

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2020 AND 2019

**TUGGLE, BURTON & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS
Addison, Texas
972-661-5562**

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITOR

DECEMBER 31, 2020 AND 2019

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TUGGLE, BURTON & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Kids in Need of Development, Education, and Relief
Dallas, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Kids in Need of Development, Education, and Relief (a Texas nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities and change in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2020 and 2019 financial statements referred to above present fairly, in all material respects, the financial position of Kids in Need of Development, Education, and Relief as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Joseph B. Winters & Co. P.C.

April 29, 2021
Addison, Texas

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

ASSETS

<u>CURRENT ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 514,859	\$ 390,026
Contributions receivable	23,033	29,688
Grant receivable, donor restricted	<u>-</u>	<u>50,000</u>
TOTAL CURRENT ASSETS	<u>537,892</u>	<u>469,714</u>
 <u>PROPERTY AND EQUIPMENT</u>		
Office furniture	3,657	3,657
Office equipment	<u>9,559</u>	<u>6,553</u>
	13,216	10,210
Less accumulated depreciation	<u>(10,235)</u>	<u>(9,291)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>2,981</u>	<u>919</u>
Investments	4,674	3,528
Security deposit	<u>1,070</u>	<u>1,070</u>
TOTAL OTHER ASSETS	<u>5,744</u>	<u>4,598</u>
TOTAL ASSETS	<u>\$ 546,617</u>	<u>\$ 475,231</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 3,163	\$ 5,113
Accrued expense	<u>3,604</u>	<u>1,296</u>
TOTAL CURRENT LIABILITIES	<u>6,767</u>	<u>6,409</u>
 <u>NET ASSETS</u>		
Donor restricted	-	50,000
Without donor restrictions	<u>539,850</u>	<u>418,822</u>
TOTAL NET ASSETS	<u>539,850</u>	<u>468,822</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 546,617</u>	<u>\$ 475,231</u>

The accompanying notes are an integral part of these financial statements

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31,

	2020			2019		
	<u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>Donor</u> <u>Restricted</u>	<u>Total</u>	<u>Without</u> <u>Donor</u> <u>Restrictions</u>	<u>Donor</u> <u>Restricted</u>	<u>Total</u>
<u>REVENUES AND SUPPORT</u>						
Contributions	431,693	\$ 507,962	\$ 939,655	427,975	509,109	\$ 937,084
Net assets released from restrictions, satisfaction of purpose restrictions	557,962	(557,962)	-	459,109	(459,109)	-
TOTAL REVENUES AND SUPPORT	989,655	(50,000)	939,655	887,084	50,000	937,084
<u>EXPENSES</u>						
Program service	779,924	-	779,924	801,377	-	801,377
Total program expenses	779,924	-	779,924	801,377	-	801,377
Fund-raising	56,013	-	56,013	69,705	-	69,705
Management and general	41,735	-	41,735	41,233	-	41,233
TOTAL EXPENSES	877,673	-	877,673	912,315	-	912,315
<u>OTHER INCOME (LOSS)</u>						
Forgiveness of Paycheck Protection Program loan	24,747	-	24,747	-	-	-
Loss on currency exchange	(16,774)	-	(16,774)	(16,154)	-	(16,154)
Investment income (loss)	1,073	-	1,073	813	-	813
TOTAL OTHER INCOME (LOSS)	9,046	-	9,046	(15,341)	-	(15,341)
INCREASE (DECREASE) IN NET ASSETS	121,028	(50,000)	71,028	(40,572)	50,000	9,428
<u>NET ASSETS, beginning</u>	418,822	50,000	468,822	459,394	-	459,394
NET ASSETS, ending	\$ 539,850	\$ -	\$ 539,850	\$ 418,822	\$ 50,000	\$ 468,822

The accompanying notes are an integral part of these financial statements

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2019</u>	
	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program</u>	<u>Management</u>	
	<u>Services</u>	<u>and General</u>	<u>Expenses</u>	<u>Services</u>	<u>and General</u>	<u>Fundraising</u>	
	<u>Totals</u>	<u>Totals</u>	<u>Totals</u>	<u>Totals</u>	<u>Totals</u>	<u>Totals</u>	
Grants and assistance	\$ 622,489	\$ -	\$ -	\$ 622,489	\$ 641,303	\$ -	\$ 641,303
Salaries	95,377	23,364	9,182	127,923	85,766	23,536	118,484
Payroll taxes	7,295	1,787	701	9,784	6,549	1,797	9,047
Employee benefits	6,259	1,669	834	8,762	13,094	3,492	18,332
Professional fees	18,042	-	-	18,042	21,660	-	21,660
Office expense	1,595	1,253	1,595	4,443	1,391	1,093	3,875
Information technology expense	6,672	-	-	6,672	6,232	-	6,232
Occupancy	14,865	2,001	-	16,866	13,976	1,882	15,858
Travel	265	-	-	265	3,003	-	3,003
Conference and Meeting Expense	19	-	-	19	1,162	-	1,162
Bank and credit card charges	2,395	-	-	2,395	2,527	-	2,527
Depreciation	-	944	-	944	-	878	878
Other expenses	4,651	10,717	43,701	59,069	4,714	8,555	69,954
Totals	<u>\$ 779,924</u>	<u>\$ 41,735</u>	<u>\$ 56,013</u>	<u>\$ 877,673</u>	<u>\$ 801,377</u>	<u>\$ 41,233</u>	<u>\$ 912,315</u>

