

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Financial Statements
with
Report of Independent Auditors

Years Ended December 31, 2017 and 2016

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Support for Educational and Economic Development
Garland, Texas

We have audited the accompanying financial statements of Support for Educational and Economic Development (the Organization), a nonprofit corporation, which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, 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 the 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 consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 Support for Educational and Economic Development as of December 31, 2017 and 2016, and its activities and changes in net assets for the years then ended in accordance with accounting principles generally accepted in the United States of America.

BKM Bowan Horan, LLP

June 26, 2018
Certified Public Accountants
Addison, Texas

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Statements of Financial Position

	December 31,	
	<u>2017</u>	<u>2016</u>
ASSETS		
Cash	\$ <u>1,044,690</u>	\$ <u>804,251</u>
Total assets	\$ <u><u>1,044,690</u></u>	\$ <u><u>804,251</u></u>
 NET ASSETS		
Unrestricted	\$ <u>1,044,690</u>	\$ <u>750,251</u>
Temporarily restricted	<u>-</u>	<u>54,000</u>
Total net assets	\$ <u><u>1,044,690</u></u>	\$ <u><u>804,251</u></u>

See accompanying notes to financial statements.

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Statements of Activities and Changes in Net Assets

	Years Ended December 31,					
	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues:						
Contributions, including grants	\$ 783,244	\$ -	\$ 783,244	\$ 569,610	\$ 54,000	\$ 623,610
Fundraising	121,016	-	121,016	120,123	-	120,123
Net assets released from restrictions	54,000	(54,000)	-	50,000	(50,000)	-
	958,260	(54,000)	904,260	739,733	4,000	743,733
Expenses:						
Program	591,415	-	591,415	477,437	-	477,437
Management and general	55,192	-	55,192	52,255	-	52,255
Fundraising	17,214	-	17,214	17,179	-	17,179
	663,821	-	663,821	546,871	-	546,871
Increase in net assets	294,439	(54,000)	240,439	192,862	4,000	196,862
Net assets, beginning of year	750,251	54,000	804,251	557,389	50,000	607,389
Net assets, end of year	<u>\$ 1,044,690</u>	<u>\$ -</u>	<u>\$ 1,044,690</u>	<u>\$ 750,251</u>	<u>\$ 54,000</u>	<u>\$ 804,251</u>

See accompanying notes to financial statements.

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Statement of Functional Expenses
Year Ended December 31, 2017

	Program Expense				Total	Management and General	Fundraising	Total
	Education for Poor	Widow Support	Training for Youth	Medical Aid for Poor				
EXPENSES								
Grants	\$ 286,800	\$ 85,065	\$ 86,400	\$ 133,150	\$ 591,415	\$ -	\$ -	\$ 591,415
Special events	-	-	-	-	-	-	17,214	17,214
Printing	-	-	-	-	-	10,876	-	10,876
Bank fees	-	-	-	-	-	10,410	-	10,410
Occupancy	-	-	-	-	-	9,600	-	9,600
Professional fees	-	-	-	-	-	8,194	-	8,194
Advertising	-	-	-	-	-	6,377	-	6,377
Postage	-	-	-	-	-	3,885	-	3,885
Contract labor	-	-	-	-	-	1,975	-	1,975
Travel	-	-	-	-	-	1,857	-	1,857
Office supplies	-	-	-	-	-	614	-	614
Miscellaneous	-	-	-	-	-	1,404	-	1,404
Total expenses	<u>\$ 286,800</u>	<u>\$ 85,065</u>	<u>\$ 86,400</u>	<u>\$ 133,150</u>	<u>\$ 591,415</u>	<u>\$ 55,192</u>	<u>\$ 17,214</u>	<u>\$ 663,821</u>

See accompanying notes to financial statements.

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Statement of Functional Expenses
Year Ended December 31, 2016

	Program Expense				Total	Management and General	Fundraising	Total
	Education for Poor	Widow Support	Training for Youth	Medical Aid for Poor				
EXPENSES								
Grants	\$ 225,600	\$ 58,700	\$ 72,500	\$ 120,637	\$ 477,437	-	-	\$ 477,437
Special events	-	-	-	-	-	-	17,179	17,179
Printing	-	-	-	-	-	13,738	-	13,738
Occupancy	-	-	-	-	-	7,200	-	7,200
Bank fees	-	-	-	-	-	6,295	-	6,295
Professional fees	-	-	-	-	-	6,200	-	6,200
Postage	-	-	-	-	-	5,104	-	5,104
Contract labor	-	-	-	-	-	3,915	-	3,915
Advertising	-	-	-	-	-	3,505	-	3,505
Office supplies	-	-	-	-	-	3,185	-	3,185
Travel	-	-	-	-	-	1,612	-	1,612
Miscellaneous	-	-	-	-	-	1,501	-	1,501
Total expenses	<u>\$ 225,600</u>	<u>\$ 58,700</u>	<u>\$ 72,500</u>	<u>\$ 120,637</u>	<u>\$ 477,437</u>	<u>\$ 52,255</u>	<u>\$ 17,179</u>	<u>\$ 546,871</u>

See accompanying notes to financial statements.

