

EDUCATE THE CHILDREN, INC.

ITHACA, NEW YORK

FINANCIAL REPORT

**For the Years Ended
June 30, 2023 and 2022**



insero&co

Certified Public Accountants | Business Advisors

EDUCATE THE CHILDREN, INC.

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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, 2023 and 2022, 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,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
January 23, 2024

EDUCATE THE CHILDREN, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30,

	<u>2023</u>	<u>2022</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 251,252	\$ 273,624
Pledge Receivable	250,000	-
Prepaid Expenses	393	313
Total Current Assets	<u><u>\$ 501,645</u></u>	<u><u>\$ 273,937</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accrued Liabilities	\$ 222	\$ 40
Deferred Revenue	8,359	-
Total Current Liabilities	8,581	40
Net Assets Without Donor Restrictions	<u>493,064</u>	<u>273,897</u>
Total Liabilities and Net Assets	<u><u>\$ 501,645</u></u>	<u><u>\$ 273,937</u></u>

See Independent Accountants' Review Report and Notes to Financial Statements

EDUCATE THE CHILDREN, INC.

STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED JUNE 30,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues						
Contributions	\$ 567,963	\$ 9,250	\$ 577,213	\$ 286,729	\$ 30,000	\$ 316,729
Net Assets Released from Restrictions	9,250	(9,250)	-	30,000	(30,000)	-
Total Public Support and Revenues	577,213	-	577,213	316,729	-	316,729
Expenses						
Program Services	299,959	-	299,959	258,483	-	258,483
Fundraising	44,888	-	44,888	43,519	-	43,519
Management and General	13,199	-	13,199	12,836	-	12,836
Total Expenses	358,046	-	358,046	314,838	-	314,838
Excess of Public Support and Revenues Over Expenses	219,167	-	219,167	1,891	-	1,891
Net Assets - Beginning of Year	273,897	-	273,897	272,006	-	272,006
Net Assets - End of Year	\$ 493,064	\$ -	\$ 493,064	\$ 273,897	\$ -	\$ 273,897

See Independent Accountants' Review Report and Notes to Financial Statements

EDUCATE THE CHILDREN, INC.

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)**

	<u>Program Services</u>	<u>Fundraising</u>	<u>Management and General</u>	<u>2023 Total</u>	<u>2022 Total</u>
Salaries	\$ 13,649	\$ 29,924	\$ 8,925	\$ 52,498	\$ 52,358
Payroll Taxes and Employee Benefits	1,403	3,077	918	5,398	5,886
Total Salaries and Related Expenses	15,052	33,001	9,843	57,896	58,244
Transfers to Other Organizations	278,483	-	-	278,483	237,863
Professional Fees	2,300	5,042	1,504	8,846	7,920
Telephone and Communications	1,134	2,487	742	4,363	1,263
Printing	516	1,130	337	1,983	1,232
Bank and Credit Fees	1,292	637	-	1,929	1,479
Dues and Subscriptions	468	1,026	306	1,800	1,869
Postage	287	629	188	1,104	895
Supplies	262	575	172	1,009	618
Advertising	53	117	35	205	-
Event Expense	52	114	34	200	-
Filing Fees	33	71	21	125	125
Computer and Other Services	27	59	17	103	7
Travel	-	-	-	-	3,323
Total Expenses	\$ 299,959	\$ 44,888	\$ 13,199	\$ 358,046	\$314,838

See Independent Accountants' Review Report and Notes to Financial Statements

EDUCATE THE CHILDREN, INC.

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2022

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

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>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Contributions, Program, and Other Receipts	\$ 335,572	\$ 316,729
Cash Paid to Suppliers and Other Organizations	(300,048)	(256,602)
Cash Paid to Employees	(57,896)	(58,244)
Net Cash (Used in) Provided by Operating Activities	<u>(22,372)</u>	<u>1,883</u>
Change in Cash	(22,372)	1,883
Cash and Cash Equivalents - Beginning	<u>273,624</u>	<u>271,741</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 251,252</u></u>	<u><u>\$ 273,624</u></u>

See Independent Accountants' Review Report and Notes to Financial Statements

EDUCATE THE CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

***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, 2023 and 2022.

EDUCATE THE CHILDREN, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

***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, 2023 and 2022.

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 2023 and 2022, advertising expense was \$205 and \$-0-, 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, 2023 AND 2022

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

Subsequent Events

ETC has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through January 23, 2024, 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:

Financial Assets at Year End	2023	2022
Cash	\$ 251,252	\$ 273,624
Pledge Receivable	<u>250,000</u>	<u>-</u>
Total Financial Assets Available Within One Year	<u>\$ 501,252</u>	<u>\$ 273,624</u>

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

***Note 3* Equipment and Furniture**

Cost and accumulated depreciation for fixed assets are summarized as follows at June 30, 2022. Remaining fixed assets were disposed during the year ended June 30, 2023.

	Cost	Accumulated Depreciation
Equipment and Furniture	<u>\$ 2,000</u>	<u>\$ 2,000</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$-0-.

***Note 4* 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 \$74,187 and \$103,628 for the years ended June 30, 2023 and 2022, respectively. Of this amount, \$105,309 and \$75,319 were distributed along with ETC funds.

***Note 5* Pledge Receivable**

During the year ended June 30, 2023, ETC received notice that it had been named in a will and that the individual who wrote the will had passed away. ETC received the pledged funds in August of 2023.