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NATURE OF BUSINESS

Kids in Need of Development, Education, and Relief (the “Organization” or “Kinder USA”) is an organization which was incorporated in January 2002 under the laws of the State of Texas. The Organization is classified as a nonprofit organization under Internal Revenue Code Section 501 (c) 3. The Organization is considered a public charity under Section 170 of the Internal Revenue Code. The Organization's mission is to improve the lives of Palestinian children and other children in crisis through development and emergency relief. The Organization funds programs in Turkey, Lebanon, Gaza, the West Bank, and Pakistan.

The Organization focuses its mission in three areas: (a) Education and Health (b) Nutrition, and (c) Emergency Relief. The Organization funds the following programs in these areas:

(a) Education and Health:

- (i) The Organization supports a school for refugee children hiring teachers and tutors; provides psychosocial support to children through educational and play therapy;
- (ii) The organization conducts weight and height assessments for referrals and as part of a nutritional development program;
- (iii) The Organization supports the youth through theatrical psycho-cultural support.

(b) Nutrition:

- (i) The Organization supports kindergartens through delivery of nutritional lunch prepared by women cooperatives,
- (ii) The Organization works with small scale farmers and women cooperatives for the production of fresh fruits, vegetables, dairy, poultry for distribution with partner organizations in the West Bank and Gaza,
- (iii) The organization provides classes in proper nutrition and food preparation classes to mothers.

(c) Emergency Relief:

- (i) The Organization partners with local organizations to provide food, shelter, and medical care to children and families affected by natural and man-made disasters.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America. The following is a summary of the significant policies.

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

The financial statements of the Organization were prepared using the accrual basis of accounting. Material amounts of goods and services are recorded as assets or expenses at the time the liabilities arise, which is normally when title to the goods pass or when the services are received. Encumbrances representing outstanding purchase orders and other commitments for materials or services not yet received are not liabilities as of the reporting date.

Reporting

In order to comply with accounting principles generally accepted in the United States of America, the Organization must prepare its external financial statements in accordance with guidance issued by the Financial Accounting Standards Board Accounting Standards Codification Topic 958, Subtopic 205-45 *Not-for-profit Organizations – Presentation of Financial Statements*, which requires that not-for-profit organizations provide a statement of financial position, a statement of activities and cash flows. It requires reporting amounts for the Organization's total assets, liabilities, and net assets in a statement of financial position; reporting the change in the Organization's net assets in statement of activities; reporting the change in its cash and cash equivalents in a statement of cash flows.

This Statement also requires classification of the Organization's net assets and its revenues, expenses, gains, and losses based on the existence or absences of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – (1) donor-restricted, which are composed of assets restricted by the donor as to time, usage and access for donor-specific purposes, and until certain conditions are satisfied, (2) unrestricted, which are donations not restricted by the donor as to time, access or usage - be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities. The Organization has adopted the requirements of Financial Accounting Standards Update 2016-14.

The Organization adopted Topic 606 *Revenue from Contracts with Customers* (ASC 606) with a date of the initial application of January 1, 2019. In accordance with the requirements of this standard, management has evaluated the nature of the Organization's revenue-producing activities and has determined that substantially all of the Organization's support arises from income from investments and contributions from private foundations and individuals. Management has determined that, since contributions are both voluntary and nonreciprocal, such support does not meet the requirements of a customer contract under ASC 606. In addition, investment income revenue streams are excluded from consideration of the requirements of ASC 606.

Allocation of expenses

Management calculates allocation of general expenses to specific programs, fundraising, and administration, utilizing an estimate of time spent by management in these areas. Direct program expenses are allocated directly to associated programs. Compensation is allocated to specific programs based upon an estimate of time spent on each program. Depreciation is allocated based upon usage of assets for each program.

