



Financial Statements  
with  
Report of Independent Auditors

Years Ended December 31, 2020 and 2019

# SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

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15301 Dallas Parkway  
Suite 960  
Addison, Texas 75001  
MAIN 214 545 3965  
FAX 214 545 3966  
[www.bkmsh.com](http://www.bkmsh.com)

## **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, 2020 and 2019, 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 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 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 the Organization as of December 31, 2020 and 2019, and its activities, functional expenses, and changes in net assets for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*BKM Nowan Horan, LLP*

June 16, 2021  
Certified Public Accountants  
Addison, Texas

## SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

### Statements of Financial Position

	December 31,	
	2020	2019
<b>ASSETS</b>		
<b>Current:</b>		
Cash and cash equivalents	\$ 1,241,135	\$ 1,195,795
Contributions receivable	30,000	-
Investment in common stocks (cost \$2,182 and \$0, respectively)	3,868	-
Total current assets	1,275,003	1,195,795
Investment in endowment (cost \$342,602 and \$214,510, respectively)	412,517	255,770
Total assets	\$ 1,687,520	\$ 1,451,565
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ -	\$ 2,086
<b>NET ASSETS</b>		
Without donor restrictions	1,657,520	1,449,479
With donor restrictions	30,000	-
Total net assets	1,687,520	1,449,479
Total liabilities and net assets	\$ 1,687,520	\$ 1,451,565

See accompanying notes to financial statements.

**SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT**

Statements of Activities and Changes in Net Assets

	Years Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues:</b>						
Contributions, including grants	\$ 1,426,560	\$ 30,000	\$ 1,456,560	\$ 1,004,266	\$ -	\$ 1,004,266
In-kind contributions	29,469	-	29,469	89,508	-	89,508
Fundraising	-	-	-	212,645	-	212,645
Net assets released from restrictions:						
Satisfaction of program restrictions	-	-	-	-	-	-
	<b>1,456,029</b>	<b>30,000</b>	<b>1,486,029</b>	1,306,419	-	1,306,419
<b>Expenses:</b>						
Program	1,298,080	-	1,298,080	1,093,933	-	1,093,933
Management and general	12,202	-	12,202	14,686	-	14,686
Fundraising	1,500	-	1,500	59,259	-	59,259
	<b>1,311,782</b>	-	<b>1,311,782</b>	1,167,878	-	1,167,878
<b>Other income:</b>						
Unrealized gain on investments	30,341	-	30,341	41,880	-	41,880
Realized gain on investments	28,520	-	28,520	6,184	-	6,184
Dividend income	4,933	-	4,933	-	-	-
	<b>63,794</b>	-	<b>63,794</b>	48,064	-	48,064
Increase in net assets	<b>208,041</b>	<b>30,000</b>	<b>238,041</b>	186,605	-	186,605
Net assets, beginning of year	<b>1,449,479</b>	-	<b>1,449,479</b>	1,262,874	-	1,262,874
Net assets, end of year	<b>\$ 1,657,520</b>	<b>\$ 30,000</b>	<b>\$ 1,687,520</b>	<b>\$ 1,449,479</b>	<b>\$ -</b>	<b>\$ 1,449,479</b>

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
<b>EXPENSES</b>								
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
<b>Total expenses</b>	<u>\$ 584,153</u>	<u>\$ 379,540</u>	<u>\$ 114,921</u>	<u>\$ 219,466</u>	<u>\$ 1,298,080</u>	<u>\$ 12,202</u>	<u>\$ 1,500</u>	<u>\$ 1,311,782</u>

See accompanying notes to financial statements.

**SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT**

Statement of Functional Expenses  
Year Ended December 31, 2019

	Program Activities					Supporting Activities		
	Education for Poor	Widow Support	Training for Youth	Medical Aid for Poor	Total	Management and General	Fundraising	Total
<b>EXPENSES</b>								
Grants	\$ 554,700	\$ 179,062	\$ 130,000	\$ 146,950	\$ 1,010,712	\$ -	\$ -	\$ 1,010,712
Occupancy	4,478	1,446	1,050	1,186	8,160	1,440	41,674	51,274
Contract labor	1,169	377	274	310	2,130	376	17,166	19,672
Payroll	7,666	2,475	1,797	2,031	13,969	2,465	-	16,434
Printing	7,038	2,272	1,649	1,865	12,824	2,263	-	15,087
Advertising	5,945	1,919	1,393	1,575	10,832	1,912	-	12,744
Travel	5,599	1,807	1,312	1,483	10,201	1,800	-	12,001
Bank fees	4,830	1,559	1,132	1,279	8,800	1,553	-	10,353
Professional fees	4,226	1,364	991	1,120	7,701	1,359	-	9,060
Postage	2,172	701	509	576	3,958	699	-	4,657
Office supplies	863	279	202	229	1,573	278	-	1,851
Repairs & maintenance	646	208	151	171	1,176	208	-	1,384
Miscellaneous	1,041	336	244	276	1,897	333	420	2,650
<b>Total expenses</b>	<b>\$ 600,373</b>	<b>\$ 193,804</b>	<b>\$ 140,704</b>	<b>\$ 159,051</b>	<b>\$ 1,093,933</b>	<b>\$ 14,686</b>	<b>\$ 59,259</b>	<b>\$ 1,167,878</b>

See accompanying notes to financial statements.



## SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

### Statements of Cash Flows

	Years Ended December 31,	
	2020	2019
<b>Cash flows from operating activities:</b>		
Net increase in net assets	\$ 238,041	\$ 186,605
Adjustments to reconcile net increase in net assets to net cash provided provided by operating activities:		
Net unrealized gain on investment in common stocks	(1,687)	-
Net unrealized gain on investment in endowment	(28,654)	(41,880)
Net realized gain on investment in common stocks	(7,336)	(6,184)
Net realized gain on investment in endowment	(21,184)	-
In-kind contribution of common stocks	(29,469)	(89,508)
Changes in operating assets and liabilities:		
Contributions receivable	(30,000)	-
Accounts payable and accrued expenses	(2,086)	2,086
Net cash provided by operating activities	117,625	51,119
<b>Cash flows from investing activities:</b>		
Proceeds from the sale of common stocks	34,624	95,692
Purchase of investment for endowment	(106,909)	(110,000)
Net cash used in investing activities	(72,285)	(14,308)
<b>Net increase in cash</b>	<b>45,340</b>	<b>36,811</b>
Cash and cash equivalents, beginning of year	1,195,795	1,158,984
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,241,135</b>	<b>\$ 1,195,795</b>

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 2020 and 2019, 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.

Net assets with donor restrictions consisted of \$30,000 restricted for the Medical Aid for Poor Program as of December 31, 2020. There were no net assets with donor restrictions at December 31, 2019.

#### ***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. 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, 2020 and 2019.

# 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***

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 \$30,000 and \$0 as of December 31, 2020 or 2019, 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 2020 and 2019 consisted of stock.

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

For the years ended December 31, 2020 and 2019, 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

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### **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 at 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 1 investments at December 31, 2020 and 2019.

#### ***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, 2020 and 2019.

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***

In February 2018, the 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, 2021. Early adoption is permitted. The Company is currently assessing the effect ASU 2018-02 will have on its financial statements.

In November 2015, FASB issued the Accounting Standards Update of ASC 825-15 Financial Instruments – Credit Losses (“ASC 825-15”). This standard modifies the model for credit losses on financial instruments such as loans and debt securities not classified as available-for-sale, trade receivables, lease receivables, loan commitments, and reinsurance receivables to create a more forward-looking model that is likely to result in the need for companies to increase loan loss reserves. The guidance is effective for nonpublic business for the year ended 2021. The Company does not expect adoption to have a material impact 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 16, 2021, the date on which the financial statements were available to be issued.

#### ***Reclassifications***

Certain reclassifications have been made to the 2019 financial statement presentation to conform to the current year format.

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

Members of the Board of Directors of the Organization contributed \$91,100 and \$56,160 during the years ended December 31, 2020 and 2019, respectively, which is included in contributions on the accompanying statements of activities, functional expenses, and changes in net assets.

# SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

## Notes to Financial Statements

### **Note 4 - Liquidity**

#### ***Quantitative***

The Organization has approximately \$1,656,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures, consisting of cash of \$1,240,000 and investments of \$416,000. 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.

#### ***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 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 \$412,517 and \$255,770 at December 31, 2020 and 2019, respectively. As of December 31, 2020 and 2019, all endowment funds were held in an investment fund.

Changes in Endowment for the years ending:

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Endowment, beginning of year	\$ 255,770	\$ 103,890
Investment return, net	49,838	41,880
Transfer to create board-designated endowment funds	106,909	110,000
Endowment, end of year	\$ 412,517	\$ 255,770

# SUPPORT FOR EDUCATIONAL AND ECONOMIC DEVELOPMENT

## Notes to Financial Statements

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### **Note 6 - Commitments and Contingencies**

#### **COVID-19**

The global outbreak of coronavirus disease 2019 (“COVID-19”) has continued to develop rapidly throughout 2020 and into 2021, with a significant number of cases. It has presented various global risks and continues to have an adverse impact on economic activity. The Organization has taken a number of measures to monitor and mitigate the effects of COVID-19, as well as safety and health measures for the Organization’s employees. The Organization will continue to follow the various government policies and advice to continue operations in the best and safest way possible.