

BRIGHTPOINT FOR CHILDREN, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

with
Independent Auditor's Report

BrightPoint for Children, Inc.

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December 31, 2020 and 2019

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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, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years 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, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Geeslin Group LLC

GEESLIN GROUP LLC

Peachtree City, Georgia
February 25, 2021

BrightPoint for Children, Inc.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 723,866	\$ 666,360
Prepaid expenses	3,858	3,798
Interest receivable	637	2,334
Total current assets	728,361	672,492
Other Assets		
Deposit	1,600	1,600
Total other assets	1,600	1,600
TOTAL ASSETS	\$ 729,961	\$ 674,092
LIABILITIES AND NET ASSETS		
Current liabilities		
Agency payable	\$ 351,478	\$ 382,277
Accounts payable	1,920	9,744
Total current liabilities	353,398	392,021
Long-term liabilities		
Paycheck Protection Program loan payable	48,500	-
Total long-term liabilities	48,500	-
TOTAL LIABILITIES	401,898	392,021
Net assets without donor restrictions	297,602	256,733
Net assets with donor restrictions	30,461	25,338
Total net assets	328,063	282,071
TOTAL LIABILITIES AND NET ASSETS	\$ 729,961	\$ 674,092

See accompanying notes.

BrightPoint for Children, Inc.

STATEMENTS OF ACTIVITIES

For the Years Ended December 31, 2020 and 2019

	2020		2019	
	Unrestricted	Temporarily Restricted	Total	Total
REVENUE, SUPPORT, AND GAINS				
Contributions and grants	\$ 74,754	\$ 13,631	\$ 88,385	\$ 124,240
Sponsorship services	323,627	-	323,627	330,050
Net assets released from restrictions	8,508	(8,508)	-	-
Total operating revenues	<u>406,889</u>	<u>5,123</u>	<u>412,012</u>	<u>454,290</u>
Investment income, net	5,639	-	5,639	9,360
Investment gains (losses), net	669	-	669	(421)
Total investment income	<u>6,308</u>	<u>-</u>	<u>6,308</u>	<u>8,939</u>
Other income	-	-	-	6,406
Total revenue, support, and gains	<u>413,197</u>	<u>5,123</u>	<u>418,320</u>	<u>469,635</u>
OPERATING EXPENSES				
Program services	328,774	-	328,774	367,198
General and administrative	40,258	-	40,258	43,359
Fundraising	3,296	-	3,296	3,674
Total operating expenses	<u>372,328</u>	<u>-</u>	<u>372,328</u>	<u>414,231</u>
Change in net assets	40,869	5,123	45,992	55,404
Net assets, beginning of year	256,733	25,338	282,071	226,667
NET ASSETS, END OF YEAR	<u>\$ 297,602</u>	<u>\$ 30,461</u>	<u>\$ 328,063</u>	<u>\$ 282,071</u>

See accompanying notes.

BrightPoint for Children, Inc.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2020 and 2019

EXPENSES	2020			2019	
	Program Services	General and Administrative	Fundraising	Total	Total
Payroll	\$ 158,837	\$ 19,855	\$ 1,805	\$ 180,497	\$ 202,779
Payroll taxes	29,381	3,673	334	33,388	37,973
Fringe benefits	12,151	1,519	138	13,808	15,512
Total personnel costs	200,369	25,047	2,277	227,693	256,264
Grants and assistance programs	5,425	-	-	5,425	22,817
Professional services	35,364	8,500	-	43,864	31,772
Fundraising	-	-	862	862	881
Licenses and fees	2,134	145	8	2,287	2,144
Occupancy	21,621	2,762	121	24,504	24,465
Printing and postage	3,182	336	18	3,536	14,998
Information technology	58,073	-	-	58,073	41,824
Travel	480	-	-	480	9,371
Supplies	1,799	201	10	2,010	5,006
Insurance	-	3,255	-	3,255	3,160
Miscellaneous	327	12	-	339	1,529
TOTAL EXPENSES	\$ 328,774	\$ 40,258	\$ 3,296	\$ 372,328	\$ 414,231

See accompanying notes.