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

The Organization's financial instruments are cash and cash equivalents, accounts receivable and accounts payable. The recorded values of cash and cash equivalents, accounts receivable, and accounts payable approximate their fair values based upon their short-term nature.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property or equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. No property and equipment were donated during the years ended December 31, 2020 and 2019.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers cash equivalents to include all highly liquid debt instruments with original maturities of three months or less. Certificates of Deposit with maturities of less than 12 months from the balance sheet date are considered to be current assets. The Organization has deposited funds with a financial institution in Belgium, which is denominated in Euros. All balances presented in these financial statements have been converted to U.S. dollars.

Income Taxes

The Organization is a not-for-profit corporation which has been determined by letter dated March 27, 2007 to be exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Under Section 509(a)(2) of the Internal Revenue Code, the Organization is classified as a public charity.

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Uncertain Tax Positions

Management is required to determine whether a tax position of the Organization is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized by the Organization is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The Organization has adopted an accounting standard for uncertain tax positions. Management is required to determine whether a tax position of the Organization is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position.

The tax benefit to be recognized by the Organization is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Management is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. However, management's conclusions are subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulation and administrative interpretations (including relevant court decisions). The Organization's federal tax returns for the years ended December 31, 2017, 2018, and 2019 remain subject to examination by the Internal Revenue Service.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions Receivable

The Organization closely monitors outstanding contributions receivable and charges to expense any balances that are determined to be uncollectible. In determining collectability of accounts receivable, management evaluates the age of the receivable, donor history, and the economic condition of the donor. Management writes off all receivables at the time that the receivable is determined to be uncollectible. At December 31, 2020 and 2019 the Organization considers all remaining receivables to be fully collectible. Accordingly, management has determined that no allowance for doubtful accounts is necessary. There were no such accounts in 2020 and 2019. All accounts receivable and promises to give are expected to be received within one year of the date of these financial statements. The organization also receives grants from certain private donors. No federal grant amounts were awarded or received during the years ended December 31, 2020 or 2019.

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Concentrations

Funding for the Organization comes from across the United States, with concentrations in Texas and California. As such, the Organization is subject to economic forces affecting these geographic areas. Donations to the Organization, and the accounts receivable associated with those donations, Organization program expenses and administrative costs may all be subject to short- and long-term fluctuations as a result of this concentration. Management has evaluated these concentrations and believe that the Organization's operations will not be significantly affected by these concentrations within one year of the financial statement date. The Organization raises funds through certain fund raising campaigns, and is therefore subject to concentrations related to its fund raising. The results of the Organization's most significant fund-raising campaign at December 31, 2020 and 2019 is as follows:

<u>Campaign Name</u>	<u>2020</u> <u>Revenues</u>	<u>2020</u> <u>% of Revenues</u>	<u>2019</u> <u>Revenues</u>	<u>2019</u> <u>% of Revenues</u>
Ramadan	\$ 487,962	51,82%	\$ 459,109	48.99%

Subsequent Events

Management has evaluated subsequent events through April 29, 2021, the date of the audit report, which is also the date which the financial statements were available to be issued.

NOTE 2 - DONOR RESTRICTED 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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting periods are reported as unrestricted support. At December 31, 2020 and 2019, donor restricted net assets were \$50,000 and \$-, respectively. Donor restricted net assets at December 31, 2019 were restricted for the Rural Women Empowerment Project.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Programs for which donor restricted net assets were released as of December 31 are as follows

<u>Program</u>	<u>2020</u>	<u>2019</u>
Nutrition - Farmers/Women Cooperatives	\$ 557,962	\$ 459,109

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 3 - CASH

The Organization maintains cash balances primarily at two financial institutions located in North Texas and Belgium. Deposits held in Belgian banks are insured to 100,000 Euros by the Protection Fund for Deposits and Financial Instruments. At times during the years ended December 31, 2020 and 2019, the Organization's cash balances may exceed the FDIC insured limits. At December 31, 2020 and 2019, the Organization's cash and cash equivalents were \$514,859 and \$390,026. Uninsured bank balances at December 31, 2020 and 2019, were \$245,564 and \$124,821, respectively.

NOTE 4 - PROPERTY AND EQUIPMENT

Fixed assets are recorded at cost. Assets received by gift are recorded at fair market value at the date of gift. Fixed assets are being depreciated using the straight-line basis and the following useful lives:

Office Furniture	7 Years
Office Equipment	3 Years

The Organization capitalizes assets which cost \$1,000, or more, and have a useful life of at least three years. Repairs and maintenance are charged to expense as incurred. Expenditures for major additions and improvements that extend the useful lives of property and equipment are capitalized. Management examines property and equipment annually for impairment, considering service life, obsolescence, future maintenance costs and expected usage. No allowance for impairment is considered necessary for the years ended December 31, 2020 and 2019.

