

**BRIGHTPOINT FOR CHILDREN, INC.
AUDITED FINANCIAL STATEMENTS**

December 31, 2016 and 2015

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December 31, 2016 and 2015

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To the Board of Directors
BrightPoint for Children, Inc.
Marietta, GA

Independent Auditor's Report

We have audited the accompanying financial statements of BrightPoint for Children, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015 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 control 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 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 BrightPoint for Children, Inc. as of December 31, 2016 and 2015 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.

THE LEWIS CPA FIRM, INC.

November 1, 2017

BRIGHTPOINT FOR CHILDREN, INC
STATEMENTS OF FINANCIAL POSITION

<i>December 31,</i>	2016	2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$422,358	\$385,675
Investments, at fair market value		3,193
Prepaid expenses	3,823	2,815
Accounts receivable	2,464	1,798
TOTAL CURRENT ASSETS	428,645	393,481
FIXED ASSETS		
Transportation equipment	8,119	8,119
Allowance for depreciation	(8,119)	(8,119)
TOTAL FIXED ASSETS	-	-
OTHER ASSETS		
Deposit	1,600	1,600
Intangibles, net of amortization	17,540	29,420
TOTAL OTHER ASSETS	19,140	31,020
TOTAL ASSETS	\$447,785	\$424,501
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$5,286	\$4,121
Credit cards payable	315	3,761
Agency transactions payable	236,817	211,258
TOTAL CURRENT LIABILITIES	242,418	219,140
NET ASSETS		
Unrestricted net assets	164,872	160,182
Temporarily restricted	40,495	45,179
TOTAL NET ASSETS	205,367	205,361
TOTAL LIABILITIES AND NET ASSETS	\$447,785	\$424,501

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

BRIGHTPOINT FOR CHILDREN, INC.
STATEMENT OF ACTIVITIES

For the year ended December 31,

2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND OTHER REVENUE			
Contributions and grants	\$61,709	\$133,472	\$195,181
Sponsorship services	221,979		221,979
	283,688	133,472	417,160
Investment returns			
Interest and dividends	2,360		2,360
Realized gains (losses)	761		761
Unrealized gains (losses)			-
	3,121	-	3,121
Net assets released from restrictions --			
Restrictions satisfied by payments	138,156	(138,156)	-
TOTAL SUPPORT AND OTHER REVENUE	424,965	(4,684)	420,281
EXPENSES			
Program Services			
Sponsorship services	204,311		204,311
BrightPoint Children's Homes	173,944		173,944
Leadership Program			-
Total Program Services	378,255	-	378,255
Supporting Services			
General and administrative	40,359		40,359
Fundraising	1,661		1,661
Total Supporting Services	42,020		42,020
TOTAL EXPENSES	420,275		420,275
CHANGE IN NET ASSETS	4,690	(4,684)	6
NET ASSETS, BEGINNING OF YEAR	160,182	45,179	205,361
NET ASSETS, END OF YEAR	\$164,872	\$40,495	\$205,367

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

BRIGHTPOINT FOR CHILDREN, INC.
STATEMENT OF ACTIVITIES

For the year ended December 31,

2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND OTHER REVENUE			
Contributions and grants	\$46,693	\$157,648	\$204,341
Sponsorship services	160,104		160,104
	206,797	157,648	364,445
Investment returns			
Interest and dividends	1,832		1,832
Realized gains (losses)	2,379		2,379
Unrealized gains (losses)	(2,993)		(2,993)
	1,218	-	1,218
Net assets released from restrictions --			
Restrictions satisfied by payments	143,358	(143,358)	-
TOTAL SUPPORT AND OTHER REVENUE	351,373	14,290	365,663
EXPENSES			
Program Services			
Sponsorship services	162,263		162,263
BrightPoint Children's Homes	170,819		170,819
Leadership Program	46,340		46,340
Total Program Services	379,422	-	379,422
Supporting Services			
General and administrative	30,829		30,829
Fundraising	885		885
Total Supporting Services	31,714		31,714
TOTAL EXPENSES	411,136		411,136
CHANGE IN NET ASSETS	(59,763)	14,290	(45,473)
NET ASSETS, BEGINNING OF YEAR	219,945	30,889	250,834
NET ASSETS, END OF YEAR	\$160,182	\$45,179	\$205,361

