

EDUCATE THE CHILDREN, INC.

ITHACA, NEW YORK

FINANCIAL REPORT

**For the Years Ended
June 30, 2022 and 2021**



EDUCATE THE CHILDREN, INC.

TABLE OF CONTENTS

Independent Accountants' Review Report	1-2
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-11

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
Educate the Children, Inc.
Ithaca, New York

We have reviewed the accompanying financial statements of Educate the Children, Inc., (ETC) a nonprofit organization, which comprise the Statements of Financial Position as of June 30, 2022 and 2021, and the related Statements of Activities, Functional Expenses, and Cash Flows for the years 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.

Accountants' 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.

We are required to be independent of ETC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountants' 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.

Respectfully Submitted,

Insero & Co. CPAs, LLP

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
January 17, 2023

EDUCATE THE CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30,

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 273,624	\$ 271,741
Prepaid Expenses	313	313
Total Current Assets	<u>\$ 273,937</u>	<u>\$ 272,054</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued Liabilities	\$ 40	\$ 48
Total Current Liabilities	<u>40</u>	<u>48</u>
Net Assets Without Donor Restrictions	<u>273,897</u>	<u>272,006</u>
Total Liabilities and Net Assets	<u>\$ 273,937</u>	<u>\$ 272,054</u>

See Independent Accountants' Review Report and Notes to Financial Statements

EDUCATE THE CHILDREN, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30,

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues						
Contributions	\$ 183,101	\$ 30,000	\$ 213,101	\$ 166,265	\$ 25,000	\$ 191,265
Grant Revenue	103,628	-	103,628	77,642	-	77,642
Paycheck Protection Revenue	-	-	-	1,885	-	1,885
Other Revenue	-	-	-	2	-	2
Net Assets Released from Restrictions	30,000	(30,000)	-	34,500	(34,500)	-
Total Public Support and Revenues	316,729	-	316,729	280,294	(9,500)	270,794
Expenses						
Program Services	258,483	-	258,483	180,995	-	180,995
Fundraising	43,519	-	43,519	38,961	-	38,961
Management and General	12,836	-	12,836	11,463	-	11,463
Total Expenses	314,838	-	314,838	231,419	-	231,419
Excess (Deficit) of Public Support and Revenues Over Expenses	1,891	-	1,891	48,875	(9,500)	39,375
Net Assets - Beginning of Year	272,006	-	272,006	223,131	9,500	232,631
Net Assets - End of Year	\$ 273,897	\$ -	\$ 273,897	\$ 272,006	\$ -	\$ 272,006

See Independent Accountants' Review Report and Notes to Financial Statements

EDUCATE THE CHILDREN, INC.

STATEMENTS OF FUNCTIONAL EXPENSES FOR THE YEARS ENDED JUNE 30,

	2022			2021	
	Program Services	Fundraising	Management and General	Total	Total
Salaries	\$ 13,613	\$ 29,844	\$ 8,901	\$ 52,358	\$ 47,076
Payroll Taxes and Employee Benefits	1,530	3,355	1,001	5,886	4,619
Total Salaries and Related Expenses	15,143	33,199	9,902	58,244	51,695
Transfers to Other Organizations	237,863	-	-	237,863	162,386
Professional Fees	2,059	4,514	1,347	7,920	8,527
Travel	864	1,894	565	3,323	-
Dues and Subscriptions	486	1,065	318	1,869	1,870
Bank and Credit Fees	991	488	-	1,479	1,611
Telephone and Communications	328	720	215	1,263	1,393
Printing	320	702	210	1,232	1,392
Postage	233	510	152	895	1,053
Supplies	161	352	105	618	1,293
Filing Fees	33	71	21	125	75
Computer and Other Services	2	4	1	7	21
Advertising	-	-	-	-	103
Total Expenses	\$ 258,483	\$ 43,519	\$ 12,836	\$ 314,838	\$ 231,419

See Independent Accountants' Review Report and Notes to Financial Statements

EDUCATE THE CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30,

	2021			
	Program		Management	
	Services	Fundraising	and General	Total
Salaries	\$ 12,240	\$ 26,833	\$ 8,003	\$ 47,076
Payroll Taxes and Employee Benefits	1,201	2,633	785	4,619
Total Salaries and Related Expenses	13,441	29,466	8,788	51,695
Transfers to Other Organizations	162,386	-	-	162,386
Professional Fees	2,217	4,860	1,450	8,527
Dues and Subscriptions	486	1,066	318	1,870
Bank and Credit Fees	1,079	532	-	1,611
Telephone and Communications	362	794	237	1,393
Printing	362	793	237	1,392
Supplies	336	737	220	1,293
Postage	274	600	179	1,053
Advertising	27	59	17	103
Filing Fees	20	42	13	75
Computer and Other Services	5	12	4	21
Total Expenses	\$ 180,995	\$ 38,961	\$ 11,463	\$ 231,419

See Independent Accountants' Review Report and Notes to Financial Statements

EDUCATE THE CHILDREN, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30,

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Grant Receipts	\$ 103,628	\$ 77,642
Contributions, Program, and Other Receipts	213,101	191,267
Cash Paid to Suppliers and Other Organizations	(256,602)	(179,676)
Cash Paid to Employees	<u>(58,244)</u>	<u>(51,695)</u>
Net Cash Provided by Operating Activities	<u>1,883</u>	<u>37,538</u>
Change in Cash	1,883	37,538
Cash and Cash Equivalents - Beginning	<u>271,741</u>	<u>234,203</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 273,624</u></u>	<u><u>\$ 271,741</u></u>

See Independent Accountants' Review Report and Notes to Financial Statements

EDUCATE THE CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

***Note 1* Nature of Organization and Summary of Significant Accounting Policies**

Nature of Organization

Educate the Children, Inc. (ETC) is a not-for-profit organization originally formed in Ithaca, New York. ETC's programs benefit women and children through educational opportunities, skills training, kindergarten programs, teacher training and agricultural development. ETC provides funding for these programs to take place in Nepal, through an independent organization. ETC's programs benefit more than 10,000 Nepalese each year.

