

BRIGHTPOINT FOR CHILDREN, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2018 and 2017

with
Independent Auditor's Report

BrightPoint for Children, Inc.

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December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
BrightPoint for Children, Inc.

We have audited the accompanying financial statements of BrightPoint for Children, Inc. ("the organization"), which comprise the statements of financial position as of December 31, 2018 and 2017, 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 controls 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 of 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 controls relevant to the Organization'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 Organization'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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BrightPoint for Children, Inc. as of December 31, 2018 and 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.

Geeslin Group LLC

GEESLIN GROUP LLC

Peachtree City, Georgia
August 20, 2019

BrightPoint for Children, Inc.
STATEMENT OF FINANCIAL POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 570,968	\$ 495,168
Investments	25,933	-
Prepaid expenses	3,250	3,821
Total current assets	600,151	498,989
Other Assets		
Deposit	1,600	1,600
Intangible assets, net of amortization	-	5,660
	1,600	7,260
TOTAL ASSETS	\$ 601,751	\$ 506,249
LIABILITIES AND NET ASSETS		
Current liabilities		
Agency payable	\$ 370,567	\$ 311,416
Accounts payable	4,517	1,861
Total current liabilities	375,084	313,277
Net assets without donor restrictions		
Undesignated	202,848	169,581
Total net assets without donor restriction	202,848	169,581
Net assets with donor restrictions		
Purpose restrictions	23,819	23,391
Total net assets with donor restriction	23,819	23,391
Total net assets	226,667	192,972
TOTAL LIABILITIES AND NET ASSETS	\$ 601,751	\$ 506,249

See accompanying notes.

BrightPoint for Children, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2018 and 2017

	2018		2017	
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE, SUPPORT, AND GAINS				
Contributions and grants	\$ 89,512	\$ 40,607	\$ 130,119	\$ 163,507
Sponsorship services	304,330	-	304,330	244,119
Net assets released from restrictions	38,224	(38,224)	-	-
Total operating revenues	<u>432,066</u>	<u>2,383</u>	<u>434,449</u>	<u>407,626</u>
Investment income, net	7,512	-	7,512	3,956
Investment gains (losses), net	(3,648)	-	(3,648)	3,089
Total investment income	<u>3,864</u>	<u>-</u>	<u>3,864</u>	<u>7,045</u>
Total revenue, support, and gains	<u>435,930</u>	<u>2,383</u>	<u>438,313</u>	<u>414,671</u>
OPERATING EXPENSES				
Program services	359,525	-	359,525	\$ 384,519
General and administrative	41,630	-	41,630	39,097
Fundraising	3,463	-	3,463	3,450
Total operating expenses	<u>404,618</u>	<u>-</u>	<u>404,618</u>	<u>427,066</u>
Change in net assets	31,312	2,383	33,695	(12,395)
Net assets, beginning of year	169,581	23,391	192,972	205,367
NET ASSETS, END OF YEAR	<u>\$ 200,893</u>	<u>\$ 25,774</u>	<u>\$ 226,667</u>	<u>\$ 192,972</u>

See accompanying notes.

BrightPoint for Children, Inc.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018 and 2017

EXPENSES	2018			2017	
	Program Services	General and Administrative	Fundraising	Total	Total
Payroll	\$ 167,047	\$ 20,881	\$ 1,898	\$ 189,826	\$ 187,794
Payroll taxes	40,227	5,028	457	45,712	33,343
Fringe benefits	12,779	1,597	145	14,521	14,370
Total personnel costs	220,053	27,506	2,500	250,059	235,507
Grants and assistance programs	35,728	-	-	35,728	79,019
Professional services	26,187	7,000	-	33,187	29,070
Fundraising	-	-	756	756	900
Licenses and fees	907	12	1	920	1,706
Occupancy	21,673	2,388	119	24,180	22,540
Printing and postage	9,937	1,049	55	11,041	11,187
Information technology	29,939	-	-	29,939	22,288
Depreciation and amortization	5,660	-	-	5,660	11,880
Travel	3,249	-	-	3,249	5,997
Supplies	5,713	638	32	6,383	3,642
Insurance	-	3,037	-	3,037	3,160
Miscellaneous	479	-	-	479	170
TOTAL EXPENSES	\$ 359,525	\$ 41,630	\$ 3,463	\$ 404,618	\$ 427,066

See accompanying notes.

BrightPoint for Children, Inc.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 33,695	\$ (12,395)
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Amortization	5,660	11,880
Investments contributed	(25,933)	-
Change in:		
Receivables	-	2,464
Prepaid expenses	571	2
Liabilities	61,807	70,859
Net cash provided by operating activities	<u>75,800</u>	<u>72,810</u>
Net increase in cash and cash equivalents	75,800	72,810
Cash and cash equivalents, beginning of year	<u>495,168</u>	<u>422,358</u>
Cash and cash equivalents, end of year	<u>\$ 570,968</u>	<u>\$ 495,168</u>

Supplemental information:

In December 2018 BrightPoint for Children, Inc. received a contribution of securities, which remained in their possession through December 31, 2018. This is a non-cash transaction affecting the change in net assets.

See accompanying notes.

BrightPoint for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018 and 2017

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

BrightPoint for Children, Inc. (BrightPoint or the Organization) is a Christ-centered, child sponsorship organization through which sponsors can provide for the basic needs and education of impoverished and at-risk children wherever they may live. BrightPoint was incorporated under the laws of Georgia in 2007 and is located in Marietta, Georgia. Substantially supported through contributions and sponsorship services revenue, program activities include basic needs sponsorships, primary school sponsorships and secondary school sponsorships.