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

BRIGHTPOINT FOR CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31,

2016

	Sponsorship Services	BrightPoint Children's Homes	Leadership	Total Program Services	General and Administrative	Fundraising	Total
EXPENSES							
Salaries, payroll taxes, and fringe benefits	\$129,276	\$57,458		\$186,734	\$24,090	\$1,471	\$212,295
Grants and assistance programs		93,039		93,039			93,039
Professional services	18,848	11,345		30,193	7,187		37,380
Occupancy	13,386	5,950		19,336	2,165	105	21,606
Office expenses	15,593	418		16,011	1,759	85	17,855
Information technology	15,127	413		15,540			15,540
Depreciation and amortization	11,564	316		11,880			11,880
Travel		5,005		5,005			5,005
Insurance					4,467		4,467
Leadership programs and other meetings	517			517	691		1,208
TOTAL EXPENSES	\$204,311	\$173,944	-	\$378,255	\$40,359	\$1,661	\$420,275

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

BRIGHTPOINT FOR CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31,

2015

	Sponsorship Services	BrightPoint Children's Homes	Leadership	Total Program Services	General and Administrative	Fundraising	Total
EXPENSES							
Salaries, payroll taxes, and fringe benefits	\$90,513	\$70,028		\$160,541	\$15,166	\$754	\$176,461
Grants and assistance programs		70,217	881	71,098			71,098
Professional services	21,484	17,719	\$36,616	75,819	8,829		84,648
Occupancy	9,375	7,254		16,629	1,627	86	18,342
Office expenses	15,273	412	133	15,818	857	45	16,720
Information technology	15,247	1,148		16,395			16,395
Depreciation and amortization	5,757	433		6,190			6,190
Travel	4,164	3,157	151	7,472			7,472
Insurance					4,350		4,350
Leadership programs and other meetings	450	451	8,559	9,460			9,460
TOTAL EXPENSES	\$162,263	\$170,819	\$46,340	\$379,422	\$30,829	\$885	\$411,136

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

BRIGHTPOINT FOR CHILDREN, INC.
STATEMENTS OF CASH FLOWS

<i>For the years ended December 31,</i>	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$6	(\$45,473)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Donated Securities	(10,034)	(3,147)
Realized (gains)/losses on investments	(761)	(2,379)
Unrealized (gains)/losses on investments		2,993
Depreciation and amortization	11,880	6,190
(Increase) decrease in:		
Prepaid expenses	(1,008)	(2,815)
Accounts receivable	(666)	(1,798)
Security deposit		(1,370)
Increase (decrease) in:		
Accounts payable	1,165	3,564
Credit cards payable	(3,446)	2,439
Agency transactions payable	25,559	114,766
NET CASH PROVIDED BY OPERATING ACTIVITIES	22,695	72,970
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangibles		(27,925)
Proceeds from sale of investments	191,254	100,539
Purchases of investments	(177,266)	(1,526)
NET CASH PROVIDED BY INVESTING ACTIVITIES	13,988	71,088
NET INCREASE IN CASH AND CASH EQUIVALENTS	36,683	144,058
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	385,675	241,617
CASH AND CASH EQUIVALENTS, END OF YEAR	\$422,358	\$385,675
NON CASH INVESTING ACTIVITIES		
Donated securities increased investments.	\$10,034	\$3,147

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

BRIGHTPOINT FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE A – NATURE OF ACTIVITIES

BrightPoint for Children, Inc. (BrightPoint) 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:

Sponsorship Services – BrightPoint serves 15 nonprofit partners across 15 countries through a memorandum of understanding. Sponsorship services provide the needed infrastructure and systems for managing sponsorship programs, including sponsorship accounting and communications between sponsors and children.

BrightPoint Children’s Homes – This program addresses the most significant barriers to a child receiving their education. Programs are customized to meet the specific needs of groups of children. Our sponsorships help impoverished children: receive needed food, clothing, shelter, health care and adult care; attend school and receive a quality education; and graduate with a secondary school education.