NOTE 5 - FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. of fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable. As the Organization is released from risk, the margins for risk will also be released through net realized capital gains (losses) in net income. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 - FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020.

Mutual Funds – The fair value of investments in marketable mutual funds and exchange-traded funds is based on quoted market prices.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization invests in various investments securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the Organization's investments and the amounts reported in the statements of financial position and activities.

Management reviews for other than temporary decline in accordance with the requirements of fair value measurements. The Organization's investments in mutual funds consist primarily of investments in exchange-traded debt and equity securities. Within the fund balance certain individual investments may have fair values measured below cost. The severity of any impairment and the duration of any impairment correlate with current market conditions. .

Based upon the near-term prospects of the issuer of any of those securities in relation to the severity and duration of the impairment, and based upon the Organization's ability and intent to hold those investments for a reasonable period of time sufficient for a forecasted recovery of fair value, the Organization does not consider those investments to be other-than-temporary impaired at December 31, 2020

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 - FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets recognized in the accompanying statement of financial position at fair value on a recurring basis as of December 31, 2020:

Mutual Funds	<u>Fair Value</u>	<u>(Level 1)</u>
	\$ 4,674	\$ 4,674
Total, December 31, 2020	<u>\$ 4,674</u>	<u>\$ 4,674</u>
Mutual Funds	<u>Fair Value</u>	<u>(Level 1)</u>
	\$ 3,528	\$ 3,528
Total, December 31, 2019	<u>\$ 3,528</u>	<u>\$ 3,528</u>

The change in investment value for the year ended December 31, 2020 and 2019 consist solely of unrealized gains and losses:

<u>Investment</u>	<u>Cost</u>	<u>Value</u>	<u>Unrealized Gains (Losses)</u>
Mutual Funds	\$ 2,850	\$ 4,674	\$ 1,824
Total, December 31, 2020	<u>\$ 2,843</u>	<u>\$ 4,674</u>	<u>\$ 1,824</u>
Unrealized loss recognized In prior year			(1,111)
Cost basis adjustment			<u>683</u>
Unrealized gain as of December 31, 2020			<u>\$ 1,396</u>

The change in investment value for the year ended December 31, 2020 consisted of:

Realized loss	<u>Fair Value</u>
Unrealized gain	\$ (323)
	\$ 1,396
Total, December 31, 2020	<u>\$ 1,073</u>

<u>Investment</u>	<u>Cost</u>	<u>Value</u>	<u>Unrealized Gains (Losses)</u>
Mutual Funds	\$ 3,013	\$ 3,528	\$ 515
Total, December 31, 2019	<u>\$ 3,013</u>	<u>\$ 3,528</u>	<u>\$ 515</u>
Unrealized gain recognized In prior year			<u>298</u>
Unrealized gain as of December 31, 2019			<u>\$ 813</u>

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

NOTE 5 - FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

The change in investment value for the year ended December 31, 2019 consists solely of unrealized losses.

NOTE 6 - RETIREMENT PLAN CONTRIBUTION

The Organization contributes annually to a key employee's Individual Retirement Account ("IRA"). The amount of the discretionary contribution is determined by the Organization on an annual basis. The Organization made discretionary contributions of \$4,056 and \$4,056 to the IRA for the years ended December 31, 2020 and 2019, respectively.

NOTE 7 – COMMITMENTS

The Organization leases office space and equipment under non-cancellable operating leases which expire May 1, 2021. For the years ended December 31, 2020 and 2019, rent expense was \$13,743 and \$12,269. Future amounts payable under these lease agreements at December 31 are:

<u>Year</u>	<u>Amount</u>
2021	\$12,166
2022	<u>5,100</u>
Total	<u>\$17,266</u>

NOTE 8 – RISKS, UNCERTAINTIES AND VULNERABILITIES

The Organization depends heavily on grants and donations for its revenue. The ability of the Organization to obtain new grants and the ability of the Organization's donors to continue giving amounts comparable with 2020 may be dependent upon current and future overall economic conditions and the continued deductibility for income tax purposes of donations to the Organization. While the Organization's Board of Directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on economic conditions.

NOTE 9 - FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the Organization's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted utilizing an estimated percentage of time spent by management on each program. Direct charges to each program have been directly allocated to the specific program affected.

NOTE 10 – SUBSEQUENT EVENTS

The Organization has instituted certain protocols to address the effects on Organization management, donors and employees, such as suspending travel activities, allowing for any contributions receivable deemed to be uncertain, adjusting staffing and reallocating workforce where appropriate.