

**SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT**

Financial Statements  
with  
Report of Independent Auditors

Years Ended December 31, 2018 and 2017

# SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

## Table of Contents

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	<u>Page</u>
Report of Independent Auditors	I - 2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7 - 11



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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, 2018 and 2017, 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, 2018 and 2017, 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 Bowler Horan, LLP*

June 3, 2019  
Certified Public Accountants  
Addison, Texas

# SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

## Statements of Financial Position

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	December 31,	
	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current:</b>		
Cash	\$ <u>1,158,984</u>	\$ <u>1,044,690</u>
Total current assets	<u>1,158,984</u>	<u>1,044,690</u>
Investment in endowment (cost \$104,510 and \$0, respectively)	<u>103,890</u>	<u>-</u>
Total assets	\$ <u><u>1,262,874</u></u>	\$ <u><u>1,044,690</u></u>
<b>NET ASSETS</b>		
Without donor restrictions	\$ <u>1,262,874</u>	\$ <u>1,044,690</u>
Total net assets	\$ <u><u>1,262,874</u></u>	\$ <u><u>1,044,690</u></u>

See accompanying notes to financial statements.

## SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

### Statements of Activities

	Years Ended December 31,					
	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>						
Contributions, including grants	\$ 953,638	\$ -	\$ 953,638	\$ 783,244	\$ -	\$ 783,244
Fundraising	144,406	-	144,406	121,016	-	121,016
Net assets released from restrictions:						
Satisfaction of program restrictions	-	-	-	54,000	(54,000)	-
	<b>1,098,044</b>	<b>-</b>	<b>1,098,044</b>	<b>958,260</b>	<b>(54,000)</b>	<b>904,260</b>
<b>Expenses:</b>						
Program	840,141	-	840,141	591,415	-	591,415
Management and general	11,785	-	11,785	55,192	-	55,192
Fundraising	27,314	-	27,314	17,214	-	17,214
	<b>879,240</b>	<b>-</b>	<b>879,240</b>	<b>663,821</b>	<b>-</b>	<b>663,821</b>
<b>Other income (expenses):</b>						
Unrealized loss on investment	(620)	-	(620)	-	-	-
Increase (decrease) in net assets	<b>218,184</b>	<b>-</b>	<b>218,184</b>	<b>294,439</b>	<b>(54,000)</b>	<b>240,439</b>
Net assets, beginning of year	<b>1,044,690</b>	<b>-</b>	<b>1,044,690</b>	<b>750,251</b>	<b>54,000</b>	<b>804,251</b>
Net assets, end of year	<b>\$ 1,262,874</b>	<b>\$ -</b>	<b>\$ 1,262,874</b>	<b>\$ 1,044,690</b>	<b>\$ -</b>	<b>\$ 1,044,690</b>

See accompanying notes to financial statements.

**SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT**

Statement of Functional Expenses

Year Ended December 31, 2018

	Program Activities					Supporting Activities		2018 Total	2017 Total
	Education for Poor	Widow Support	Training for Youth	Medical Aid for Poor	Total	Management and General	Fundraising		
<b>EXPENSES</b>									
Grants	\$ 419,750	\$ 104,700	\$ 98,100	\$ 150,814	\$ 773,364	\$ -	\$ -	\$ 773,364	\$ 591,415
Occupancy	4,429	1,105	1,035	1,591	8,160	1,440	16,704	26,304	20,127
Contract labor	5,103	1,273	1,193	1,834	9,403	1,659	5,310	16,372	5,322
Printing	7,076	1,765	1,654	2,542	13,037	2,301	-	15,338	10,876
Advertising	4,671	1,165	1,092	1,678	8,606	1,519	-	10,125	6,377
Professional fees	4,475	1,116	1,046	1,608	8,245	1,455	-	9,700	8,194
Bank fees	4,289	1,070	1,002	1,541	7,902	1,395	-	9,297	10,410
Postage	1,939	483	453	696	3,571	630	-	4,201	3,885
Travel	1,602	399	374	575	2,950	521	-	3,471	1,857
Office supplies	1,053	262	246	378	1,939	342	-	2,281	614
Miscellaneous	1,609	401	376	578	2,964	523	5,300	8,787	4,744
<b>Total expenses</b>	<b>\$ 455,996</b>	<b>\$ 113,739</b>	<b>\$ 106,571</b>	<b>\$ 163,835</b>	<b>\$ 840,141</b>	<b>\$ 11,785</b>	<b>\$ 27,314</b>	<b>\$ 879,240</b>	<b>\$ 663,821</b>

See accompanying notes to financial statements.

## SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

### Statements of Cash Flows

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	Years Ended December 31,	
	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Net increase in net assets	\$ 218,184	\$ 240,439
Adjustments to reconcile net increase in net assets to net cash provided provided by operating activities:		
Net change in unrealized loss on investment	<u>620</u>	<u>-</u>
Net cash provided by operating activities	<b>218,804</b>	<b>240,439</b>
<b>Cash flows from investing activities:</b>		
Purchase of investment for endowment	<u>(104,510)</u>	<u>-</u>
Net cash used in investing activities	<u>(104,510)</u>	<u>-</u>
<b>Net increase in cash</b>	<b>114,294</b>	<b>240,439</b>
Cash, beginning of year	<u>1,044,690</u>	<u>804,251</u>
Cash, end of year	<u>\$ 1,158,984</u>	<u>\$ 1,044,690</u>

See accompanying notes to financial statements.

# SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

## Notes to Financial Statements

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### **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 2018 and 2017, SEED provided four 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 widows and destitute families financial assistance to pay for their day to day expenses and for their children's education.

The third 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 fourth program provided free diabetic care and primary 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 with donor restrictions and without donor restrictions based on the existence or absence of donor-imposed restrictions.

# SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

## Notes to Financial Statements

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### **Note 2 - Summary of Significant Accounting Policies – (Continued)**

#### ***Basis of presentation – continued***

These classifications are defined as follows:

- Net assets with donor restrictions consist of the principal amount of gifts which are required by donors to be permanently retained as well as donor-imposed restrictions that permit the Organization to use or expend the donated assets as specified and are satisfied either by the passage of time or by actions of the Organization.
- Net assets without donor restrictions do not contain donor restrictions or the donor-imposed restrictions have expired.

There are no net assets with donor restrictions as of December 31, 2018 and 2017.

#### ***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. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis on the time and effort method of allocation.

#### ***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.

#### ***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, 2018 and 2017.

#### ***Grants and contributions***

Contributions received are recorded as net assets with donor restrictions or without donor restrictions 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 net assets with donor restrictions.

# SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

## Notes to Financial Statements

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### **Note 2 - Summary of Significant Accounting Policies – (Continued)**

#### ***Grants and contributions – continued***

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions 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, 2018 or 2017.

#### ***Concentration of risk and significant donors***

For the year ended December 31, 2018, one donor accounted for approximately 5% of total revenue and for the year ended December 31, 2017, one donor accounted for approximately 6% 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.

#### ***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, 2018 and 2017.

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.

# SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

## Notes to Financial Statements

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### **Note 2 - Summary of Significant Accounting Policies – (Continued)**

#### ***New accounting pronouncements***

On August 18, 2016, the Financial Accounting Standards Board 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 update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

#### ***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 3, 2019, the date on which the financial statements were available to be issued.

### **Note 3 - Related Party Transactions**

Members of the Board of Directors of the Organization contributed approximately \$51,250 and \$31,800 during the years ended December 31, 2018 and 2017, respectively, which is included in contributions on the accompanying statements of activities and changes in net assets.

### **Note 4 - Liquidity**

#### ***Quantitative***

The Organization has approximately \$1,300,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$1,200,000 and investments of \$100,000. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

# SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

## Notes to Financial Statements

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### **Note 4 - Liquidity – (Continued)**

#### **Qualitative**

The Organization's financial assets consist of mostly cash which is available as its general expenditures, liabilities, and other obligations come due. The organization has a policy to obtain contributions which are kept for the following years program expenses. An annual budget is approved by the Board which is followed strictly by the Organization.

### **Note 5 - Endowment**

The Organization's endowment consists of an individual fund established in January 2018 with an objective to raise the Endowment to at least \$1,000,000 or more. The endowment includes funds designated by the Board of Trustees to function as endowments without any restrictions. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment funds were \$103,890 at December 31, 2018. There were no endowment funds at December 31, 2017 and were without restriction. As of December 31, 2018, all the funds were held in an investment fund.

Changes in Endowment for the year ending, December 31, 2018:

Endowment, beginning of year	\$	-
Investment return, net		(620)
Transfer to create board-designated endowment funds		<u>104,510</u>
Endowment, end of year	\$	<u><u>103,890</u></u>