



Financial Statements
with
Report of Independent Auditors

Years Ended December 31, 2021 and 2020

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

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14675 Dallas Parkway
Suite 150
Dallas, Texas 75254
MAIN 214 545 3965
FAX 214 545 3966
www.bkmsh.com

REPORT OF INDEPENDENT AUDITORS

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

Opinion

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (the "Financial Statements").

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with GAAP and for 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.

In preparing the Financial Statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the Financial Statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Financial Statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Financial Statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Financial Statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

BKM Bowen Horan, LLP

Dallas, Texas

June 30, 2022

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS		
Current:		
Cash and cash equivalents	\$ 1,351,945	\$ 1,241,135
Contributions receivable	131,851	30,000
Investment in common stocks (cost \$50,688 and \$2,182, respectively)	71,298	3,868
Total current assets	1,555,094	1,275,003
Investment in endowment (cost \$723,629 and \$342,602, respectively)	770,617	412,517
Total assets	\$ 2,325,711	\$ 1,687,520
NET ASSETS		
Without donor restrictions	2,193,861	1,657,520
With donor restrictions	131,850	30,000
Total net assets	\$ 2,325,711	\$ 1,687,520

See accompanying notes to financial statements.

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Statements of Activities

	Years Ended December 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Contributions, including grants	\$ 1,821,862	\$ 131,850	\$ 1,953,712	\$ 1,426,560	\$ 30,000	\$ 1,456,560
In-kind contributions	48,487		48,487	29,469	-	29,469
Net assets released from restrictions:						
Satisfaction of program restrictions	30,000	(30,000)	-	-	-	-
	<u>1,900,349</u>	<u>101,850</u>	<u>2,002,199</u>	<u>1,456,029</u>	<u>30,000</u>	<u>1,486,029</u>
Expenses:						
Program	1,426,634	-	1,426,634	1,298,080	-	1,298,080
Management and general	12,006	-	12,006	12,202	-	12,202
Fundraising	2,500	-	2,500	1,500	-	1,500
	<u>1,441,140</u>	<u>-</u>	<u>1,441,140</u>	<u>1,311,782</u>	<u>-</u>	<u>1,311,782</u>
Other income:						
Unrealized loss/gain on investments	(3,983)	-	(3,983)	30,341	-	30,341
Realized gain on investments	59,770	-	59,770	28,520	-	28,520
Dividend income	21,345	-	21,345	4,933	-	4,933
	<u>77,132</u>	<u>-</u>	<u>77,132</u>	<u>63,794</u>	<u>-</u>	<u>63,794</u>
Increase in net assets	536,341	101,850	638,191	208,041	30,000	238,041
Net assets, beginning of year	<u>1,657,520</u>	<u>30,000</u>	<u>1,687,520</u>	<u>1,449,479</u>	<u>-</u>	<u>1,449,479</u>
Net assets, end of year	<u>\$ 2,193,861</u>	<u>\$ 131,850</u>	<u>\$ 2,325,711</u>	<u>\$ 1,657,520</u>	<u>\$ 30,000</u>	<u>\$ 1,687,520</u>

See accompanying notes to financial statements.

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Activities					Supporting Activities		
	Education for Poor	Widow Support	Training for Youth	Medical Aid for Poor	Total	Management and General	Fundraising	Total
EXPENSES								
Grants	\$ 593,458	\$ 171,380	\$ 247,729	\$ 346,025	\$ 1,358,592	\$ -	\$ -	\$ 1,358,592
Contract labor	3,630	1,048	1,515	2,116	8,309	1,466	-	9,775
Printing	7,769	2,244	3,243	4,530	17,786	3,139	-	20,925
Occupancy	3,648	1,053	1,523	2,127	8,351	1,474	2,500	12,325
Bank fees	4,086	1,180	1,705	2,382	9,353	1,650	-	11,003
Professional fees	3,258	941	1,360	1,900	7,459	1,316	-	8,775
Advertising	4,472	1,291	1,867	2,607	10,237	1,806	-	12,043
Postage	198	57	83	116	454	80	-	534
Travel	172	50	72	100	394	69	-	463
Office supplies	314	91	131	184	720	127	-	847
Computer/website	1,804	521	753	1,052	4,130	729	-	4,859
License Fees	371	107	155	216	849	150	-	999
Total expenses	\$ 623,180	\$ 179,963	\$ 260,136	\$ 363,355	\$ 1,426,634	\$ 12,006	\$ 2,500	\$ 1,441,140

See accompanying notes to financial statements.

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Statement of Functional Expenses

Year Ended December 31, 2020

	Program Activities					Supporting Activities		
	Education for Poor	Widow Support	Training for Youth	Medical Aid for Poor	Total	Management and General	Fundraising	Total
EXPENSES								
Grants	\$ 553,038	\$ 359,325	\$ 108,800	\$ 207,776	\$ 1,228,939	\$ -	\$ -	\$ 1,228,939
Contract labor	7,352	4,777	1,446	2,762	16,337	2,883	-	19,220
Printing	5,153	3,348	1,014	1,936	11,451	2,021	-	13,472
Occupancy	3,672	2,386	722	1,380	8,160	1,440	1,500	11,100
Bank fees	3,933	2,555	774	1,478	8,740	1,542	-	10,282
Professional fees	3,596	2,336	707	1,351	7,990	1,410	-	9,400
Advertising	2,219	1,441	436	834	4,930	870	-	5,800
Postage	2,084	1,354	410	783	4,631	817	-	5,448
Travel	1,391	904	274	523	3,092	546	-	3,638
Office supplies	716	465	141	269	1,591	281	-	1,872
Computer/website	395	257	78	148	878	155	-	1,033
Miscellaneous	604	392	119	226	1,341	237	-	1,578
Total expenses	\$ 584,153	\$ 379,540	\$ 114,921	\$ 219,466	\$ 1,298,080	\$ 12,202	\$ 1,500	\$ 1,311,782

See accompanying notes to financial statements.

