



## City of Pell City

### Application for Funding – FY 2019-2020

Name of Organization/Agency: Kid One Transport System, Inc.  
Mailing Address: Post Office Box 11864, Birmingham, AL 35202  
Street Address (if different from above): 110 12<sup>th</sup> Street North, Birmingham, AL 35202  
Name & Title of Contact Person: Matt Holdbrooks, President  
Contact Phone #: 205-978-1001 Email Address: mholdbrooks@kidone.org  
Federal Tax ID #: 63-1165579 Website: www.kidone.org  
Is your Organization/Agency a corporation? yes If so, is it a non-profit organization? yes

Amount of funds requested: \$3,500

Detailed description of the reason for the requested funds:

Kid One Transport works to remove the transportation barrier to health care for children and expectant mothers. The support of Kid One helps us to transport clients of Pell City to local health care and to specialists outside of Pell City. Kid One also works with St. Vincent's Health System to transport elderly adults who are part of the Impact Program of SVH Health System.

Benefits (if any) provided to the Citizens of Pell City, including the number of residents receiving service in the last operating year:

In 2018 Kid One provided 120 transports to residents of Pell City. These transports include trips to local health care providers and to specialists at Children's of Alabama and UAB Health System.

Did you receive funds from the City in previous years? ☒ yes ☐ no

If so, what year and what were the uses of the funds:

2013-2016 \$3,500 annually; 2017-2018 \$2,000 annually. The funding provided to Kid One Transport is utilized the support the operational costs associated with providing transports to health care for children and expectant mothers of Pell City. These costs include: fuel, maintenance, tires, car seats, and GPS tracking/location for vehicles.



**City of Pell City**  
**Application for Funding – FY 2019-2020 (continued)**

Who is your Chief Financial Officer: Marsha Hinkle Phone #: 205-978-1016

In addition to this application, the following items are required:

- an annual budget for the year in which the funds are requested
- most recent tax return
- most recent audited financial statements
- a list of direct funding or in-kind services received from other governmental entities
- any additional information that addresses the priorities set forth in the Appropriation Policy
- if your organization serves a population outside of Pell City, please quantify the proportion of services that benefit the residents of Pell City

I hereby approve the submission and contents of this application and agree that any grant awarded pursuant to this application will be subject to the review of the City and will be administered in conformity with the purposes stated above.

Signature: [Signature] Title: President Date: April 5, 2019

**KID ONE TRANSPORT SYSTEM, INC.  
(A NONPROFIT ORGANIZATION)  
FINANCIAL STATEMENTS  
DECEMBER 31, 2017**

Kid One Transport System, Inc.  
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December 31, 2017

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Kid One Transport System, Inc.  
Birmingham, Alabama,

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Kid One Transport System, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, cash flows, and functional expenses 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 the financial statements that are free from material misstatement, whether due to error or fraud.

### **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 Kid One Transport System, Inc. as of December 31, 2017, 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 Kid One Transport System Inc.'s 2016 financial statements and our report dated July 3, 2017 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Haynes Downard LLP*

Haynes Downard LLP  
Birmingham, Alabama

July 19, 2018



**STATEMENT OF FINANCIAL POSITION**  
**KID ONE TRANSPORT SYSTEM, INC.**  
**DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2016)**

	<u>2017</u>	<u>2016</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 161,574	\$ 157,931
Grants and pledges receivable	371,253	273,276
Other receivables	3,976	41,437
Prepaid expenses	<u>46,881</u>	<u>18,357</u>
Total current assets	583,684	491,001
<b>Deposits</b>	2,475	2,475
<b>Property and Equipment, net</b>	<u>115,861</u>	<u>113,783</u>
<b>Total Assets</b>	<u><u>\$ 702,020</u></u>	<u><u>\$ 607,259</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 6,130	\$ 8,626
Line of credit	<u>50,093</u>	<u>12,838</u>
Total current liabilities	<u>56,223</u>	<u>21,464</u>
<b>Total Liabilities</b>	56,223	21,464
<b>Net Assets</b>		
Unrestricted	330,613	288,086
Temporarily restricted	<u>315,184</u>	<u>297,709</u>
Total net assets	<u>645,797</u>	<u>585,795</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 702,020</u></u>	<u><u>\$ 607,259</u></u>

See accompanying notes.

