental	641	296	-	937	629
Fundraising expenses	-	-	-	-	4,400
Insurance	5,142	428	143	5,713	2,771
Marketing & promotion	5,273	-	-	5,273	26,885
Occupancy	26,020	2,168	723	28,911	23,655
Office expenses	10,514	904	3,163	14,581	15,942
Printing & postage	511	164	6,421	7,096	7,307
Professional fees	-	51,518	66,369	117,887	426,395
Program expenses	237,670	-	-	237,670	361,300
Staff training & development	3,839	-	-	3,839	11,040
Taxes, licenses & fees	-	373	-	373	2,701
Telephone & internet	14,437	6,796	15,439	36,672	20,162
Travel & meals	7,549	2,493	8,656	18,698	27,255
Total expenses	<u>\$ 1,599,829</u>	<u>\$ 180,081</u>	<u>\$ 418,367</u>	<u>\$ 2,198,277</u>	<u>\$ 2,200,312</u>

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

IGNITE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

	2020	2019
Cash flows from operating activities:		
Grants and contributions received	\$ 2,621,595	\$ 2,033,277
Other cash receipts	315,354	205,582
Payments for personnel and related expenses	(1,426,042)	(1,152,150)
Payments to vendors	(817,413)	(993,346)
Net cash provided by operating activities	693,494	93,363
Cash flows from investing activities:		
Purchase of investments	(249,880)	-
Purchases of fixed assets	(1,161)	(1,801)
Net cash used in investing activities	(251,041)	(1,801)
Net increase in cash	442,453	91,562
Cash and equivalents, beginning of year	376,584	285,022
Cash and equivalents, end of year	\$ 819,037	\$ 376,584

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

IGNITE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

NOTE 1 – NATURE OF THE ORGANIZATION

Ignite (we, us, our) is located in Oakland, California, and is a California tax-exempt, non-profit corporation organized in 2009. We are a non-partisan 501(c)(3) organization that builds political ambition in young women, with a focus on those who are underserved. We provide civic education, exposure to women in political leadership, hands on training and work opportunities, and a peer network of women who support and nurture each other's aspirations for civic engagement and political leadership. Our organization serves young women (ages 14-22) in their own communities, with an emphasis on lower income women.

We are primarily funded by grants from foundations, private gifts, and event fees.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Our financial statements have been prepared on the accrual basis of accounting. Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, we classify net assets and changes in net assets as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions – Net assets that are subject to donor-imposed stipulations that may or will be met either by our actions and/or the passage of time – OR – net assets to be held in perpetuity as directed by donors, whereas the income from the contributions is available to support activities as designated by donors.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law.

Cash and Equivalents

Cash and equivalents consist of cash on hand and highly liquid investments with original or remaining maturities of three months or less at the time of purchase.

IGNITE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contributions revenue. Conditional contributions are not included as support until the conditions are substantially met.

Investments

Investments are stated at fair value. Investment income is reported net of related investment expenses. Realized and unrealized gains and losses, in total, are included in net investment income reported on the statement of activities.

Fixed Assets

Acquisitions of fixed assets in excess of \$2,000 are capitalized and stated at cost if cost information is available; otherwise, they are stated at estimated value. Depreciation is calculated on the straight-line method over the estimated useful life of each asset.

Revenue Recognition

We recognize contributions when cash, securities or other assets, an unconditional promise to give, or other notification is received. Conditional contributions are not recognized until the conditions on which they depend have been substantially met.

Revenue from fee-for-service activities is recognized when the services are provided. Revenue from special events is recognized when the events are held. We receive funding under grants and contracts for direct and indirect program costs and to provide certain whole or partial sub-grants to other agencies. This funding may be subject to contractual limitations, which must be met through incurring qualifying expenses for particular programs.

Functional Expenses

The costs of providing the program and supporting services have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services based on estimates of employees' time and on the usage of resources.

IGNITE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates under different assumptions or conditions.

Income Taxes

We are exempt from income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and related California code sections. We are considered a public charity and have been classified as an organization that is not a private foundation under IRC Section 170(b)(1)(A)(vi).

Management has processes presently in place to ensure maintenance of our tax exempt statuses; to identify and report unrelated business income; to determine the filing and tax obligations for which we have nexus; and to identify and evaluate other matters that may be considered tax positions. We have evaluated our tax positions and related income tax contingencies and do not believe that any material uncertain tax positions exist that require recognition or disclosure in the financial statements.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit (if any) with financial institutions believed by the organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from donors supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the investment committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Reclassifications

Certain prior year amounts may have been reclassified to conform to the current year financial statement presentation. The nature of reclassification has no impact on previously reported net assets.

