KW KIDS CARE, INC.

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2019 and 2018

And Independent Accountant's Review Report

Cherry Bekaert LLP
CPAs & Advisors

KW KIDS CARE, INC.

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Cherry Bekaert LLP
CPAs & Advisors

Independent Accountant's Review Report

To the Board of Directors
KW Kids Care, Inc.
Austin, Texas

We have reviewed the accompanying financial statements of KW Kids Care, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Cherry Bekaert LLP

Austin, Texas
March 7, 2022

KW KIDS CARE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	2019	2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 2,252,383	$ 2,014,573
Total Current Assets	2,252,383	2,014,573
Property and equipment, net	402,886	311,474
Total Assets	$ 2,655,269	$ 2,326,047
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 135,082	$ 160,638
Accrued expenses	5,456	5,894
Total Current Liabilities	140,538	166,532
Net Assets:		
Without donor restrictions	2,514,731	2,159,515
Total Net Assets	2,514,731	2,159,515
Total Liabilities and Net Assets	$ 2,655,269	$ 2,326,047

KW KIDS CARE, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2019
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	$ 884,829	$ -	$ 884,829
Event and education income	201,960	-	201,960
Other income	27,903	-	27,903
Total Support and Revenue	1,114,692	-	1,114,692
Expenses:			
Program services	464,322	-	464,322
Support Services:			
General and administrative	185,508	-	185,508
Fundraising	109,646	-	109,646
Total Expenses	759,476	-	759,476
Change in net assets	355,216	-	355,216
Net assets, beginning of year	2,159,515	-	2,159,515
Net assets, end of year	$ 2,514,731	$ -	$ 2,514,731

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

KW KIDS CARE, INC.
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Contributions	$ 853,690	$ -	$ 853,690
Event and education income	172,446	-	172,446
Total Support and Revenue	1,026,136	-	1,026,136
Expenses:			
Program services	683,379	-	683,379
Support Services:			
General and administrative	214,645	-	214,645
Fundraising	50,208	-	50,208
Total Expenses	948,232	-	948,232
Change in net assets	77,904	-	77,904
Net assets, beginning of year	2,081,611	-	2,081,611
Net assets, end of year	$ 2,159,515	$ -	$ 2,159,515

KW KIDS CARE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2019 AND 2018
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

2019	Program Services	General and Administrative	Fundraising	Total 2019
Expenses:				
Event and education expenses	$ 97,356	$ 17,180	$ -	$ 114,536
Compensation and related costs	201,749	127,190	109,646	438,585
Professional services	-	8,134	-	8,134
Information technology	8,247	434	-	8,681
Occupancy costs	-	20,089	-	20,089
Depreciation and amortization	135,596	7,137	-	142,733
Other administrative costs	21,374	5,344	-	26,718
Total Expenses	$ 464,322	$ 185,508	$ 109,646	$ 759,476

2018	Program Services	General and Administrative	Fundraising	Total 2018
Expenses:				
Event and education expenses	$ 100,455	$ 17,727	$ -	$ 118,182
Compensation and related costs	216,279	119,726	50,208	386,213
Professional services	-	31,242	-	31,242
Information technology	202,457	10,656	-	213,113
Occupancy costs	-	21,009	-	21,009
Depreciation and amortization	135,596	7,137	-	142,733
Other administrative costs	28,592	7,148	-	35,740
Total Expenses	$ 683,379	$ 214,645	$ 50,208	$ 948,232

KW KIDS CARE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018
(SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT)

	2019	2018
Cash flows from operating activities:		
Change in net assets	$ 355,216	$ 77,904
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation expense	142,733	142,733
Change in operating liabilities:		
Accounts payable	(25,556)	86,830
Accrued expenses	(438)	-
Net cash flows from operating activities	471,955	307,467
Cash flows from investing activities:		
Payments for website and database development	(234,145)	-
Net cash flows from investing activities	(234,145)	-
Net change in cash and cash equivalents	237,810	307,467
Cash and cash equivalents, beginning of year	2,014,573	1,707,106
Cash and cash equivalents, end of year	$ 2,252,383	$ 2,014,573
Supplemental disclosure of cash flow information:		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ -

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

Note 1—Organization and summary of significant accounting policies

Organization – Keller Williams Kids Care, Inc., a Texas not-for-profit corporation, (the "Organization") is an educational 501(c)(3) nonprofit founded in 2015 as a vehicle to empower the next generation of entrepreneurs and world leaders to cultivate a growth mindset, live limitlessly, and fully claim all that life has to offer. Our learning experiences, coaching, and resources are fueled by a proprietary training program known as Quantum Leap (QL)– a set of tools designed to help individuals define and achieve their own version of success.

The Organization is an affiliated organization of Keller Williams Realty International ("KWRI"), who provides certain administrative services on behalf of the Organization (see Note 5).

