

BRIGHTPOINT FOR CHILDREN, INC.

FINANCIAL STATEMENTS

For the Year Ended December 31, 2017

with
Independent Auditor's Report

BrightPoint for Children, Inc.

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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. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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, 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 31, 2018

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

ASSETS	
Current Assets	
Cash and cash equivalents	\$495,168
Prepaid expenses	3,821
Total current assets	<u>498,989</u>
Other Assets	
Deposit	1,600
Intangible assets, net of amortization	5,660
	<u>7,260</u>
TOTAL ASSETS	<u><u>\$506,249</u></u>
LIABILITIES AND NET ASSETS	
Current liabilities	
Agency payable	\$311,416
Accounts payable	1,861
Total current liabilities	<u>313,277</u>
Net Assets	
Unrestricted - undesignated	169,581
Temporarily restricted	23,391
Total net assets	<u>192,972</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$506,249</u></u>

See accompanying notes.

BrightPoint for Children, Inc.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
OPERATING REVENUES			
Contributions and grants	\$ 91,024	\$ 72,483	\$ 163,507
Sponsorship services	244,119	-	244,119
Net assets released from restrictions	89,587	(89,587)	-
Total operating revenues	<u>424,730</u>	<u>(17,104)</u>	<u>407,626</u>
OPERATING EXPENSES			
Program services	384,519	-	384,519
General and administrative	39,097	-	39,097
Fundraising	3,450	-	3,450
Total operating expenses	<u>427,066</u>	<u>-</u>	<u>427,066</u>
OTHER INCOME			
Investment income	3,956	-	3,956
Other income	3,089	-	3,089
Total other income	<u>7,045</u>	<u>-</u>	<u>7,045</u>
Change in net assets	4,709	(17,104)	(12,395)
Net assets, beginning of year	164,872	40,495	205,367
NET ASSETS, END OF YEAR	<u><u>\$ 169,581</u></u>	<u><u>\$ 23,391</u></u>	<u><u>\$ 192,972</u></u>

See accompanying notes.

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

EXPENSES	Program Services	General and Administrative	Fundraising	Total
Payroll	\$ 165,259	\$ 20,657	\$ 1,878	\$ 187,794
Payroll taxes	29,341	3,668	334	33,343
Fringe benefits	12,646	1,580	144	14,370
Total personnel costs	207,246	25,905	2,356	235,507
Grants and assistance programs	79,019	-	-	79,019
Professional services	23,001	6,069	-	29,070
Fundraising	-	-	900	900
Licenses and fees	1,528	171	7	1,706
Occupancy	20,173	2,254	113	22,540
Printing and postage	10,068	1,063	56	11,187
Information technology	22,288	-	-	22,288
Depreciation and amortization	11,880	-	-	11,880
Travel	5,997	-	-	5,997
Supplies	3,260	364	18	3,642
Insurance	-	3,160	-	3,160
Miscellaneous	59	111	-	170
TOTAL EXPENSES	\$ 384,519	\$ 39,097	\$ 3,450	\$ 427,066

See accompanying notes.

BrightPoint for Children, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

Cash flows from operating activities	
Decrease in net assets	\$ (12,395)
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Amortization	11,880
Change in:	
Receivables	2,464
Prepaid expenses	2
Liabilities	<u>70,859</u>
Net cash provided by operating activities	<u>72,810</u>
Net increase in cash and cash equivalents	72,810
Cash and cash equivalents, beginning of year	<u>422,358</u>
Cash and cash equivalents, end of year	<u><u>\$ 495,168</u></u>

See accompanying notes.

BrightPoint for Children, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 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

The Organization has adopted Statement of Financial Accounting Standards Board ASC 958-205, “*Presentation of Financial Statements*” of not-for-profit entities. Under ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the Organization is required to present a statement of cash flows.

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, 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 permanent restrictions, those received with temporary 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 Organization also uses the services of volunteers to assist in bookkeeping and letter processing. 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.

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 Year Ended December 31, 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 – Valuations are based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 – Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement.

Net Assets

The net assets of the Organization are presented as unrestricted (board designated and undesignated), temporarily restricted and permanently restricted. Any restrictions are related to required use as stipulated by the contributor.

NOTE 2 – INVESTMENTS

During 2017, the Organization purchased and sold short term investments. All of these investments were Level 1 assets, but were sold prior to the end of the year. As a result, the entire balance held within the investment account on December 31, 2017, is comprised of cash and is presented as a part of cash and cash equivalents in the statement of financial position.

BrightPoint for Children, Inc.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 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
2018	\$ 19,700
2019	20,400
2020	<u>11,900</u>
Total	<u>\$ 52,000</u>

NOTE 4 – CONCENTRATIONS

The Organization received approximately 40% of its total contributions (excluding revenue from sponsorship services) in the year ended December 31, 2017 from six donors. All but two of these donors were individually smaller than 10% of total contributions received in 2017. A single donor made up 17% of total contributions, while a second donor contributed 12% of total contributions.

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. Accumulated amortization at December 31, 2017 was \$29,950.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through August 31, 2018, which is the date that the financial statements were available to be issued and determined that none of the events occurring after December 31, 2017 substantially affects the amounts, presentation, and disclosure of the accompanying financial statements. The remaining balance will be amortized during 2018.