IGNITE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Presentation of Certain Prior Year Information

The statements of activities and functional expenses include certain prior year summarized financial information for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the organization’s financial statements for the year ended June 30, 2019 from which the summarized information was derived.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash and equivalents	\$ 819,037	\$ 376,584
Contributions receivable	658,000	1,116,000
Investments	<u>250,174</u>	<u>--</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 1,727,211</u>	 <u>\$ 1,116,000</u>

We maintain a liquid cash balance in checking and money market accounts in an amount necessary to meet our anticipated expenditures for at least the next 60 days. Cash in excess of this may be invested in short-term investments.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable, which management considers fully collectible, are promises to make contributions to our organization. It is our policy to discount receivables to present value for contributions due beyond one year from the date of the statement of financial position. We have determined the present value for contributions due outside of one year was not materially different from the promise value. As a result, we did not discount the receivables to present value during the years ended June 30, 2020 and 2019. Contributions receivable are expected to be received as follows as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 508,000	\$ 778,000
Due in one to five years	<u>150,000</u>	<u>338,000</u>
Total contributions receivable	<u>\$ 658,000</u>	<u>\$ 1,116,000</u>

IGNITE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

NOTE 5 – INVESTMENTS

In accordance with generally accepted accounting principles, we use the following prioritized input levels to measure fair value. The input levels used for valuing instruments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 – Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace such as yield curves or other market data;

Level 3 – Unobservable inputs which reflect the reporting entity’s assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments are reported at fair value and consisted of the following as of June 30, 2020:

	Total	Level 1	Level 2	Level 3
Corporate bonds	\$ 100,294	\$ --	\$ 100,294	\$ --
Investments carried at fair value	100,294	<u>\$ --</u>	<u>\$ 100,294</u>	<u>\$ --</u>
Money market funds*	<u>149,880</u>			
Total investments	<u>\$ 250,174</u>			

* Money market funds included in the investment portfolio are not subject to provisions of fair value measurements as they do not meet the FASB definition of a security.

Net investment return consisted of the following for the year ended June 30, 2020:

Interest and dividends	\$ 26
Net realized and unrealized gain/(loss)	<u>294</u>
Investment gain/(loss)	320
Less: investment expenses	<u>(146)</u>
Total net investment return	<u>\$ 174</u>

IGNITE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

NOTE 6 – FIXED ASSETS

Fixed assets consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Website	\$ 10,386	\$ 10,386
Computers	11,083	9,922
Less: accumulated depreciation	<u>(18,308)</u>	<u>(16,469)</u>
Total fixed assets	<u>\$ 3,161</u>	<u>\$ 3,839</u>

Depreciation expense was \$1,839 and \$3,622 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 – REFUNDABLE ADVANCES

We received a Paycheck Protection Program (PPP) loan established by the CARES Act and an Economic Injury Disaster Loan (EIDL) from the Small Business Administration (SBA) and have elected to account for the funding as conditional contributions by applying ASC Topic 958- 605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting FTE and salary reduction requirements and incurring eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, SBA, or lender; as a result of such audit, adjustments could be required to the recognition of revenue. The PPP and EIDL balances of \$267,670 and \$10,000, respectively, are recognized as refundable advances as of June 30, 2020, as conditions have not been met.

IGNITE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for a specified purpose:		
State programs	\$ 201,916	\$ 225,878
Fellows	437,500	600,000
Operations	33,000	220,667
Alumni	--	250,000
Subject to the passage of time:		
Promises to give which are not restricted by a donor but are unavailable for expenditure until due	<u>523,788</u>	<u>341,666</u>
Total net assets with donor restrictions	<u>\$ 1,196,204</u>	<u>\$ 1,638,211</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Satisfaction of purpose or time restrictions:		
State programs	\$ 127,545	\$ 321,500
Fellows	382,500	180,000
Operations	187,667	467,545
Alumni	197,917	87,500
Passage of time	<u>437,878</u>	<u>--</u>
Total net assets released from donor restrictions	<u>\$ 1,333,507</u>	<u>\$ 1,056,545</u>

IGNITE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

NOTE 9 – DONATED SERVICES AND MATERIALS

We receive donated services from volunteers that operate the crisis line program and board members assisting Ignite in leadership, committees, and fundraising activities. The value of this donated time is not reflected in the accompanying financial statements since it does not meet the criteria for recognition.

NOTE 10 – FUNCTIONALIZED EXPENSES

Our financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Certain expenses are allocated on the basis of employee's estimated time and effort, such as salaries and wages, payroll taxes and benefits, while other expenses, such as occupancy depreciation, are allocated on a square footage basis.

NOTE 11 – RELATED PARTIES

During the years ended June 30, 2020 and 2019, we received contributions from board members totaling \$79,442 and \$47,188, respectively.

NOTE 12 – CONTINGENCIES

We have been awarded certain grants and contracts and are subject to financial and compliance requirements of the grantors or their representatives. The amount of expenses, if any, which may be disallowed by the granting agencies cannot be determined at this time although management does not expect such amounts, if any, to materially affect the financial statements.

NOTE 13 – CONCENTRATIONS

For the year ended June 30, 2020, contributions from four significant grantors provided 28% of total revenue and support, and two grantors were responsible for 68 % of contributions receivable.

For the year ended June 30, 2019, contributions from four significant grantors provided 40% of total revenue and support, and those same grantors were responsible for 60% of contributions receivable.

IGNITE
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

NOTE 14 – SUBSEQUENT EVENTS

As a result of the spread of the COVID-19 coronavirus (pandemic), economic uncertainties have occurred that may negatively impact our contribution revenue and program service activities. However, the related financial impact and duration of the pandemic cannot be reasonably estimated at this time.

Management has reviewed the results of operations for the period of time from our year end of June 30, 2020 through November 11, 2020, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.