**STATEMENT OF ACTIVITIES**  
**KID ONE TRANSPORT SYSTEM, INC.**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2017</u>	<u>Total 2016</u>
<b>Revenue and Support</b>				
Public donations	\$ 424,290	\$ 121,738	\$ 546,028	\$ 479,516
Government agencies	213,327	237,446	450,773	501,272
Special events, net	112,072	-	112,072	121,276
In kind contribution - vehicle usage	96,389	-	96,389	109,074
Other income	103,259	-	103,259	15,094
Interest income	154	-	154	411
	<u>949,491</u>	<u>359,184</u>	<u>1,308,675</u>	<u>1,226,643</u>
Net assets released from restrictions	<u>341,709</u>	<u>(341,709)</u>	<u>-</u>	<u>-</u>
Total revenue and support	1,291,200	17,475	1,308,675	1,226,643
<b>Expenses</b>				
Program	997,466	-	997,466	1,065,737
Management and general	114,853	-	114,853	115,849
Development	136,354	-	136,354	151,256
	<u>1,248,673</u>	<u>-</u>	<u>1,248,673</u>	<u>1,332,842</u>
<b>Change in Net Assets</b>	42,527	17,475	60,002	(106,199)
Net assets, beginning of year	<u>288,086</u>	<u>297,709</u>	<u>585,795</u>	<u>691,994</u>
Net assets, end of year	<u>\$ 330,613</u>	<u>\$ 315,184</u>	<u>\$ 645,797</u>	<u>\$ 585,795</u>

See accompanying notes.



**STATEMENT OF CASH FLOWS**  
**KID ONE TRANSPORT SYSTEM, INC**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)**

	<u>2017</u>	<u>2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 60,002	\$ (106,199)
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	28,197	39,684
Write off of uncollectible receivables	4,930	19,998
Changes in assets and liabilities that (used) provided cash:		
Grants and pledges receivable	(102,907)	27,454
Other receivables	37,461	(22,937)
Prepaid expenses and other assets	(28,524)	(13,886)
Accounts payable and accrued expenses	<u>(2,496)</u>	<u>(26,231)</u>
Net cash used in operating activities	(3,337)	(82,117)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Redemptions of certificates of deposit	-	77,360
Purchase of property and equipment	<u>(30,275)</u>	<u>(73,012)</u>
Net cash (used in) provided by investing activities	(30,275)	4,348
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings under line of credit agreement	52,337	79,059
Repayments under line of credit agreement	<u>(15,082)</u>	<u>(66,221)</u>
Net cash provided by financing activities	<u>37,255</u>	<u>12,838</u>
<b>Net Increase (Decrease) in Cash</b>	3,643	(64,931)
Cash, beginning of year	<u>157,931</u>	<u>222,862</u>
Cash, end of year	<u><u>\$ 161,574</u></u>	<u><u>\$ 157,931</u></u>

See accompanying notes.

**STATEMENT OF FUNCTIONAL EXPENSES**  
**KID ONE TRANSPORT SYSTEM, INC.**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2016)**

	<b>Program</b>	<b>Management &amp; General</b>	<b>Development</b>	<b>Total 2017</b>	<b>Total 2016</b>
<b>DIRECT EXPENSES</b>	\$ 528,364	\$ 66,882	\$ 73,570	\$ 668,816	\$ 703,239
Salaries and wages	39,902	5,051	5,555	50,508	52,576
Payroll taxes	37,923	4,800	5,281	48,004	45,853
Employee benefits	96,114	-	-	96,114	109,074
Auto lease in-kind	91,504	-	-	91,504	87,460
Automotive fuel	61,576	7,795	8,574	77,945	78,895
Insurance	31,135	40	153	31,328	31,296
Automotive maintenance	23,612	2,989	3,288	29,889	32,493
Rent	22,275	2,820	3,102	28,197	39,684
Depreciation	18,728	802	-	19,530	19,316
On-board communications	10,800	1,637	4,161	16,598	31,927
Office equipment and maintenance	8,511	1,198	3,638	13,347	14,570
Professional fees	174	669	11,737	12,580	1,278
Meetings and conferences	8,584	1,087	1,195	10,866	11,499
Telephone	-	6,752	1,500	8,252	8,715
Contract labor	-	6,585	1,463	8,048	14,089
Special events	-	2,292	4,048	6,340	4,584
Dues and permits	4,785	606	666	6,057	4,853
Office supplies	-	1,542	3,477	5,019	6,775
Awards and gifts	3,895	493	542	4,930	19,998
Bad debts	1,359	-	2,795	4,154	7,294
Printing	2,543	-	722	3,265	1,009
Advertising	2,386	281	351	3,018	484
Interest	1,301	165	181	1,647	3,103
Bank fees	1,248	140	-	1,388	1,491
Safety supplies	286	169	291	746	610
Seminars and training	461	58	64	583	677
Miscellaneous					
	<u>\$ 997,466</u>	<u>\$ 114,853</u>	<u>\$ 136,354</u>	<u>\$ 1,248,673</u>	<u>\$ 1,332,842</u>

See accompanying notes.

**NOTES TO FINANCIAL STATEMENTS  
KID ONE TRANSPORT SYSTEM, INC.  
DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Kid One Transport System, Inc. ("Kid One") is a nonprofit organization which was founded to bring relief to the thousands of children who lacked access to health care. Kid One is the only nonprofit transportation provider in the state of Alabama that provides rides to medical appointments for children under the age of 19 and expectant mothers at no cost to the client. Since the organization was founded in 1997, Kid One has provided over 352,850 trips to children and expectant mother in 45 counties statewide.

Kid One currently operates a fleet of 22 vehicles with a transportation staff of 14 full and part-time drivers.

**Basis of Presentation**

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.