FIFTEEN Leadership Program – This program provides leadership and life skills development for students attending Osborne High School in Cobb County, Georgia.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Cash and Cash
Equivalents**

BrightPoint considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Contributions
and Donations**

In-kind support is recognized for professional services received if those services (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts meeting this definition were received during 2016 and 2015.

Donations of tangible assets are recognized at fair market value when received. Amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets. There was no in-kind support during the years ended December 31, 2016 and 2015.

Contributions are recorded at fair market value as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. When the donor restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statement of activities as net assets released from restrictions.

BRIGHTPOINT FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fixed Assets

Fixed assets are carried at cost except for donated items, which are recorded at estimated fair market value when donated. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets with transportation equipment depreciated over 3-years. It is BrightPoint's policy to capitalize expenditures for fixed assets having an estimated useful life of one year and an initial purchase price in excess of \$5,000. Repairs and maintenance are charged to expense as incurred.

**Functional Expense
Allocations**

Costs of providing programs and services have been summarized on a functional basis on the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

BrightPoint is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. BrightPoint is also exempt from Georgia income taxes. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and Georgia corporate income taxes.

Management considers the likelihood of changes by taxing authorities in its filed income tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to its status as a not-for-profit entity. Management believes that it met the requirements to maintain its tax-exempt status and that it has no income subject to unrelated business income tax; therefore no provision for income taxes has been provided in these financial statements. BrightPoint's income tax returns for the past three years are subject to examination by tax authorities, and may change upon examination.

Investments

Investments are accounted for in accordance with authoritative guidance which states that investments in equity securities with readily determinable fair market values and all debt securities should be reported at fair market value with gains and losses included in the statement of activities.

BRIGHTPOINT FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value

Measurement

BrightPoint measures fair value at the price that would be received upon sale of an asset, or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Authoritative guidance establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values, requiring that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices for identical assets or liabilities in active markets.

Level 2: Unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Significant unobservable inputs for the asset or liability.

Management has determined that the carrying values of its assets and liabilities approximate fair value; and that all are categorized as Level 1.

Net Assets

BrightPoint reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2016 and 2015, there are no permanently restricted net assets.

Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off.

BRIGHTPOINT FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Unconditional

Promises to Give

Promises to give are recognized as support when the donor makes a promise to give to BrightPoint that is, in substance, unconditional. Promises to give that are expected to be collected within one year are recorded at their net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate applicable to the year in which the pledge is made. Management considers recorded amounts to be collectible.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Subsequent Events

BrightPoint evaluated subsequent events for potential required disclosures through November 1, 2017 which is the date the financial statements were available to be issued.

NOTE C – INVESTMENTS

The following table summarizes the valuation of BrightPoint’s fair value measurements, all of which are Level 1 investments, in accordance with authoritative guidance as of December 31, 2015. As of December 31, 2016, the organization held no investments.

	2015
Domestic Short-Term Bond Mutual Funds	\$3,193

NOTE D - 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. Accumulated amortization at December 31, 2016 and 2015 was \$18,070 and \$6,190, respectively.

NOTE E– TEMPORARILY RESTRICTED NET ASSETS

	2016	2015
Child sponsorship programs	\$40,495	\$45,179

BRIGHTPOINT FOR CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE F– OPERATING LEASE

During 2015 BrightPoint entered into an operating lease 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. Future minimum lease payments are:

For the Year Ended December 31,	Amounts
2017	\$19,200
2018	11,200
	\$30,400

For the years ended December 31, 2016 and 2015 rent expense was \$19,200 and \$15,445, respectively.

NOTE G– CONCENTRATIONS

BrightPoint maintains its cash balances in financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2016 and 2015 there were no amounts held at financial institutions in excess of the FDIC limits.

BrightPoint generated approximately 35% and 25% of its total support and revenue from one source during the fiscal years ended December 31, 2016 and 2015, respectively.

Accounts receivable is comprised of amounts due from one Ministry Partner at December 31, 2016.

NOTE H– RELATED PARTY TRANSACTIONS

During the years ended December 31, 2016 and 2015, respectively, BrightPoint received donations approximating \$41,000 and \$27,000 from members of its Board of Directors or from their related organizations or from organizations from which they can direct funds.