KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023

KIDS IN NEED OF DEVELOPMENT, EDUCATION, AND RELIEF

DECEMBER 31, 2023

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ORTA & CHOATE
Certified Public Accountants

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of Kids in Need of Development, Education, and Relief (a nonprofit organization) ("the Organization"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the statements of activities and changes in net assets, its cash flows and functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Orta & Choate, P.C.

McKinney, Texas
July 22, 2024

KIDS IN DEVELOPMENT, EDUCATION, AND REFLIEF
STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS

CURRENT ASSETS		
Cash and cash equivalents	$	1,185,777
Investments		16,314
Contributions receivable		82,033
Total current assets		1,284,124
RIGHT-OF-USE ASSET - OPERATING LEASE		12,302
PROPERTY AND EQUIPMENT AT COST - NET		510
DEPOSIT		1,350
TOTAL ASSETS	$	1,298,286

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	12,163
Grants payable		15,200
Operating lease liability		12,302
Total current liabilities		39,665
NET ASSETS		
Without donor restrictions		1,258,621
Total net assets		1,258,621
TOTAL LIABILITIES AND NET ASSETS	$	1,298,286

The accompanying notes are an integral part of these financial statements.

KIDS IN DEVELOPMENT, EDUCATION, AND REFLIEF
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended December 31, 2023

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUES			
Contributions and grants	$ 1,572,195	$ 614,690	$ 2,186,885
Loss on currency exchange	(28,065)	-	(28,065)
Net investment income	4,740	-	4,740
Other	6,444	-	6,444
Net assets released from restrictions	614,690	(614,690)	-
Total support and revenues	2,170,004	-	2,170,004
EXPENSES			
Program services			
Grants and assistance	1,462,203	-	1,462,203
Total program services	1,462,203	-	1,462,203
Supporting services			
Management and general	74,985	-	74,985
Fundraising	84,922	-	84,922
Total supporting services	159,907	-	159,907
Total expenses	1,622,110	-	1,622,110
Change in net assets	547,894	-	547,894
NET ASSETS, at beginning of year	710,727	-	710,727
NET ASSETS, at end of year	$ 1,258,621	$ -	$ 1,258,621

The accompanying notes are an integral part of these financial statements.

KIDS IN DEVELOPMENT, EDUCATION, AND REFLIEF

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

Cash flows from operating activities:	
Change in net assets	$ 547,894
Adjustments to reconcile changes in net assets to net cash provided by (used) in operating activities	
Depreciation and amortization	119
Operating lease amortization	14,686
Unrealized gains on investments	(4,709)
Donated stock	10,394
Changes in operating assets and liabilities, net	
Contributions receivables	(55,656)
Accounts payable and accrued expenses	(7,252)
Grants payable	15,200
Operating lease liability	(14,686)
Net cash provided by operating activities	505,990
Cash flows from investing activities:	
Purchase of investments	(11,524)
Net cash used in investing activities	(11,524)
Increase in cash and cash equivalents	494,466
Cash and cash equivalents, at beginning of year	691,311
Cash and cash equivalents, at end of year	$ 1,185,777

The accompanying notes are an integral part of these financial statements.

KIDS IN DEVELOPMENT, EDUCATION, AND REFLIEF
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2023

	Program Services	Supporting Services			
	Grants and Assistance	Management and General	Fundraising	Total Supporting Services	Total
Grants and assistance	$ 1,234,953	$ -	$ -	$ -	$ 1,234,953
Salaries and related benefits	188,664	38,805	15,171	53,976	242,640
Professional fees	-	19,943	26,564	46,507	46,507
Occupancy expense	16,110	3,314	1,295	4,609	20,719
Dues and memberships	-	2,639	-	2,639	2,639
Advertising/promotion	-	-	4,129	4,129	4,129
Printing	-	-	3,381	3,381	3,381
Technology expense	7,569	1,557	609	2,166	9,735
Fundraising expenses	-	-	21,924	21,924	21,924
Fees	2,510	2,954	8,187	11,141	13,651
Supplies	-	862	-	862	862
Travel	12,397	1,373	1,786	3,159	15,556
Insurance	-	3,043	-	3,043	3,043
Depreciation expense	-	119	-	119	119
Other expenses	-	376	1,876	2,252	2,252
	$ 1,462,203	$ 74,985	$ 84,922	$ 159,907	$ 1,622,110

The accompanying notes are an integral part of these financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Kids in Need of Development, Education, and Relief (the "Organization") 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.