Grants and contributions are recognized as revenue when promised. Revenues from Medicaid are recognized as cash is received. Other revenues are recognized when earned. Expenses are recognized when incurred.

Kid One reports information regarding its financial position and activities according to three classes of net assets:

- Unrestricted net assets represent resources that are not subject to donor-imposed stipulations.
- Temporarily restricted net assets represent resources available for use, but expendable only for the purposes specifically stated by the donor.
- Permanently restricted net assets must be maintained in perpetuity. At December 31, 2017, there were no permanently restricted net assets.

Kid One reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

**NOTES TO FINANCIAL STATEMENTS  
KID ONE TRANSPORT SYSTEM, INC.  
DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Basis of Presentation - Continued**

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized.

**Cash**

For financial statement purposes, Kid One considers all highly liquid investments with a maturity of three months or less when purchased to be cash.

**Grants and Pledges Receivable**

Kid One records grants and pledges receivable when there is sufficient evidence in the form of verifiable documentation that an unconditional promise to give has been received. Contributions and grants receivable are recorded at the amount management expects to collect.

**Property and Equipment**

Property and equipment is recorded at cost or, if donated, at the fair value at the time of the donation. All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Furniture and equipment are generally depreciated over a period of 3-10 years.

**Functional Allocation of Expenses**

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

**Income Taxes**

Kid One is exempt from federal income taxes under provisions of Section 501(c)(3) of the Internal Revenue Code.

**NOTES TO FINANCIAL STATEMENTS**  
**KID ONE TRANSPORT SYSTEM, INC.**  
**DECEMBER 31, 2017**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Comparative Financial Statements**

The financial statements include certain prior-year summarized, comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Kid One's 2016 financial statements, from which the summarized information was derived.

**Uncertain Tax Positions**

As of December 31, 2017, Kid One has no uncertain tax positions that qualify for recognition or disclosure in the financial statements. Tax returns for the year 2014 and subsequent years remain subject to examination by tax authorities.

**Subsequent Events**

Kid One evaluated subsequent events through July 19, 2018, which is the date the financial statements were available to be issued.

**NOTE 2. GRANTS AND PLEDGES RECEIVABLE**

Grants and pledges receivable consists of unconditional promises to give for operating purposes. At December 31, 2017, management considers all grants and pledges receivable fully collectible and has not recorded an allowance for doubtful accounts. All grants and pledges receivable are expected to be collected during the next year. Generally, amounts recorded as receivables are restricted for future periods and primarily consist of amounts due from foundations and local governments within the state of Alabama.

**NOTES TO FINANCIAL STATEMENTS**  
**KID ONE TRANSPORT SYSTEM, INC.**  
**DECEMBER 31, 2017**

**NOTE 3. PROPERTY AND EQUIPMENT**

Property and equipment consists of the following as of December 31, 2017:

Furniture and fixtures	\$ 64,876
Equipment and computers	142,592
Fleet	<u>450,545</u>
	658,013
Less accumulated depreciation	<u>(542,152)</u>
Property and equipment, net	<u><u>\$ 115,861</u></u>

**NOTE 4. OPERATING LEASES**

Kid One leases office space under an operating lease agreement commencing on November 1, 2016 and expiring on October 31, 2021. Future rental payments required by the lease are as follows for each of the next four years ending December 31:

2018	\$ 31,588
2019	33,050
2020	34,504
2021	29,770

**NOTE 5. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes at December 31, 2017:

Future periods	\$ 230,165
Automobile purchases	<u>85,019</u>
Total temporarily restricted net assets	<u><u>\$ 315,184</u></u>

**NOTES TO FINANCIAL STATEMENTS  
KID ONE TRANSPORT SYSTEM, INC.  
DECEMBER 31, 2017**

**NOTE 5. TEMPORARILY RESTRICTED NET ASSETS - Continued**

Net assets were released from donor restrictions during the year ended December 31, 2017 as follows:

Satisfaction of time restrictions	\$ 295,744
Automobile purchases	<u>45,965</u>
Net assets released from restrictions	<u>\$ 341,709</u>

**NOTE 6. LINE OF CREDIT**

Kid One has an available line of credit with a local bank in the amount of \$75,000. The interest rate on the line was 9.00% at December 31, 2017. \$50,093 was outstanding as of December 31, 2017.

**NOTE 7. RETIREMENT PLAN**

Kid One offers a defined contribution retirement plan to all eligible employees. Kid One provides a match of 50% of employee's contributions, not to exceed 6% of employee compensation. Matching contributions during the year ended December 31, 2017 were \$9,031.

**NOTE 8. SPECIAL EVENTS**

Special events income is presented on the statement of activities net of \$28,424 of direct costs related to the events.

**NOTE 9. CONCENTRATIONS**

A significant portion of Kid One's fleet is provided by the automobile manufacturer at no charge to the organization. An in-kind contribution has been recorded based on the estimated lease rate for the period the vehicles were provided. In 2017, Kid One recorded \$96,389 as revenue and expense to reflect the in-kind contribution of the use of these vehicles.