Basis of Presentation and Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Net Asset Classifications – Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets and changes therein are classified as:

> *Net Assets With Donor Restrictions* – Net assets the use of which is subject to donor restrictions or the passage of time that can be fulfilled by actions of the Organization pursuant to those stipulations.
>
> *Net Assets Without Donor Restrictions* – Net assets that are not subject to donor restrictions. Net assets without donor stipulations may be used for any purpose or designated for specific purposes by action of the Board of Directors of the Organization. There were no board designated net assets as of December 31, 2019 and 2018.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated. Significant estimates include establishing the useful lives of property and equipment and allocating certain costs across functional lines.

Cash and Cash Equivalents – For the purposes of the statements of cash flows, the Organization considers all investments with original purchased maturities of three months or less to be cash equivalents.

Property and Equipment – Property and equipment are stated at cost, if purchased, or at fair value at the date of the gift, if donated, less accumulated depreciation. Property and equipment purchased in excess of $5,000 is capitalized. Maintenance on property and equipment is expensed as incurred. Depreciation and amortization for other property and equipment is provided using the straight-line method over the useful lives of the assets as follows: website and database – internally developed five years and other software and technology equipment three years.

Long-Lived Assets – Long-lived assets held and used by the Organization are reviewed for impairment whenever events or changes in circumstances indicate that their net book value may not be recoverable. When such factors and circumstances exist, the Organization compares the projected undiscounted future cash flows associated with the related asset or group of assets over their estimated useful lives against their respective carrying amounts. Impairment, if any, is based on the excess of the carrying amount over the fair value of those assets and is recorded in the period in which the determination was made. No indicators of impairment existed at December 31, 2019 and 2018.

Note 1—Organization and summary of significant accounting policies (continued)

Revenue Recognition – The Organization recognizes revenue in accordance with the Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers (ASC 606).* The Organization recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those goods or services. To determine revenue recognition for contracts with customers, the Organization performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the Organization satisfies its performance obligations. At contract inception, the Organization will assess the goods or services agreed upon within each contract and assess whether each good or service is distinct and determine those that are performance obligations. The Organization then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

The Organization recognizes revenue from participant event fees, sponsorship fees and education fees when the services are provided. Advance payments are reflected as deferred revenue and are recognized as revenue when the services have been provided.

Contributions – Contributions and grants received (including unconditional promises to give, "Pledges") are recorded as donor-restricted support and without donor-restricted support in the period received depending on the existence and/or nature of any donor restrictions. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Conditional promises to give are recognized as the conditions upon which they depend are substantially met. Pledges are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received. The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. There were no Pledges to be collected as of December 31, 2019 and 2018.

The Organization reports contributions of land, buildings, and equipment as net assets without donor restrictions, unless explicit donor restrictions specify how the donated assets must be used. Gifts of assets with explicit restrictions that specify how the assets are to be used are accounted for as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Services and Other Support – The Organization recognizes contributed services at their fair value if the services have value to the Organization and require specialized skills, are provided by the individuals possessing those skills, and would have been purchased if not provided by contributors. The Organization recognizes other contributed support at fair value. During the years ended December 31, 2019 and 2018, the value of contributed services meeting the requirements for recognition in the financial statements was not material and no amounts have been recorded. Although individuals volunteer their time and perform a variety of tasks that assist the Organization, these services do not meet the criteria for recognition as contributed services.

Advertising Costs – Advertising costs are expensed when incurred. Advertising expense for the years ended December 31, 2019 and 2018 were not significant.

Note 1—Organization and summary of significant accounting policies (continued)

Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. The Corporation has also been determined by the Internal Revenue Service ("IRS") not to be a "private foundation" within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income for the years ended December 31, 2019 and 2018.

FASB ASC Section 740 requires extensive disclosures about uncertain tax positions. The requirements of this standard are applicable to nonprofit organizations. The Organization evaluates any uncertain tax positions using the provisions of FASB ASC 450, *Contingencies.* Accordingly, a loss contingency is recognized when it is probably that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management's judgment with respect to the likely outcome of each uncertain tax position.

The Organization does not believe that it has engaged in any situation that would result in an uncertain tax position. As a result, management does not believe that any uncertain tax positions currently exist and, therefore, no loss contingency has been recognized in the accompanying financial statements. Federal and state income tax statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Organization has no open examinations with the IRS or state taxing authorities. The Organization's policy is to record any income tax related penalties and interest incurred as general and administrative expense. There are no income tax related penalties and interest included in the accompanying financial statements.

Functional Expenses – The expense information contained in the statements of activities is presented on a functional basis. Accordingly, certain expenses are allocated between functional categories based on management's estimates. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. These expenses include compensation and related costs and other administrative costs, which are allocated based upon staff time devoted. Information technology and depreciation and amortization are allocated using an estimate of usage by program participants.

Concentration of Credit Risk – Financial instruments which potentially subjects the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains cash in banks that are insured by the Federal Deposit Insurance Corporation ("FDIC") as well as cash equivalents in certain financial institutions not insured by the FDIC. As of December 31, 2019 and 2018, the Organization had bank balances in excess of insured limits of approximately $1.9 million and $1.8 million, respectively.

