

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF: KINDER USA

FINANCIAL STATEMENTS

December 31, 2012 and 2011

INDEX

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses - 2012	4
Statement of Functional Expenses - 2011	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 9

Mike Dunson, CPA
12655 N. Central Expressway, Suite 700
Dallas, Texas 75243
Tel (972) 458-1182 Fax (972) 934-0633

Board of Directors
Kids in Need of Development, Education, and Relief: Kinder USA
Dallas, Texas

INDEPENDENT AUDITOR'S REPORT

I have audited the accompanying statement of financial position of Kids in Need of Development, Education, and Relief: Kinder USA as of December 31, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly in all material respects, the financial position of Kids in Need of Development, Education, and Relief: Kinder USA as of December 31, 2012 and 2011, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Mike Dunson

Mike Dunson, CPA
April 18, 2013
Dallas, Texas

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF: KINDER USA
STATEMENT OF FINANCIAL POSITION

	<u>December 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 318,891	\$ 185,589
Accounts receivable	175	
Prepaid expenses	<u>6,700</u>	<u>6,800</u>
Total Current Assets	<u>325,766</u>	<u>192,389</u>
Property and Equipment		
Office equipment	13,662	20,906
Furniture and fixtures	<u>3,538</u>	<u>4,495</u>
	17,200	25,401
Less: Accumulated depreciation	<u>12,638</u>	<u>21,473</u>
	<u>4,562</u>	<u>3,928</u>
Deposit	<u>1,185</u>	<u>1,185</u>
TOTAL ASSETS	<u><u>\$ 331,513</u></u>	<u><u>\$ 197,502</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable - grants	\$ 32,420	\$ 83,582
Accounts payable	5,287	6,603
Accrued expenses	<u>3,199</u>	<u>1,627</u>
Total Current Liabilities	40,906	91,812
Long-term Liabilities		
TOTAL LIABILITIES	<u>40,906</u>	<u>91,812</u>
Net Assets		
Unrestricted	270,607	105,690
Temporarily restricted	20,000	
TOTAL NET ASSETS	<u>290,607</u>	<u>105,690</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 331,513</u></u>	<u><u>\$ 197,502</u></u>

See accompanying notes

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF: KINDER USA
STATEMENT OF ACTIVITIES

	Year Ended December 31, <u>2012</u>	Year Ended December 31, <u>2011</u>
UNRESTRICTED NET ASSETS		
Unrestricted Support and Revenues		
Contributions	\$ 744,037	\$ 694,796
Interest income	62	155
Net assets released from restrictions		<u>10,000</u>
Total Unrestricted Revenues, Gains and Other Support	<u>744,099</u>	<u>704,951</u>
Expenses		
Program service	447,481	579,417
Management and general	37,249	95,429
Fundraising and promotion	94,452	95,507
Total Expenses	<u>579,182</u>	<u>770,353</u>
Increase (Decrease) in Unrestricted Net Assets	<u>164,917</u>	<u>(65,402)</u>
TEMPORARILY RESTRICTED ASSETS		
Contribution restricted to purchase of playground equipment	20,000	
Net assets released from restrictions		<u>(10,000)</u>
Increase in Temporarily Restricted Net Assets	<u>20,000</u>	<u>(10,000)</u>
INCREASE (DECREASE) IN NET ASSETS	<u>184,917</u>	<u>(75,402)</u>
NET ASSETS, Beginning of year	<u>105,690</u>	<u>181,092</u>
NET ASSETS, End of year	<u>\$ 290,607</u>	<u>\$ 105,690</u>

See accompanying notes

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF: KINDER USA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012

