

BRIGHTER CHILDREN, INC.
FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANT'S
REVIEW REPORT
For the year ended June 30, 2021
(With comparative totals for 2020)

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying financial statements of Brighter Children, Inc., ("Brighter Children") (a non-profit organization), which comprise the statement of financial position as of June 30, 2021, 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 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, we 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

Our 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 us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

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

Other Matters

The financial statements of Brighter Children, Inc. as of June 30, 2020 were reviewed by other accountants whose report dated November 16, 2020, stated that based on their procedures, they are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Deans • Archer & Co

Lynbrook, New York
November 10, 2021

**BRIGHTER CHILDREN, INC.
FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANT'S
REVIEW REPORT**

FINANCIAL STATEMENTS

BRIGHTER CHILDREN, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Cash (Notes 2 and 4)	\$ 565,832	\$ 409,136
Contributions Receivable	<u>74,539</u>	<u>47,828</u>
Total Assets	<u>\$ 640,371</u>	<u>\$ 456,964</u>

LIABILITIES AND NET ASSETS

Liabilities

School Payable	\$ 160,750	\$ 150,000
Accounts Payable	<u>7,935</u>	<u>1,548</u>
Total Liabilities	<u>168,685</u>	<u>151,548</u>

Net Assets

Without Donor Restrictions	471,686	305,416
With Donor Restrictions (Note 5)	<u>-</u>	<u>-</u>
Total Net Assets	<u>471,686</u>	<u>305,416</u>
Total Liabilities and Net Assets	<u>\$ 640,371</u>	<u>\$ 456,964</u>

See Independent Accountant's Review Report.

BRIGHTER CHILDREN, INC.
STATEMENTS OF ACTIVITIES
For the year ended June 30, 2021
(With comparative totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
Support and Revenue:				
Donations and Grants	\$ 242,925	\$ 148,960	\$ 391,885	\$ 280,413
In-Kind Donations (Note 7)	148,501	-	148,501	-
Special Event Revenue (Note 6)	6,050	-	6,050	139,621
Net Assets Released from Restrictions (Note 5)	148,960	(148,960)	-	-
Total Support and Revenue	<u>546,436</u>	<u>-</u>	<u>546,436</u>	<u>420,034</u>
Expenses:				
Program	163,744	-	163,744	154,494
Management and General	186,780	-	186,780	10,768
Fundraising	29,642	-	29,642	37,395
Total Expenses	<u>380,166</u>	<u>-</u>	<u>380,166</u>	<u>202,657</u>
Change in Net Assets	166,270	-	166,270	217,377
Net Assets at Beginning of Year	<u>305,416</u>	<u>-</u>	<u>305,416</u>	<u>88,039</u>
Net Assets at End of Year	<u><u>\$ 471,686</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 471,686</u></u>	<u><u>\$ 305,416</u></u>

See Independent Accountant's Review Report.

BRIGHTER CHILDREN, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the year ended June 30, 2021
(With comparative totals for 2020)

	<u>Program Expenses</u>	<u>Management and General Expenses</u>	<u>Fundraising Expenses</u>	<u>2021</u>	<u>2020</u>
Sponsorship Program and Fees	\$ 160,750	\$ -	\$ -	\$ 160,750	\$ 150,000
In-Kind Expenses (Note 7)	-	108,652	-	108,652	-
Professional and Legal Fees	-	48,007	-	48,007	1,231
Operations	-	20,410	12,939	33,349	10,804
Financial Service Expenses	2,994	-	8,919	11,913	11,218
Marketing Expenses	-	8,665	550	9,215	544
Special Events - Direct Benefits to Donors (Note 6)	-	-	7,209	7,209	19,597
Donor Relations	-	1,038	-	1,038	225
Special Events - Indirect Expenses	-	-	25	25	9,038
Bank Fees	-	8	-	8	-
	<u>\$ 163,744</u>	<u>\$ 186,780</u>	<u>\$ 29,642</u>	<u>\$ 380,166</u>	<u>\$ 202,657</u>

See Independent Accountant's Review Report.

BRIGHTER CHILDREN, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 166,270	\$ 217,377
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities:		
(Increase)/Decrease in Assets:		
Contributions Receivable	(26,711)	2,585
Increase in Liabilities:		
School Payables	10,750	12,780
Accounts Payable	<u>6,387</u>	<u>354</u>
Net Cash Provided by Operating Activities	<u>156,696</u>	<u>233,096</u>
Net Increase in Cash	156,696	233,096
Cash at Beginning of Year	<u>409,136</u>	<u>176,040</u>
Cash at End of Year	<u><u>\$ 565,832</u></u>	<u><u>\$ 409,136</u></u>
Supplemental Disclosure of Cash Flow Information:		
No Taxes or Interest Were Paid During the Year		

See Independent Accountant's Review Report.

**BRIGHTER CHILDREN, INC.
FINANCIAL STATEMENTS WITH
INDEPENDENT ACCOUNTANT'S
REVIEW REPORT**

NOTES TO FINANCIAL STATEMENTS

BRIGHTER CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Brighter Children have been prepared on the accrual basis of accounting and are prepared under the guidance of the Financial Accounting Standards Board *Accounting Standards Codification* ("FASB ASC").

Brighter Children presents its financial statements in accordance with US generally accepted accounting principles which requires Brighter Children's financial statements to distinguish between those with donor restricted and without donor restricted net assets.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

BRIGHTER CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Cont'd

Net Assets With Donor Restrictions – Net assets subject to donor – (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statements 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.

