

Reclaim Childhood, Inc.
Financial Statements

December 31, 2018



LEE AND COMPANY

ACCOUNTANTS & ADVISORS

Reclaim Childhood, Inc.

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Independent Accountant's Review Report

To the Board of Directors
Reclaim Childhood, Inc.
Cambridge, Massachusetts

We have reviewed the accompanying financial statements of Reclaim Childhood, Inc., which comprise the statement of financial position as of December 31, 2018, and the related statement of activities, functional expenses, and cash flows for the year 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 company 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.

Accountant's 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.

Accountant's Conclusion

Based on our reviews, 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.

Lee & Company, LLC

November 14, 2019
Boston, Massachusetts

Reclaim Childhood, Inc.

Statement of Financial Position

December 31, 2018

Assets

Current Assets:

Cash and cash equivalents	\$	198,707
Contributions receivable		45,809
Prepaid expenses		6,875
Total current assets		<u>251,391</u>

Total Assets

\$ 251,391

Net Assets:

Without donor restrictions	\$	<u>251,391</u>
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Total Net Assets

\$ 251,391

See accompanying independent accountant's review report and notes to the financial statements.

Reclaim Childhood, Inc.

Statement of Activities

Year ended December 31, 2018

	<u>Without Donor Restriction</u>
Revenues:	
Contributions	\$ 263,977
Government grants	18,116
Total revenues	<u>282,093</u>
Expenses:	
Program services	113,140
Support services	22,017
Fundraising	17,160
Total expenses	<u>152,317</u>
Change in Net Assets	129,776
Net Assets, beginning of year	<u>121,615</u>
Net Assets, end of year	<u><u>\$ 251,391</u></u>

*See accompanying independent accountant's review report and
notes to the financial statements.*

Reclaim Childhood, Inc.
Statement of Functional Expenses

Year ended December 31, 2018

	Program Services	Support Services	Fundraising	Total
Employee compensation	\$ 15,935	\$ 15,935	\$ 15,935	\$ 47,805
Direct program expenses	29,990	-	-	29,990
Contract labor	25,091	-	-	25,091
Transportation	15,819	-	-	15,819
Travel and housing	14,826	-	-	14,826
Occupancy and facilities	3,826	536	-	4,362
Professional fees	3,127	1,043	-	4,170
Payroll taxes	1,226	1,226	1,225	3,677
Office expenses	-	1,508	-	1,508
Dues and subscriptions	-	1,194	-	1,194
Uniforms	186	-	-	186
Miscellaneous	3,114	575	-	3,689
Total	\$ 113,140	\$ 22,017	\$ 17,160	\$ 152,317
Percentage of Total	74%	14%	11%	100%

*See accompanying independent accountant's review report and
notes to the financial statements.*

Reclaim Childhood, Inc.

Statement of Cash Flows

Year ended December 31, 2018

Cash Flows From Operating Activities:

Change in net assets	\$ 129,776
Decrease in cash resulting from a change in:	
Contributions receivable	(45,809)
Prepaid expenses	(6,875)
Net Cash Provided by Operating Activities	<u>77,092</u>
Net Increase in Cash and Cash Equivalents	77,092
Cash and Cash Equivalents, beginning of year	<u>121,615</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 198,707</u></u>

See accompanying independent accountant's review report and notes to the financial statements.

Reclaim Childhood, Inc.

Notes to Financial Statements

1. Business and Organization

Reclaim Childhood, Inc. (the “Organization” or “Reclaim Childhood”) is a 501(c)(3) organization empowering refugee and at-risk women and girls through sport and play in the country of Jordan, located in Western Asia. The Organization runs three programs: After-School Programming, Qudrati Teen Leadership Programming, and Summer Camps.

After-School Programming: This is a twelve week season in fall and spring where girls participate in soccer, basketball, and/or frisbee practice. The Organization’s coaches go through a weeklong training before each season. There are two practices per week in the cities of Amman and Zarqa, Jordan.

Qudrati Teen Leadership Programming: Teen participants attend weekly Saturday discussion sessions focused on issues relevant to their lives and developing their capacity to serve as leaders and agents of change in their communities.