Basis of Accounting

The Organization prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates used in preparing these financial statements include those used in valuing some of the donated goods and donated technology services.

Financial Statement Presentation

As required by the “Financial Statements of Not-For-Profit Organizations” topic of FASB Accounting Standards Codification, The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The Organization had net assets with donor restrictions on December 31, 2018 and 2017.

Cash and Cash Equivalents

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

Uninsured Cash Balances

The Organization maintains cash balances in multiple accounts at a single institution with amounts that are periodically in excess of federal insurance coverage.

BrightPoint for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018 and 2017

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Contributions

The Organization reports contributions in accordance with Financial Standards Accounting Board ASC 958-605, “*Accounting for Contributions Received*” whereby contributions received are recorded as restricted or unrestricted support. A not-for-profit entity shall distinguish between contributions received with donor-imposed restrictions and those received without donor-imposed restrictions. Contributions without donor-imposed restrictions shall be reported as unrestricted support that increases unrestricted net assets. Promises to give without a stipulated due date and for which the Organization has met all conditions precedent to receipt of the contribution prior to the Organization’s fiscal year-end are classified as unrestricted net assets.

A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration of the time and/or purpose of the restrictions, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase to restricted support at the time of receipt and as net assets released from restrictions.

Contributed Services

Members of the Board of Directors contribute uncompensated services to assist the Organization in administrative and fundraising activities. The value of such contributed services has not been recorded because the criteria for recognition in the financial statements under accounting principles generally accepted in the United States of America have not been met. The Organization also uses the services of volunteers to assist in bookkeeping and letter processing. The Organization records donated professional services at the respective fair values of the services received.

Investments

The Organization carries investments in accordance with Financial Standards Accounting Board ASC 958-320, “*Accounting for Certain Investments Held by Not-for-Profit Organizations,*” whereby investments in marketable securities with readily determinable fair market values and all investments in debt securities are valued at their fair market values in the statement of financial positions. Unrealized gains and losses are included in the change in net assets. Investment income is show on the statement of activities.

Income Taxes

The Organization is exempted from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has also determined that the Organization is not a private foundation as defined by Section 509(a)(1) of the code. The Organization believes that it has appropriate support for any tax positions taken, and as such does not have any uncertain tax positions that are material to the financial statements or any tax year still open to taxing authorities.

BrightPoint for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018 and 2017

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Fair Value Measurement

The Organization has adopted FASB ASC 820-10, “*Fair Value Measurements*” which defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs are inputs that reflect the Organization’s assumptions about the assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date. All of the Organization’s investments are Level 1 assets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

The carrying value of the Organization’s financial instruments not discussed in other notes, including cash and other assets, approximates their fair value based on the short term maturities of these instruments using Level 1 inputs. The fair value of investments is discussed in Note 4, and is reported at fair value on a recurring basis determined by reference to quoted market prices and other relevant information generated by market transactions. All other financial instruments are carried at amounts that approximate estimated fair value.

BrightPoint for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018 and 2017

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- continued

Comparative Financial Information

The accompanying 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 accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended December 31, 2018, from which the summarized information was derived.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

NOTE 2 – CONCENTRATIONS

Along with assessment fee income for facilitating sponsorship services, the Organization receives contributions directly from individuals and other organization. For the year ended December 31, 2018 the Organization received contributions from three donors that individually made up greater than 10% of total contributions (excluding revenue from sponsorship services).

BrightPoint for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018 and 2017

NOTE 3 – LEASE OBLIGATIONS

In 2015 BrightPoint entered into an operating lease for office space at \$1,600 per month commencing August 1, 2015 and expiring July 31, 2018 with an optional renewal clause at \$1,700 per month for an additional 36-months. During 2018, BrightPoint extended the lease for the current location through July 31, 2020, at \$1,700 per month. Future minimum lease payments are:

Year	Amount
2019	20,400
2020	<u>11,900</u>
Total	<u>\$ 32,300</u>

NOTE 4 – INVESTMENTS

During 2018, the Organization purchased and sold short term investments within an investment account. All of these investments were Level 1 assets. Prior to the end of the year, the Organization sold the majority of the assets purchased during the year. This amount is presented as a part of cash and cash equivalents in the statement of financial position.

In December 2018, the Organization received contributed securities from donors. These investments were held within a brokerage account at year end and consist entirely of Level 1 assets. The entire balance is shown as investments on the statement of financial position.

NOTE 5 – INTANGIBLE ASSETS

Intangible assets include website development totaling \$35,610. The website was placed in service in 2015 at which time amortization was determined using the straight-line method over a 36-month period. This asset was fully amortized at December 31, 2018.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through August 20, 2019, which is the date that the financial statements were available to be issued and determined that none of the events occurring after December 31, 2018 substantially affects the amounts, presentation, and disclosure of the accompanying financial statements.

BrightPoint for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2018 and 2017

NOTE 7 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position. The Organization had \$570,393 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash and cash equivalents and the unrestricted portion of the Organization's investments. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's financial assets available within one year of the balance sheet dates for designated expenditures are as follows:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents	\$ 570,968	\$ 495,168
Investments	25,933	-
Total liquid assets	<u>\$ 596,901</u>	<u>\$ 495,168</u>
Less net assets with restrictions	(23,819)	(23,391)
Financial assets available to meet cash needs within one year	<u>\$ 573,082</u>	<u>\$ 471,777</u>