BrightPoint for Children, Inc.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Increase in net assets	\$ 45,992	\$ 55,404
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Change in:		
Receivables	1,697	(2,334)
Prepaid expenses	(60)	(548)
Accounts payable	(38,623)	16,937
Net cash provided by operating activities	<u>9,006</u>	<u>69,459</u>
Cash flows from financing activities		
Proceeds from Paycheck Protection Plan loan	<u>48,500</u>	<u>-</u>
Net cash provided from financing activity	<u>48,500</u>	<u>-</u>
Cash flows from investing activities		
Sale of investments	<u>-</u>	<u>25,933</u>
Net cash used by investing activities	<u>-</u>	<u>25,933</u>
Net increase in cash and cash equivalents	57,506	95,392
Cash and cash equivalents, beginning of year	<u>666,360</u>	<u>570,968</u>
Cash and cash equivalents, end of year	<u>\$ 723,866</u>	<u>\$ 666,360</u>

See accompanying notes.

BrightPoint for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019, as shown on the statements of financial position for each year.

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 Years Ended December 31, 2020 and 2019

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 shown 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 Years Ended December 31, 2020 and 2019

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 2, 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 Years Ended December 31, 2020 and 2019

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, 2020, 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.

Concentration of Credit Risk

The Organization may maintain bank accounts with financial institutions where balances are insured by the Federal Deposit Insurance Corporation (FDIC) within limits. Periodically, balances may exceed FDIC coverage. No credit risk is expected from uninsured deposits.

BrightPoint for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

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

Recently Issued Accounting Standards

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

Additionally, effective January 1, 2020 the Organization adopted Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers*, which introduces a new core principle that requires organizations to approach revenue recognition in a new way. The focus of ASC 606 is on the transfer of control and requires that the entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that they expect to be entitled to in exchange. ASC 606 provides a five-step framework for organizations to determine the amount and timing of revenue recognition:

- Identify the contract(s) with the customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

The Organization is engaged in the facilitation of child sponsorship services. The sponsors choose to pay monthly, quarterly or annually for their sponsorship. Regardless of when funds are received by BrightPoint for Children, revenue is recognized on a monthly basis, as BrightPoint for Children sends funds to its partner organizations.

After a detailed evaluation by the Organization, it was determined that the adoption of ASU 2018-08 and ASC 606 do not result in a materially different revenue recognition as compared to previous accounting standards.

BrightPoint for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

NOTE 2 – INVESTMENTS

During 2020, the Organization purchased investments that are classified as Level 1 assets. Prior to the end of the year, the Organization sold all of these assets.

NOTE 3 – LEASE OBLIGATIONS

In 2020, BrightPoint for Children exercised an optional renewal clause for their lease of office space. This extension established monthly lease payments of \$1,700 through July 31, 2023. Future minimum lease payments are:

Year	Amount
2021	20,400
2022	20,400
2023	<u>11,900</u>
Total	<u>\$ 52,700</u>

NOTE 4 – CONCENTRATIONS

During 2020 the organization earned assessment income from one partner that accounted for 55% of total assessment income. 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, 2020 the Organization received contributions from seven donors that individually made up greater than 5% of total contributions (excluding revenue from sponsorship services).

NOTE 5 – SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through date of the audit report, which is the date that the financial statements were available to be issued and determined that none of the events occurring after December 31, 2020 substantially affects the amounts, presentation, and disclosure of the accompanying financial statements.

On January 30, 2020 the World Health Organization declared the recent coronavirus disease 2019 (“COVID-19”) outbreak was a global health emergency. On March 2020, the World Health Organization raised the COVID-19 outbreak to “pandemic” status. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and impact on donors and employees, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or results of operations is uncertain.

BrightPoint for Children, Inc.

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2020 and 2019

NOTE 7 – PAYCHECK PROTECTION PROGRAM

In April 2020, the organization received loan proceeds in the amount of \$48,500 pursuant to the Paycheck Protection Program (the “PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organization. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the covered period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%. The Organization intends to use the proceeds for purposes consistent with the PPP. The Organization believes that its use of the loan proceeds will meet the conditions for full forgiveness of the loan.

NOTE 8 – RELATED PARTY TRANSACTIONS

BrightPoint for Children, Inc. has two board members who also serve as officers for one of BrightPoint for Children’s partner organization. BrightPoint for Children provides the same services for this partner as they do other partners. This partner has a memo of understanding on file with BrightPoint for Children and is charged the same rates as those charged to non-related partners. In 2020 and 2019, BrightPoint for Children was paid \$177,885 and \$189,922, respectively, for sponsorship services performed for the related partner.

NOTE 9 – 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 \$693,405 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>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 723,866	\$ 666,360
Total liquid assets	<u>\$ 723,866</u>	<u>\$ 666,360</u>
Less net assets with restrictions	(30,461)	(25,338)
Financial assets available to meet cash needs within one year	<u>\$ 693,405</u>	<u>\$ 641,022</u>