During the years ended December 31, 2019 and 2018, approximately 58% and 68% of the Organization's total support and revenue represented donations collected from realtors employed by KWRI, respectively.

Recently Issued Accounting Standards – The Organization considers the applicability and impact of all accounting standards updates ("ASU") issued by FASB.

In May 2014, FASB issued ASU 2014-09, *Revenue Recognition (Topic 606).* This ASU provides a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. The core principle of this ASU is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this ASU on January 1, 2018, using the full retrospective method and the implementation of this ASU did not have a significant impact on the Organization's financial statements or disclosures.

Note 1—Organization and summary of significant accounting policies (continued)

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. The amendments in this ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. ASU 2018-18 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Organization adopted this ASU on January 1, 2019, and the implementation of this ASU did not have a significant impact on the Organization's financial statements or disclosures.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The standard requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the type of contributed nonfinancial assets. This distinction will increase transparency of contributions recognized. This standard will be effective for fiscal years beginning after June 15, 2021. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Other recently issued ASUs were assessed and determined to be either not applicable or are expected to have minimal impact on its financial position and results of operations.

Management's Review – The Organization evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Organization's financial statements are available for issuance. For the financial statements as of and for the year ended December 31, 2019, this date was March 7, 2022.

Note 2—Liquidity

The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	2019	2018
Cash and cash equivalents	$ 2,252,383	$ 2,014,573

None of the above financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Due to the nature of its mission, the Organization is substantially supported by contributions without restrictions. Therefore, financial assets are typically available for general expenditures within one year. This is deemed to be sufficient capital to fund the Organization over the next 12 months as well as address any unanticipated contingencies or losses.

Note 3—Property and equipment, net

	2019	2018
Software and equipment	$ 14,273	$ 14,273
Website and database - internally developed	947,806	713,661
Total property and equipment	962,079	727,934
Less accumulated depreciation and amortization	(559,193)	(416,460)
Property and equipment, net	$ 402,886	$ 311,474

Depreciation and amortization expense related to property and equipment totaled approximately $143,000 for both years ended December 31, 2019 and 2018, respectively.

Note 4—Commitments and contingencies

Contingencies – The Organization is subject to various claims and liabilities in the ordinary course of business. At December 31, 2019 and 2018, there were no significant outstanding legal actions or claims against the Organization. The Organization maintains various forms of insurance that the Organization's management believes are adequate to reduce the exposure to such risks to an acceptable level.

Risks and Uncertainties – In March 2020, the World Health Organization declared the outbreak of a coronavirus "COVID-19" pandemic, which has spread throughout the United States and the world. The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The potential future impact of the pandemic on the Organization's operations and financial performance is unknown and depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, its impact on capital and financial markets on a macro-scale and any new information that may emerge concerning the severity of the virus, its spread to other regions and the actions to contain the virus or treat its impact, among others.

Note 5—Related party transactions

During the years ended December 31, 2019 and 2018, the Organization operating under a verbal administrative arrangement with KWRI to provide the Organization with marketing, personnel, office facilities, and management services for the administrative and business affairs of the Organization. This arrangement was formalized in a Master Service Agreement ("MSA") dated November 15, 2021. The MSA is effective for 12 months and renews for an additional 12 months automatically at the end of each term unless terminated by either party. Costs incurred by KWRI on behalf of the Organization are invoiced and settled on a monthly basis. For the years ended December 31, 2019 and 2018, total reimbursed expenses incurred were approximately $593,000 and $475,000, respectively. As of December 31, 2019 and 2018, approximately $133,000 and $150,000 remains due and payable to KWRI related to these services, which is included in accounts payable in the accompanying statements of activities, respectively.

As noted above, the Organization leases, at a nominal cost, office facilities located in Austin, Texas from KWRI on a month-to-month basis. Rent expense paid to KWRI under this arrangement for the years ended December 31, 2019 and 2018 was $20,000 and $21,000, respectively, and is included in occupancy costs within the accompanying statements of functional expenses.

Note 5—Related party transactions (continued)

During the years ended December 31, 2019 and 2018, the Organization received contributions of approximately $29,000 and $17,000, respectively, from various members of the Board of Directors. These amounts represent actual cash contributions received and are included in contributions in the accompanying statements of activities.

During the years ended December 31, 2019 and 2018, the Organization received contributions of approximately $646,000 and $702,000, respectively, through real estate transactions closed by KWRI realtors that were remitted by KWRI to the Organization.

Note 6—Retirement plan

The Organization participates in a defined contribution pension plan, the KWRI 401k Plan (the "Plan"), which is administered by KWRI. Employees are eligible to participate in the Plan after 30 days of employment. The Organization matches participant contributions up to 6% of employee compensation (as defined by the Plan). Total employer contributions amounted to $19,000 and $17,000 for the years ended December 2019 and 2018, respectively.