Basis of Accounting

The financial statements of ETC have been prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenditures when incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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.

Basis of Presentation

The financial statements of ETC have been prepared in accordance with U.S. GAAP, which requires ETC to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of ETC. These net assets may be used at the discretion of ETC's management and the Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of ETC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities. Net Assets With Donor Restrictions were \$-0- as of June 30, 2022 and 2021.

EDUCATE THE CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

***Note 1* Nature of Organization and Summary of Significant Accounting Policies - Continued**

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, ETC considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

ETC maintains its cash balances in two financial institutions. These balances are insured by the Federal Deposit Insurance Corporation (FDIC). During the year, ETC may have cash balances in excess of FDIC insurance limits. There were no uninsured balances at June 30, 2022 and 2021.

Property and Equipment

Property and equipment are stated at cost. Donated items are stated at fair market value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the property and equipment; generally, 5 - 7 years. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. Upon retirement or disposal of an asset, the cost and related depreciation are eliminated, and any gain or loss is included in the Statements of Activities.

Contributions

Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions depending on the existing and/or nature of any donor restrictions at the earlier point of when they are pledged or received.

Advertising

ETC expenses all advertising costs as they are incurred. ETC uses advertising to promote its programs and raise additional funds to support its programs. The production costs of advertising are expensed as incurred. During the years ended 2022 and 2021, advertising expense was \$0- and \$103, respectively.

Functional Expenses

The Statements of Functional Expenses present expenses by function and natural classification. Expenses directly attributable to a specific function of ETC are reported as expenses of that function. A portion of costs that benefit multiple functions (indirect costs) have been allocated across program services, management and general, and fundraising expenses. Expenses were allocated by function using a reasonable and consistent approach that was primarily based on the costs attributable by function based on estimated percentage of time and effort, square footage, or full time equivalent.

Income Taxes

ETC is exempt from income taxes under §501(c)(3) of the Internal Revenue Code. In addition, ETC qualifies for the charitable contribution deduction under §170(b)(1)(A) and has been classified as an organization that is not a private foundation under §509(a)(2).

EDUCATE THE CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

Note 1 Nature of Organization and Summary of Significant Accounting Policies - Continued

Future Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) No. 2016-02, "Leases" (Topic 842). ASU No. 2016-02 improves transparency and comparability among companies by recognizing lease assets and lease liabilities on the balance sheet and by disclosing key information about leasing arrangements. In June 2020, FASB issued ASU No. 2020-05, which delayed the effective date of ASU No. 2016-02 to the year ending June 30, 2023. ETC is currently assessing the financial impact of this guidance on the financial statements.

Subsequent Events

ETC has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through January 17, 2023, the date the financial statements were available to be issued.

Note 2 Availability and Liquidity

The following represents ETC's financial assets at June 30:

Availability and Liquidity

Financial Assets at Year End	2022	2021
Cash	\$ 273,624	\$ 271,741
Less Amounts Not Available to be Used Within One Year		
Net Assets with Donor Restrictions	-	-
Total Financial Assets Available Within One Year	\$ 273,624	\$ 271,741

ETC manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due.

EDUCATE THE CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

***Note 3* Equipment and Furniture**

Cost and accumulated depreciation for fixed assets are summarized as follows at June 30:

	2022	
	Cost	Accumulated Depreciation
Equipment and Furniture	\$ 2,000	\$ 2,000

	2021	
	Cost	Accumulated Depreciation
Equipment and Furniture	\$ 2,000	\$ 2,000

Depreciation expense for the years ended June 30, 2022 and 2021 was \$-0-.

***Note 4* Paycheck Protection Program Loan**

On April 14, 2020, ETC applied for a Paycheck Protection Program loan in the amount of \$10,000 with the U.S. Small Business Administration through Tompkins Bank of Castile. The loan was approved, and funds were received on May 4, 2020. As of June 30, 2021, the whole amount has been forgiven and \$1,885 was recorded as revenue during the year ended June 30, 2021.

***Note 5* Transactions with Other Organizations**

In addition to the amount recorded as transfers to other organizations in the Statements of Functional Expenses, ETC received designated pass-through funding totaling \$103,628 and \$77,642 for the years ended June 30, 2022 and 2021, respectively. Of this amount, \$75,319 and \$40,320 were distributed along with ETC funds.

***Note 6* Economic Uncertainty**

In March 2020, the coronavirus outbreak was declared to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which ETC operates. While it is unknown how long these conditions will last and what the complete financial effect will be, ETC expects to experience disruptions to its business, customers and suppliers, which could negatively impact operating results in future periods.