Program Services

The Organization provides grants and assistance funds to programs located in Turkey, Lebanon, Gaza, the West Bank, and Pakistan. The Organization funds the following programs in these areas:

- Education and Health:
  - The Organization supports a school for refugee children hiring teachers and tutors; provides psychosocial support to children through educational and play therapy;
  - The organization conducts weight and height assessments for referrals and as part of a nutritional development program;
  - The Organization supports the youth through theatrical psycho-cultural support.
- Nutrition:
  - The Organization supports kindergartens through delivery of nutritional lunch prepared by women cooperatives,
  - 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,
  - The organization provides classes in proper nutrition and food preparation classes to mothers.
- Emergency Relief:
  - The Organization partners with local organizations to provide food, shelter, and medical care to children and families affected by natural and man-made disasters.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). 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 restrictions.

Net assets with donor restrictions - Net assets subject to donor-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 that 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. See Note 6.

Liquidity and Availability

Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash. See Note 2.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and all highly liquid investments purchased with an initial maturity of three months or less. The Organization maintains cash balances at a financial institution in Dallas, Texas and Belgium. Deposits held in Belgian banks are insured to 100,000 Euros by the Protection Fund for Deposits and Financial Instruments. The FDIC deposit insurance insures deposits up to $250,000 per deposit, per insured bank for each ownership category. As of December 31, 2023, the Organization had uninsured cash and cash equivalents of approximately $450,000. All balances presented in these financial statements have been converted to U.S. dollars.

Investments

The Organization carries investments in marketable securities with readily determinable fair values at their fair value in the accompanying statements of financial position. Fair values are based on quoted market prices. Investments at December 31, 2023 are held and managed by Saturna Brokerage Services.

Gains or losses on disposition of investments are based on specific identification of securities sold. Dividend and interest income is recorded as earned on the accrual basis. Investment income or loss – net of fees (including realized and unrealized gains and losses on investments, interest, dividends and fees) is included in the accompanying statement of activities and changes in net assets.

Investment securities are exposed to various risks, such as interest rate, overall market volatility 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 that such changes could materially affect the Organization's account balances and the amounts reported in the statements of financial position.

Contributions Receivable

Contributions receivable consist of unconditional promises to give from various donors. Management believes that all amounts will be received when due and that no allowance for uncollectible receivables is necessary.

Financial Instruments

The carrying value of cash and cash equivalents, contributions receivable, accounts payable, accrued expenses, and operating lease liabilities approximate fair value due to the short-term maturities of these assets and liabilities.

Property and Equipment

Property and equipment are recorded at cost, if purchased or at estimated fair value at the date of donation. The Organization capitalizes expenditures for land, buildings, and equipment in excess of $1,000 and with an estimated useful life greater than one year. Maintenance and repairs are charged to expense as incurred. Depreciation of property and equipment is computed on a straight-line basis and the following useful lives:

	Estimated Useful Lives
Equipment	7 years
Furniture	3 years

Accounts Payable and Accrued Expenses

Various expenses of the Organization that were incurred before year-end, but paid afterward, have been reported as accounts payable and accrued expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Retirement Plan

The Organization contributes annually to a key employee's Individual Retirements Accounts ("IRA"). The amount of the discretionary contribution is determined by the Organization on an annual basis. The Organization made discretionary contributions of $5,378 to the IRA for the year ended Decembre 31, 2023.

Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Amounts received prior to the conditions being met are reported as refundable advances in the statement of financial position.

In-kind Goods and Services

In-kind goods are reflected as contributions in the accompanying financial statements at their estimated values on the date received. In-kind services are reflected in the financial statements at the fair value of the services received if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization did not receive any in-kind goods and services for the year ended December 31, 2023.

In addition, many individuals volunteer their time and perform a variety of tasks that help the Organization provide education and personal development programs. The value of this contributed time is not reflected in the accompanying financial statements because it does not meet the above criteria.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated include the following:

	Method of Allocation
Salaries and benefits, technology, and occupancy expense	Time and effort

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except to the extent it has unrelated business income. For the year ended December 31, 2023, the Organization had no material net unrelated business income. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

The Organization has concluded that it does not have any unrecognizable tax benefits resulting from the current or prior period tax positions. Accordingly, no additional disclosures have been made on the financial statements regarding ASC 740, *Income Taxes*. The Organization does not have any outstanding interest or penalties, and none have been recorded in the statement of activities and change in net assets for the year ended December 31, 2023. The Organization's informational return filed are generally subject to examination for three years after the later of the due date or date of filing. As a result, the Organization is no longer subject to income tax examinations by tax authorities for years prior to 2020.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Adoption of New Accounting Standards

The Organization adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss ("CECL") methodology in 2023. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loan receivables and held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. Financial assets measured at amortized cost will be presented at the net amount expected to be collected by using an allowance for credit losses. Management has determined no material impact on the financials.

2. LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity in order to meet operating needs and other contractual commitments while maintaining sufficient resources to meet donor restrictions placed on contributed financial assets.

As a part of the Organization'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.

The following disclosure describes assets that are available or expected to be available within one year of December 31, 2023 to fund general expenditures and obligations as they become due:

Financial assets	
Cash and cash equivalents	$ 1,185,777
Investments	16,314
Pledges receivable	82,033
Financial assets available to meet general expenditures within one year	$ 1,284,124

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Organization adopted ASC 820, *Fair Value Measurements,* ("ASC 820"), which requires enhanced disclosures about investments that are measured and reported at fair value. ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a three-tier hierarchy to distinguish between various types of inputs used in determining the value of the Organization's investments and liabilities. Level 1 hierarchy uses quoted prices (unadjusted) in active markets for identical assets and liabilities. Level 1 assets include publicly traded securities and mutual funds. Valuations of these instruments do not require a high degree of judgment as the valuations are based on quoted prices in active markets that are readily available. Level 2 hierarchy uses other quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly. Level 3 hierarchy uses inputs that are unobservable and significant to the overall fair value measurement. There were no Level 2 or Level 3 investments at December 31, 2023.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value.

Mutual funds - valued at quoted market, which for commingled funds represent the net asset value of shares held by the Organization at year end.

Equities - valued at quoted market, which for commingled funds represent the net asset value of shares held by the Organization at year end.

Exchange traded products - valued at quoted market, which for commingled funds represent the net asset value of shares held by the Organization at year end.

Investments consist of the following as of December 31, 2023:

	Fair Value (Level 1)
Mutual funds	$ 6,296
Equity funds	9,011
Exchange traded products	1,007
Total	$ 16,314

Net Investment income consist of the following at December 31, 2023:

Interest and dividends	$ 31
Unrealized gains	4,709
	$ 4,740

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31,:

Equipment	$ 5,296
Furniture	3,657
	8,953
Less: accumulated depreciation and amortization	(8,443)
	$ 510

Depreciation expenses was $119 for the year ended December 31, 2023.

5. LEASES

With the adoption of FASB ASC 842, the Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

The Organization separates the lease and nonlease components, in calculating the ROU assets and lease liabilities for leases. At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at the commencement date to determine the present value of lease payments.

5. LEASES (Continued)

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying assets, to be short-term leases. Accordingly, short-term leases costs are expensed over the remaining lease term, with no corresponding ROU asset or lease liability.

Operating Lease

In October 2022, the Organization entered into a 24-month lease for office space in Dallas, Texas which will terminate in October 2024. The lease includes an escalation clause that begins in the 13^{th} month.

Short-Term Lease

The Organization has no short-term leases.

All Leases

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Organization has no material related party leases.

Quantitative Disclosures

The leases costs and other required information for the year ended December 31, 2023:

Leases costs:	
Operating lease cost	$ 15,366

The following table summarizes the supplemental cash flow information for the year ended December 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating lease	$ 14,686

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

Weighted-average remaining lease terms in years:	
Operating lease	.83
Weighted-average discount rate:	
Operating lease	4.54%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31, 2023:

2024	$ 12,302

6. NET ASSETS WITH DONOR RESTRICTIONS

Released from net assets with donor restrictions consisted of the following for the year ended December 31, 2023:

Satisfaction of purpose restrictions:	
Nutrition - Farmers/Women Cooperatives	$ 496,140
Gaza emergency relief	118,550
	$ 614,690

7. CONCENTRATIONS

The Organization raises funds through certain fundraising campaigns and is therefore subject to concentrations related to its fund raising. For the year ended December 31, 2023, the Organization received approximately 23% of its total revenue from its Ramadan fundraising campaign.

8. RISKS, ECONOMIC OUTLOOK AND UNCERTAINTIES

The Organization depends heavily on donations, grants and fundraising for its revenues. The ability of the Organization's donors and grantors to continue giving amounts comparable with prior years may be dependent, among other things, upon current and future overall economic conditions and the continued deductibility for income tax purposes of donations of the Organization. While the Organization's Board of Directors believes the Organization has the resources to continue it programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

9. SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, subsequent events have been evaluated by the Organization through July 22, 2024, which was the date the financial statements were available for issuance, and concluded that no disclosures are required.