	Program Service	Management and General	Fundraising	Total Supportive Services	Total Expenses
Expenses:					
Grants and assistance	\$ 179,882	\$	\$	\$	\$ 179,882
Foreign currency exchange loss	(482)				(482)
Salaries	73,605	13,580	63,699	77,279	150,884
Payroll taxes	5,837	1,078	5,060	6,138	11,975
Employee benefits	14,607	1,622	10,063	11,685	26,292
Professional fees	29,359	3,183	2,830	6,013	35,372
Office expense	33,699	3,873	1,162	5,035	38,734
Information technology expense	5,423	588	523	1,111	6,534
Occupancy	25,206	2,733	2,429	5,162	30,368
Travel	16,467	1,876	2,501	4,377	20,844
Conferences and meetings	37,161	4,029	3,582	7,611	44,772
Bank and credit card charges	7,801	1,170	780	1,950	9,751
Depreciation		1,466		1,466	1,466
Other expenses	18,916	2,051	1,823	3,874	22,790
	<u>\$ 447,481</u>	<u>\$ 37,249</u>	<u>\$ 94,452</u>	<u>\$ 131,701</u>	<u>\$ 579,182</u>

See accompanying notes

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF: KINDER USA
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2011

	Program Service	Management and General	Fundraising	Total Supportive Services	Total Expenses
Expenses:					
Grants and assistance	\$ 359,992	\$	\$	\$	\$ 359,992
Foreign currency exchange loss	12,232				12,232
Salaries	74,663	18,666	62,219	80,885	155,548
Payroll taxes	5,990	1,498	4,992	6,490	12,480
Employee benefits	11,112	2,778	9,260	12,038	23,150
Professional fees	13,572	11,721	5,552	17,273	30,845
Office expense	26,397	4,902	6,411	11,313	37,710
Information technology expense	503	2,346	503	2,849	3,352
Occupancy	10,803	16,205		16,205	27,008
Travel	15,785	7,893	2,631	10,524	26,309
Conferences and meetings	26,471	17,206	441	17,647	44,118
Bank and credit card charges	7,904	2,634		2,634	10,538
Depreciation		2,083		2,083	2,083
Other expenses	13,993	7,497	3,498	10,995	24,988
	<u>\$ 579,417</u>	<u>\$ 95,429</u>	<u>\$ 95,507</u>	<u>\$ 190,936</u>	<u>\$ 770,353</u>

See accompanying notes

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF: KINDER USA
STATEMENT OF CASH FLOWS

	Year Ended December 31, <u>2012</u>	Year Ended December 31, <u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 184,917	\$ (75,402)
Adjustments to reconcile change in net assets to cash provided by operating activities		
Depreciation expense	1,465	2,083
Decrease (increase) in receivables	(175)	3,473
Decrease (increase) in prepaid expense	100	17,086
Increase (decrease) in accounts payable	(1,316)	2,915
Increase (decrease) in accounts payable - grants	(51,162)	54,038
Increase (decrease) in accrued expenses	<u>1,572</u>	<u>(3,532)</u>
Net Cash Provided by Operating Activities	<u>135,401</u>	<u>661</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>(2,099)</u>	<u>(3,148)</u>
Net Cash Provided (Used) by Investing Activities	<u>(2,099)</u>	<u>(3,148)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	133,302	(2,487)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>185,589</u>	<u>188,076</u>
CASH AND CASH EQUIVALENTS, End of year	<u><u>\$ 318,891</u></u>	<u><u>\$ 185,589</u></u>

See accompanying notes

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF: KINDER USA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Kids in Need of Development, Education, and Relief: Kinder USA (the Organization) is an international humanitarian organization based in the United States of America. The Organization was founded by a group of American Muslim physicians and relief workers. The Organization is a not-for-profit, non-stock corporate entity organized under the laws of the state of Texas in January, 2002. The purpose of the Organization is to aid in the relief and development of children who are victims of man-made and natural disasters. The Organization is managed by the board of directors which is currently comprised of four active members.

Support and Expenses

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Non-cash contributions are recorded at their fair value when significant. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Contributed Services

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. These contributed services are not recorded in the financial statements.

Allocation of Expenses

The costs of providing the Organization's various programs and services are summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated to the Organization's program and supportive services.

Income Taxes

Kids in Need of Development, Education, and Relief: Kinder USA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Consequently, no income tax provision has been included in the financial statements. However, any activity determined to be unrelated to the Organization's tax exemption are subject to income taxes in accordance with Section 511 of the Internal Revenue Code. The Organization is not classified as a private foundation by the Internal Revenue Service.