

UKULELE KIDS CLUB INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

UKULELE KIDS CLUB INC.
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FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors and Management of
Ukulele Kids Club, Inc.

We have reviewed the accompanying financial statements of Ukulele Kids Club, Inc., (the "Organization", a nonprofit corporation), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 entity 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.

Accountants' 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 review, 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.

Hamilton & Associates CPA, LLC

Brandon, FL
December 14, 2022

**UKULELE KIDS CLUB INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021**

ASSETS	<u>2021</u>
Current assets	
Cash and cash equivalents	\$ 79,860
Inventory	10,354
Prepaid expenses	<u>5,369</u>
Total current assets	95,583
 Total assets	 <u><u>\$ 95,583</u></u>
 LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	\$ 7,092
Current portion of long-term debt	<u>1,217</u>
Total current liabilities	8,309
Long-term debt	<u>49,183</u>
Total liabilities	57,492
 NET ASSETS	
Without donor restrictions	<u>38,091</u>
 Total Liabilities and Net Assets	 <u><u>\$ 95,583</u></u>

**UKULELE KIDS CLUB INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021
Change in net assets without donor restrictions	
Program revenues and support:	
Program revenues	\$ 65,363
Corporate contributions	59,288
Direct public support	177,608
In-kind services & materials	41,334
Total revenue and support	343,593
Expenses:	
Program expenses	229,480
Management and general	45,852
Fundraising expenses	22,899
Total expenses	298,231
Change in net assets from operations	45,362
Non-Operating Income (Expense)	
Interest expense	(1,524)
Other income	157
Loan forgiveness	8,312
Total non-operating income (expense)	6,945
TOTAL CHANGE IN NET ASSETS	52,307
NET ASSETS, beginning of year	(14,216)
NET ASSETS, end of year	\$ 38,091

UKULELE KIDS CLUB INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising and Development	Total
Costs of ukeles	\$ 104,841	\$ -	\$ -	\$ 104,841
In-kind donations	41,059	-	-	41,059
Events	56,716	-	4,993	61,709
Advertising & media	-	80	-	80
Bank charges	-	2,785	-	2,785
Dues and subscriptions	-	198	-	198
Insurance	-	1,398	-	1,398
Licenses and permits	-	9,178	-	9,178
Meals and entertainment	-	312	-	312
Office and supplies	-	4,269	-	4,269
Professional fees	-	14,764	-	14,764
Payroll processing fees	-	1,213	-	1,213
Payroll expenses	26,864	8,989	17,906	53,759
Employee benefits	-	2,475	-	2,475
Telephone and communications	-	191	-	191
Total expenses	\$ 229,480	\$ 45,852	\$ 22,899	\$ 298,231

**UKULELE KIDS CLUB INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	2021
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 52,307
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>	
Loan forgiveness	(8,212)
Decrease (increase) in:	
Inventory	(9,545)
Prepaid expenses	(256)
Increase (decrease) in:	
Accounts payable	7,072
Net cash provided by operating activities	41,366
NET INCREASE IN CASH AND CASH EQUIVALENTS	41,366
CASH AND CASH EQUIVALENTS, beginning of year	38,494
CASH AND CASH EQUIVALENTS, end of year	\$ 79,860
SUPPLEMENTAL INFORMATION:	
Cash paid for interest expense	\$ 1,524

UKULELE KIDS CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – DESCRIPTION OF THE ORGANIZATION AND NATURE OF ACTIVITIES

Ukulele Kids Club is a non-profit organization whose mission is to support medically fragile children by gifting them a ukulele to use during their hospital stay and to keep when they go home. Each year, the Organization delivers thousands of ukuleles, to a growing network of more than 300 music programs in the U.S and in North America, South America, Europe, and Asia.

The Organization affiliated with music therapy programs around the world so they can identify children to receive the ukuleles and provide music therapy sessions to achieve a variety of health needs.

UKC At Home helps UKC kids continue their progress on utilizing music for wellness with their new uke at home or independently. The program includes free access to the resource portal, UKC Academy classes, On-Demand Ukulele Lessons with Uketropolis, and music therapy sessions with Berklee College of Music, Music Therapy.

The Organization's fellowship funds short-term positions in the leading pediatric programs in the USA to allow the hospital to expose more children to the benefit of music.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The Organization reports information regarding the financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restriction.

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Organization had no net assets with donor restrictions at December 31, 2021.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for use, with an initial maturity of three months or less, to be cash equivalents.

Inventory

The organization maintains inventory of ukuleles and ukulele accessories in order to be distributed to children in need. Inventory is valued at cost.

UKULELE KIDS CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Contributions and grants are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes on net assets.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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 estimates.

Concentration of Risk

Financial instruments which potentially subject an organization to concentrations of risk consist principally of cash and cash equivalents in excess of FDIC limits. Accounts are maintained at institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021, the Organization had no funds in excess of the FDIC coverage at multiple institutions. The Organization historically has not experienced any losses on deposits and management does not anticipate any future losses.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax

The Internal Revenue Service has determined that the organization is exempt from US income tax under section 501(c)(3) of the US Internal Revenue Code. The organization is also exempt from state income tax. Any unrelated business income may be subject to taxation. There was no unrelated business income tax recorded for the year ended December 31, 2021. The organization's income tax returns for the years ending after December 31, 2018, are subject to examination by the respective taxing authorities.

In-Kind Contributions

Contributions of nonfinancial assets include donated ukuleles and ukulele accessories which are recorded at the respective fair values of the goods received. In-kind donations received for the year ended December 31, 2021, was \$41,334. The Organization does not sell donated in-kind gifts. In-kind donations given out of \$41,059 were recorded for the year ended December 31, 2021.

UKULELE KIDS CLUB INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Liquidity and Availability of Resources

The Organization has of financial assets available to meet cash needs for general expenditures within one year, consisting of cash and cash equivalents. There were no restrictions on financial assets as of December 31, 2021.

Date of Management’s Review

Management has evaluated events and transactions occurring subsequent to December 31, 2021, as of December 14, 2022, which is the date the financial statements were available to be issued. Subsequent events occurring after December 14, 2022, have not been evaluated by management. No material events have occurred since December 31, 2021, that require recognition or disclosure in the financial statements.

NOTE 3 – LONG-TERM DEBT

On June 2, 2020, the Organization received a loan from the U.S. Small Business Administration. The value of the loan was \$50,400 with an annual interest rate of 2.75%. The Organization is to pay principal and interest payments of \$216 every month beginning twelve months from the date of the note. SBA will apply each installment payment first to pay interest accrued to the day SBA receives the payment and will then apply any remaining balance to reduce principal. All remaining principal and accrued interest is due and payable thirty years from the date of the note.

Future maturities of the loan payable are as follows for the years ending December 31:

2022	\$ 1,217
2023	1,253
2024	1,284
2025	1,323
2026	1,360
Thereafter	<u>43,963</u>
	<u>\$ 50,400</u>

NOTE 4 – LOAN FORGIVENESS

During 2020, the Organization received loan proceeds pursuant to the Paycheck Protection Program (“PPP”) in the amount of \$7,312, and proceeds in the amount of \$1,000 under Economic Injury Disaster Loan (“EIDL”) program, both of which were administered by the U.S. Small Business Administration as part of the CARES Act enacted during 2020 in response to the uncertainties associated with the COVID-19 pandemic. The proceeds from each of the loan programs were eligible for full or partial forgiveness, provided the Organization used the proceeds as specified per the terms of the programs. During 2021, the Organization applied for and received forgiveness on each loan for the total amount of \$8,312, as reflected in the non-operating section in the statement of activities.