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Statements of Cash Flows

	Years Ended December 31,	
	2021	2020
Cash flows from operating activities:		
Net increase in net assets	\$ 638,191	\$ 238,041
Adjustments to reconcile net increase in net assets to net cash provided provided by operating activities:		
Net unrealized gain on investment in common stocks	(18,943)	(1,687)
Net unrealized loss (gain) on investment in endowment	22,926	(28,654)
Net realized gain on investment in common stocks	-	(7,336)
Net realized gain on investment in endowment	(59,770)	(21,184)
In-kind contribution of common stocks	(48,487)	(29,469)
Changes in operating assets and liabilities:		
Contributions receivable	(101,851)	(30,000)
Accounts payable and accrued expenses	-	(2,086)
	432,066	117,625
Net cash provided by operating activities	432,066	117,625
Cash flows from investing activities:		
Proceeds from the sale of common stocks	-	34,624
Proceeds from the sale of endowments	300,000	-
Purchase of common stocks	(1,640)	
Purchase of investments for endowment	(619,616)	(106,909)
	(321,256)	(72,285)
Net cash used in investing activities	(321,256)	(72,285)
Net increase in cash	110,810	45,340
Cash and cash equivalents, beginning of year	1,241,135	1,195,795
Cash and cash equivalents, end of year	\$ 1,351,945	\$ 1,241,135

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 2021 and 2020, 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 impoverished 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

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.

Net assets with donor restrictions consisted of \$131,850 and \$30,000 restricted for the Medical Aid for Poor Program as of December 31, 2021 and 2020, respectively.

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 and statement of functional expenses. 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 GAAP 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 and fair value of investments. Accordingly, actual results could differ from those estimates.

In early 2020, the World Health Organization declared the rapidly spreading coronavirus disease (“COVID-19”) outbreak a pandemic. This pandemic resulted in governments worldwide enacting emergency measures to combat the spread of the virus. The Organization is not aware of any specific event or circumstance that would require an update to its estimates or judgments or a revision of the carrying value of its assets or liabilities as of the date of issuance of the Financial Statements. These estimates may change, as new events occur, and additional information is obtained.

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, 2021 and 2020.

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. 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 were contributions receivable of \$131,850 and \$30,000 as of December 31, 2021 or 2020, respectively.

In-kind donations

In-kind contributions are contributions of non-cash assets that can be utilized by the Organization. All in-kind contributions are recorded at fair value. Amounts of non-cash assets to be used within one year are recorded at their net realizable value. Amounts of non-cash assets expected to be used in future years are recorded at fair value, which considers estimated future cash flows discounted at the risk-free interest rate at the date of the contribution. In-kind contributions in 2021 and 2020 consisted of stock.

Concentration of risk and significant donors

For the years ended December 31, 2021 and 2020, respectively, one donor accounted for approximately 4% 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.

SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

Notes to Financial Statements

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

Investments

Investments are measured at fair value. Changes in fair value are recorded as reductions or increases to the net assets. The Organization records securities transactions on a trade-date basis. Dividend income is recorded on the ex-dividend date. Interest is recorded on an accrual basis.

Fair value measurements

The Organization measures its investments fair value, according to a hierarchy of valuation techniques. The following are the levels of the hierarchy and a brief description of the type of valuation information (“inputs”) that questions an investment for each level:

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

Level 2 – Inputs, other than Level 1, that are observable either directly or indirectly. These inputs may include: (a) quoted prices for similar assets in active markets; (b) quoted prices for identical or similar assets in markets that are not active; (c) inputs other than quoted prices that are observable for the asset; or (d) inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable and significant to the entire fair value measurement.

All of the Organization’s investments are in publicly traded stocks and mutual funds and are Level I investments at December 31, 2021 and 2020.

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, 2021 and 2020.

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

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

New accounting pronouncements

In February 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update 2018-02 (“ASU 2018-02”), Leases: Amendments to the FASB Accounting Standards Codification. ASU 2018-02 amends the existing accounting standards for lease accounting, including requiring lessees to recognize most leases on their balance sheets. The guidance is effective for nonpublic business entities for fiscal years beginning after December 15, 2022. Early adoption is permitted. The Organization is currently assessing the effect ASU 2018-02 will have on its 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 Financial Statements consider events through June 30, 2022, 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 \$135,424 and \$91,100 during the years ended December 31, 2021 and 2020, respectively, which is included in contributions on the accompanying statements of activities, functional expenses, and changes in net assets.

Note 4 - Liquidity

Quantitative

The Organization has approximately \$2,194,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash of \$1,352,000 and investments of \$842,000. 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

Note 4 - Liquidity – (Continued)

Qualitative

The Organization's financial assets consist of mostly cash and investments which are 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 two funds, one established in January 2018 and the other in December 2021 held at Saturna Capital. The funds objective is 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 approximately \$771,000 and \$413,000 at December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, all endowment funds were held in investment funds.

Changes in Endowment for the years ending:

	December 31,	
	2021	2020
Endowment, beginning of year	\$ 412,517	\$ 255,770
Investment return, net	38,484	49,838
Purchase of investments for endowment	619,616	106,909
Proceeds from the sale of investments	<u>(300,000)</u>	-
Endowment, end of year	<u>\$ 770,617</u>	<u>\$ 412,517</u>