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Statements of Cash Flows

	Years Ended December 31,	
	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Net increase in net assets	\$ <u>240,439</u>	\$ <u>196,862</u>
Net increase in cash and cash equivalents	240,439	196,862
Cash and cash equivalents, beginning of year	<u>804,251</u>	<u>607,389</u>
Cash and cash equivalents, end of year	\$ <u><u>1,044,690</u></u>	\$ <u><u>804,251</u></u>

See accompanying notes to financial statements.

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Notes to Financial Statements

Note 1 - Organization and Nature of Activities

Organization

Support for Education and Economic Development (the Organization or SEED) was founded on November 19, 2009 as a Texas not-for-profit corporation. SEED's mission is to implement educational and medical care programs with focus on projects that will reduce ignorance, improve literacy and quality of life in economically backward areas of India.

Nature of activities

During 2017 and 2016, SEED provided three primary programs. The first program provided education to poor children by providing tuition fee assistance, books, school uniforms, and paid salaries of teachers in slum area schools in India. This program also granted students with scholarships for college education and provided financial assistance for day to day expenses to destitute families with children.

The second program provided vocational training to unemployed men and women in the areas of paramedical training, computer training, driver's education, auto-mobile electrician courses, refrigeration and air conditioning courses, and tailoring and beautician courses.

The third program provided free diabetic care to poor elderly patients. Emergency medical assistance was also provided for major surgeries, cancer treatment, and other medical issues for the poor.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) using the accrual basis of accounting.

The Organization's net assets, revenues and gains, and expenses are classified as permanently restricted, temporarily restricted and unrestricted based on the existence or absence of donor-imposed restrictions.

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Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies - (Continued)

Basis of presentation - continued

These classifications are defined as follows:

- Permanently restricted net assets consist of the principal amount of gifts which are required by donors to be permanently retained.
- Temporarily restricted net assets contain donor-imposed restrictions that permit the Association to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of the Association.
- Unrestricted net assets do not contain donor restrictions or the donor-imposed restrictions have expired.

There are no permanently restricted net assets as of December 31, 2017 and 2016.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. The functional expense classifications used by the Organization are as follows:

- Fundraising – Includes all direct event expenses such as food, beverage, speaker fees, printing and direct mailing costs and facility rents incurred by its fundraising events.
- Program services - Includes all direct expenses associated with the Organization's mission and its service programs discussed in Note I above.
- Management and general - Represents those direct expenses incurred in operating the Organization's office such as office rent, telephone, office supplies and equipment, and postage.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates include the functional allocation of expenses. Accordingly, actual results could differ from those estimates.

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies - (Continued)

Cash and cash equivalents

Cash and cash equivalents include all highly-liquid investments with maturities of three months or less when purchased. There were no cash equivalents at December 31, 2017 and 2016.

Grants and contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted net assets depending on the existence or nature of any contributor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the contributor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions receivable that are expected to be collected in future years are initially recorded at fair value. Estimates of fair value consider an analysis of the creditworthiness of the donors, past payment experience and other relevant factors that have been discounted at rates equivalent to the 10-year Treasury bill rate in effect at the date of the contribution made. There are no contributions receivable at December 31, 2017 or 2016.

Concentration of risk and significant donors

For the year ended December 31, 2017, one donor accounted for approximately 6% of total revenue and for the year ended December 31, 2016, one donor accounted for approximately 7% of total revenue.

The Organization maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant risk on cash. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

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Notes to Financial Statements

Note 2 - Summary of Significant Accounting Policies - (Continued)

Federal income taxes

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. The Organization did not have net unrelated business income for the years ended December 31, 2017 and 2016.

The Organization's application of Accounting Standards Codification Topic 740, *Income Taxes* regarding uncertain tax positions had no effect on its financial position as management believes the Organization has no material unrecognized income tax benefits or liabilities, including any potential risk of loss of its not-for-profit status. The Organization would account for any potential interest and penalties related to possible future liabilities for unrecognized income tax benefits as income tax expense.

New accounting pronouncements

In August 2016, the FASB issued Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities* (ASU 2016-14). The new standard was issued with the goal of improving not-for-profit entity financial statements to provide more useful information to donors, grantors, creditors and other financial statement users, as well as requires additional disclosures for expenses by nature and function and for the liquidity and availability of resources. The new guidance will be effective for annual financial statements for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization is currently evaluating the standard and its effect on the combined financial statements.

Advertising

The Organization expenses all advertising costs when incurred.

Subsequent events

The Organization has evaluated events and transactions subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying consolidated financial statements consider events through June 26, 2018, the date on which the financial statements were available to be issued.

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Notes to Financial Statements

Note 3 - Related Party Transactions

Members of the Board of Directors of the Organization contributed approximately \$31,800 and \$17,700 during the years ended December 31, 2017 and 2016, respectively, which is included in contributions on the accompanying statements of activities and changes in net assets.