

BRIGHTER CHILDREN, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

BRIGHTER CHILDREN, INC.
JUNE 30, 2020

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Brighter Children, Inc.
Huntington, New York

Report on the Financial Statements

I have reviewed the accompanying financial statements of Brighter Children, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

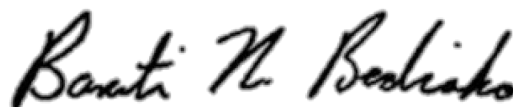
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



New York, New York
November 16, 2020

BRIGHTER CHILDREN, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

Assets

Cash (Note 4)	\$ 409,136
Accounts receivable	<u>47,828</u>

Total Assets	<u>\$ 456,964</u>
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Liabilities and Net Assets

Liabilities

School payables	\$ 150,000
Accounts payable	<u>1,548</u>
Total Liabilities	<u>151,548</u>

Net Assets

Without donor restrictions	305,416
With donor restrictions (Note 5)	<u>-</u>
Total Net Assets	<u>305,416</u>

Total Liabilities and Net Assets	<u>\$ 456,964</u>
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BRIGHTER CHILDREN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Support			
Donations	\$ 160,918	\$ 119,495	\$ 280,413
Special events revenue (Note 6)	134,621	5,000	139,621
Net assets released from restrictions (Note 5)	<u>130,122</u>	<u>(130,122)</u>	<u>-</u>
Total Revenue and Support	<u>425,661</u>	<u>(5,627)</u>	<u>420,034</u>
Expenses			
Program	154,494	-	154,494
Management and general	10,768	-	10,768
Fundraising	<u>37,395</u>	<u>-</u>	<u>37,395</u>
Total Expenses	<u>202,657</u>	<u>-</u>	<u>202,657</u>
Changes in Net Assets	223,004	(5,627)	217,377
Net Assets, Beginning of Year	<u>82,412</u>	<u>5,627</u>	<u>88,039</u>
Net Assets, End of Year	<u>\$ 305,416</u>	<u>\$ -</u>	<u>\$ 305,416</u>

BRIGHTER CHILDREN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program	Management and General	Fundraising	Total Expenses
Sponsorship program and fees	\$ 150,000	\$ -	\$ -	\$ 150,000
Special events - direct benefits to donors (Note 6)	-	-	19,597	19,597
Special events - indirect expenses	-	-	9,038	9,038
Financial service expenses	2,994	-	8,224	11,218
Founders Society and Board of Directors expenses	-	5,656	-	5,656
School visits	1,500	-	-	1,500
Other administrative expenses	-	1,466	-	1,466
Professional and legal fees	-	1,231	-	1,231
Insurance	-	983	-	983
Telecommunications	-	709	-	709
Marketing	-	233	311	544
Training	-	490	-	490
Donor relations	-	-	225	225
	<u>-</u>	<u>-</u>	<u>225</u>	<u>225</u>
Total Expenses	<u>\$ 154,494</u>	<u>\$ 10,768</u>	<u>\$ 37,395</u>	<u>\$ 202,657</u>

BRIGHTER CHILDREN, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

Cash Flows from Operating Activities

Change in net assets	\$ 217,377
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in assets:	
Accounts receivable	2,585
Increase in liabilities:	
School payables	12,780
Accounts payable	<u>354</u>
Net cash provided by operating activities	<u>233,096</u>
Net Increase in Cash	233,096
Cash, Beginning of Year	<u>176,040</u>
Cash, End of Year	<u>\$ 409,136</u>

Supplemental Disclosure of Cash Flow Information:

No taxes or interest were paid during the year.

BRIGHTER CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

1. Organization and Operations

Brighter Children, Inc. ("Brighter Children") is a nonprofit that believes in a world where every child has access to quality early education. Brighter Children's mission is to identify and support educational entrepreneurs who provide quality education to vulnerable children in some of the most impoverished communities in the world.

Brighter Children began in 2013 and currently has partner schools in Colombia, Honduras, India and Kenya. Approximately 60 million children today do not go to primary school globally, and 250 million primary school age children can't read, write, or do basic mathematics. Brighter Children's goal is to help break the cycle of poverty by fundraising and investing in education entrepreneurs who are re-imagining a world they know is possible with access to quality early education. They then provide those children who are at risk of dropping out of school with annual scholarships.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Brighter Children is required to report information regarding its financial position and activities according to two classes of net assets: with and without donor restrictions.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

BRIGHTER CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

2. Summary of Significant Accounting Policies – Continued

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The limits on the use of these net assets are the broad limits resulting from the nature of Brighter Children, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; Brighter Children must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

BRIGHTER CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

2. Summary of Significant Accounting Policies – Continued

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Brighter Children records unconditional promises to give as receivables and revenues and classifies contributions received within net assets categories according to donor-imposed restrictions. When a donor 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. However, restricted contributions whose restrictions expire or are otherwise satisfied within the period of receipt are reported as revenue and support and net assets without donor restrictions in the statements of activities.

Expense Allocation

The costs of supporting the program and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that can be identified with a program or support service are charged directly to that program or support service. Classy fees, which are included in financial services expenses, are allocated 50% to program and 50% to fundraising.

Income Taxes

Brighter Children is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

BRIGHTER CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

2. Summary of Significant Accounting Policies – Continued

Income Taxes (Continued)

Brighter Children has evaluated the recognition requirements for uncertain income tax positions as required by accounting principles generally accepted in the United States of America, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. Accordingly, Brighter Children has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at June 30, 2020.

Brighter Children is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Recently Adopted Accounting Pronouncements

Contributions Received and Contributions Made

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle was adopted retrospectively in fiscal year 2020. There was no cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of July 1, 2019.

BRIGHTER CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020, as follows:

Financial assets at year end:

Cash	\$ 409,136
Accounts receivable	<u>47,828</u>

Amounts available for general expenditures within one year	<u>\$ 456,964</u>
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As part of Brighter Children's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

4. Concentration of Credit Risk

Total cash held by Brighter Children at June 30, 2020 exceeded the federally insured limits provided from the Federal Deposit Insurance Corporation ("FDIC") by \$159,136. It is the opinion of management that the solvency of the financial institution is not of concern at this time.

5. Net Assets With Donor Restrictions

Activity for net assets with donor restrictions during the year ended June 30, 2020 is as follows:

<u>Restricted Purpose</u>	<u>Beginning Balance</u>	<u>Support and Revenue</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Education Funds	<u>\$ 5,627</u>	<u>\$ 124,495</u>	<u>\$ (130,122)</u>	<u>\$ -</u>

BRIGHTER CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

6. Special Events

Brighter Children held two special events during the year, the California Gala and the New York Jeffersonian Dinner event. Special events revenue, net of direct benefits to donors are as follows:

	CA Gala	NY Jeffersonian Dinner	Total
Special events revenue	\$ 134,621	\$ 5,000	\$ 139,621
Less: Direct benefits to donors	<u>(16,333)</u>	<u>(3,264)</u>	<u>(19,597)</u>
Net	<u>\$ 118,288</u>	<u>\$ 1,736</u>	<u>\$ 120,024</u>

7. Evaluation of Subsequent Events

Brighter Children has evaluated subsequent events through November 16, 2020, the date the financial statements were available to be issued.