Revenue Recognition

Brighter Children adopted the new accounting standards ASC 606. The new guidance requires that an entity recognize revenue to show the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Brighter Children applied the structure to its prior years which resulted in no adjustment to net assets.

Estimates

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

Expense Allocation

The costs of supporting Brighter Children's programs and supporting services 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 services. Other costs are allocated by various methods on a consistent basis.

BRIGHTER CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Cont'd

Income Tax Status

Brighter Children is exempt from income taxes under section 501(c) (3) of the Internal Revenue Code and is classified as a private, non-profit organization. However, income from certain activities not directly related to Brighter Children's tax-exempt purpose can be subjected to taxation as unrelated business income. Currently, all activities are directly related to Brighter Children's exempt purpose. As a result, no provision for federal or state income taxes has been made.

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, 2021.

Comparative Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with Brighter Children's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Contributions Receivable

Contributions receivables are comprised of monies expected to be received within the upcoming year. Based on payment history and subsequent receipts, management believes that no allowances for uncollectible amounts are necessary.

Fair Value Measurements

The FASB *Fair Value Measurements* standard clarifies the definition of Fair Value for financial reporting, establishes framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. Brighter Children has adopted the standard for its financial assets and liabilities measured on a recurring and non-recurring basis.

BRIGHTER CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd

Fair Value Measurements standard defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between marked participants, i.e., an exit price. The three levels of the fair value hierarchy are as follows:

- Level I inputs are quoted prices (unadjusted) in markets for identical assets or liabilities that the reported entity has the ability to access at the measurement date.
- Level II inputs are inputs other than quoted prices included within Level I that are observable for the asset or liability, either directly or indirectly.
- Level III inputs are unobservable inputs for the asset or liability.

NOTE 3. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects Brighter Children's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Cash	\$ 565,832	\$ 409,136
Contributions Receivable	<u>74,539</u>	<u>47,828</u>
Amounts available for General Expenditures within one year	<u>\$ 640,371</u>	<u>\$ 456,964</u>

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.

NOTE 4. CONCENTRATION OF CREDIT RISK

Total cash held by Brighter Children exceeded the federally insured limits provided from the Federal Deposit Insurance Corporation ("FDIC") by \$315,832 and \$159,136 for the years ended June 30, 2021 and 2020, respectively. It is the opinion of management that the solvency of the financial institution is not of concern at this time.

BRIGHTER CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Activity for net assets with donor restrictions for the years ended June 30, 2021 and 2020 are as follows:

June 30, 2021				
<u>Restricted Purpose</u>	<u>Beginning Balance</u>	<u>Support and Revenue</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Education Funds	\$ -	\$ 148,960	\$ 148,960	\$ -

June 30, 2020				
<u>Restricted Purpose</u>	<u>Beginning Balance</u>	<u>Support and Revenue</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Education Funds	\$ 5,627	\$ 124,495	\$ (130,122)	\$ -

NOTE 6. SPECIAL EVENTS

Brighter Children's special events consist of the California Gala, the New York Jeffersonian Dinner Event and the Founders Society Virtual Event. Special events revenue, net of direct benefits to donors are as follows for the years ended June 30, 2021 and 2020:

June 30, 2021				
	<u>CA Gala</u>	<u>NY Jeffersonian Dinner</u>	<u>Founders Society Virtual Event</u>	<u>2021 Totals</u>
Special Event Revenue	\$ -	\$ -	\$ 6,050	\$ 6,050
Less: Direct Benefits to Donors	<u>-</u>	<u>-</u>	<u>(7,209)</u>	<u>(7,209)</u>
Net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,159)</u>	<u>\$ (1,159)</u>

BRIGHTER CHILDREN, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

NOTE 6. SPECIAL EVENTS – Cont'd

	June 30, 2020			
	CA	NY	Founders	2020
	Gala	Jeffersonian	Society	Totals
		Dinner	Virtual Event	
Special Event Revenue	\$ 134,621	\$ 5,000	\$ -	\$ 139,621
Less: Direct Benefits to Donors	<u>(16,333)</u>	<u>(3,264)</u>	<u>-</u>	<u>(19,597)</u>
Net	<u>\$ 118,288</u>	<u>\$ 1,736</u>	<u>\$ -</u>	<u>\$ 120,024</u>

NOTE 7. IN-KIND TRANSACTIONS

Revenues

For the year ended June 30, 2021, Brighter Children received in-kind donations amounting to \$148,501.

Expenses

For the year ended June 30, 2021, Brighter Children reported in-kind expenses of \$148,501 which includes \$39,849 for professional and legal fees.

NOTE 8. UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a *Novel Corona Virus (COVID-19)* as a pandemic, which continues to spread throughout the United States. As of March 7, 2020, the Governor of the State of New York issued a statewide Executive Order, number 202 (“Order”), for all New Yorker to stay at home through April 25, 2021. This was done to slow the spread of the Coronavirus. Except for essential services, all business activities were suspended for the duration of the Order. We estimated that the effects of this event on these financial statements are inconsequential. However, the full effect of this action on this entity’s ability to continue into the future is not yet known.

NOTE 9. SUBSEQUENT EVENTS

Brighter Children has evaluated subsequent events through November 10, 2021, the date the financial statements were available to be issued.