Summer Camps: With the help of American college volunteers, local Jordanian student volunteers and local coaching staff, the Organization runs four weeks of summer camp programming, two in Amman and two in Zarqa. Each week, seventy-five girls have the opportunity to play soccer, basketball, frisbee, and Zumba.

The Organization’s sources of revenue and support consist primarily of government grants, fundraising activities, and contributions from the general public.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Organization presents its financial statements on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United State of America (“GAAP”).

Net Assets

Net assets are classified as without donor restrictions or with donor restrictions net assets, when appropriate, to properly disclose the nature and amount of significant resources that have been restricted in accordance with specified objectives as follows.

Without Donor Restrictions: Net assets that are not subject to donor-imposed stipulations and may be designated for specific purposes by action of the Board of Directors.

With Donor Restrictions: Net assets whose use is limited by donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met by the Board of Directors or the passage of time. Other donor restrictions are perpetual in nature, where by 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 statement of activities. There are no donor restricted funds at December 31, 2018.

See accompanying independent accountant’s review report.

Reclaim Childhood, Inc.

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until conditions are met.

At December 31, 2018, the Organization's contributions receivable consisted of unconditional promises in the amount of \$45,809, all which are expected to be collected within one year.

The Organization provides an allowance for doubtful accounts equal to estimated contribution defaults. The estimated defaults are based on historical collection experience together with a review of the current status of the existing receivables. At December 31, 2018, no allowance for uncollectible contributions was deemed necessary.

Revenue Recognition

The Organization recognizes revenues from government grants, fundraising activities, and contributions from the general public throughout the year and during events and programs put on by the Organization. Revenue is recognized when the cash has been received from the donor, or when a donor pledge is supported by a signed donor agreement or e-mail.

Revenues received are recorded as net assets without donor restrictions or net asset with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Revenues that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted revenues are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

See accompanying independent accountant's review report.

Reclaim Childhood, Inc.

Notes to Financial Statements

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among After-School Programming, Qudrati Teen Leadership Programming, and Summer Camps program services and supporting services benefit. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Employee compensation	Time and effort
Occupancy and facilities	Square footage
Professional fees	Time and effort
Payroll taxes	Time and effort
Miscellaneous	Time and effort

Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and, accordingly, does not provide for income taxes. An exemption was granted to the Organization on June 15, 2009.

Under ASC 740, an organization must recognize the financial statement effects of a tax position taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions, and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the year ended December 31, 2018, there were no interest or penalties recorded or included in the statements of activities.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the in the type of information provided about expenses. The Organization has presented these statements accordingly. The ASU has been applied for the period beginning January 1, 2018.

Subsequent Events

The Organization has evaluated subsequent events through November 14, 2019, which is the date the financial statements were available for issuance.

See accompanying independent accountant’s review report.

Reclaim Childhood, Inc.

Notes to Financial Statements

3. Concentrations

The Organization has a potential concentration of credit risk in that it sometimes maintains deposits with financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation (“FDIC”). The maximum deposit insurance amount for interest-bearing and noninterest-bearing accounts, which is applied per depositor, per insured bank for each account ownership category, is \$250,000. As of December 31, 2018, the Organization did not have deposits in excess of FDIC limits.

Transactions with two donors accounted for 25% of the Organization’s revenues for the year ended December 31, 2018.

Transactions with three donors accounted for 76% of the Organization’s contributions receivable at December 31, 2018.

4. Availability and Liquidity

The following represents the Organization’s financial assets available within one year of the balance sheet date for general expenditures at December 31, 2018:

Financial assets at year end:	
Cash and cash equivalents	\$ 198,707
Contributions receivable	45,809
Total financial assets	<u>244,516</u>

The Organization’s goal is generally to maintain financial assets to meet at least 180 days of operating expenses (approximately \$75,000). As part of its liquidity plan, the Organization may deposit excess cash into money markets or certificates of deposits.

5. Operating Lease

The Company leases office space as a tenant-at-will under a month to month agreement. Under the agreement, the Company is required to pay monthly payments ranging from \$129 to \$139.

Total rent expense for the operating lease was \$536 for the year ended December 31, 2018.

See accompanying independent accountant’s review report.