



LEE AND CROWLEY

ACCOUNTANTS & ADVISORS

# Reclaim Childhood, Inc.

**Financial Statements**

August 31, 2020

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# Reclaim Childhood, Inc.

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LEE AND CROWLEY

# Independent Accountant's Review Report

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To the Board of Directors  
Reclaim Childhood, Inc.  
Somerville, MA

We have reviewed the accompanying financial statements of Reclaim Childhood, Inc., which comprise the statement of financial position as of August 31, 2020, and the related statements of activities, functional expenses, and cash flows, 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 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.

*Lee & Crowley, LLC*

January 7, 2021  
Boston, Massachusetts

**Reclaim Childhood, Inc.**  
**Statement of Financial Position**

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*August 31, 2020*

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**Assets**

**Current assets:**

Cash and cash equivalents	\$ 303,481
Contributions receivable	29,500
Prepaid expenses	4,344
Total current assets	<u>337,325</u>

**Total Assets**

\$ 337,325

**Liabilities and Net Assets**

**Current liabilities:**

Current maturities of note payable, paycheck protection program	<u>\$ 655</u>
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**Long-term liabilities:**

Note payable, paycheck protection program, less current maturities	<u>15,215</u>
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**Total Liabilities**

15,870

**Net assets:**

Without donor restrictions	284,672
With donor restrictions	36,783
Total net assets	<u>321,455</u>

**Total Liabilities and Net Assets**

\$ 337,325

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

# Reclaim Childhood, Inc.

## Statement of Activities

*For the year ended August 31, 2020*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues:</b>			
Contributions	\$ 202,179	\$ 34,500	\$ 236,679
Government grants	19,387	2,283	21,670
Net assets released from restrictions	9,656	(9,656)	-
Total revenues	<u>231,222</u>	<u>27,127</u>	<u>258,349</u>
<b>Expenses:</b>			
Program services	194,956	-	194,956
Support services	52,607	-	52,607
Fundraising	25,455	-	25,455
Total expenses	<u>273,018</u>	<u>-</u>	<u>273,018</u>
<b>Change in Net Assets</b>	(41,796)	27,127	(14,669)
<b>Net Assets, beginning of year</b>	<u>326,468</u>	<u>9,656</u>	<u>336,124</u>
<b>Net Assets, end of year</b>	<u>\$ 284,672</u>	<u>\$ 36,783</u>	<u>\$ 321,455</u>

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

**Reclaim Childhood, Inc.**  
**Statement of Functional Expenses**

*For the year ended August 31, 2020*

	<b>Program Services</b>	<b>Support Services</b>	<b>Fundraising</b>	<b>Total</b>
Employee compensation	\$ 62,229	\$ 18,160	\$ 18,160	\$ 98,549
Direct program expenses	66,152	-	-	66,152
Transportation	31,901	-	-	31,901
Professional fees	-	25,119	-	25,119
Employee benefits	6,463	1,530	1,530	9,523
Contract labor	8,785	-	-	8,785
Payroll taxes	5,082	1,395	1,395	7,872
Occupancy	6,711	456	-	7,167
Events	-	-	4,052	4,052
Travel	2,727	-	118	2,845
Registration fees	1,216	1,196	-	2,412
Dues and subscriptions	-	2,351	-	2,351
Uniforms	1,687	-	-	1,687
Bank fees	-	1,440	-	1,440
Office expenses	380	316	-	696
Miscellaneous	1,623	644	200	2,467
<b>Total</b>	<b>\$ 194,956</b>	<b>\$ 52,607</b>	<b>\$ 25,455</b>	<b>\$ 273,018</b>
<b>Percentage of Total</b>	<b>71.41%</b>	<b>19.27%</b>	<b>9.32%</b>	<b>100.00%</b>

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

# Reclaim Childhood, Inc.

## Statement of Cash Flows

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*For the year ended August 31, 2020*

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**Cash Flows From Operating Activities:**

Change in net assets	\$ (14,669)
Adjustment to reconcile change in net assets to net cash (used in) provided by operating activities:	
(Decrease) increase in cash resulting from a change in:	
Contributions receivable	(14,064)
Prepaid expenses	940
Accrued expenses	(522)
<b>Net Cash Used in Operating Activities</b>	<u>(28,315)</u>

**Cash Flows From Financing Activities:**

Proceeds from note payable, paycheck protection program	<u>15,870</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(12,445)
<b>Cash and Cash Equivalents, beginning of year</b>	<u>315,926</u>
<b>Cash and Cash Equivalents, end of year</b>	<u><u>\$ 303,481</u></u>

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

# Reclaim Childhood, Inc.

## Notes to Financial Statements

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### 1. Business and Organization

Reclaim Childhood, Inc. (the “Organization” or “Reclaim Childhood”) is a 501(c)(3) organization empowering refugee and local 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 to fourteen week season in the 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 four practices per week in the cities of Amman and Zarqa, Jordan, and about two hundred girls participate per season.

*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:* The Organization runs six weeks of summer camp programming, in both Amman and Zarqa. Over one hundred and fifteen girls participated to play soccer.

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

#### *Risks and Uncertainties*

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of the risks to the international community from a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) spreading globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the Organization’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation and the impact on its financial condition, liquidity, operations, suppliers, industry, and workforce. As of the date of this report, management has not furloughed any of their employees in response to the outbreak.

On March 27, 2020, President Trump signed into law the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act.” The CARES Act, among other things, includes provisions related to refundable payroll tax credits, deferment of the employer portion of social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections of tax depreciation methods for qualified improvement property.

The CARES Act also appropriated funds for the Small Business Administration’s (“SBA”) Paycheck Protection Program (“PPP”) loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small business harmed by COVID-19. The Organization applied for and received \$15,870 from the PPP, see Note 5.

Although the Organization incurred a loss for the year ended August, 31, 2020 totaling \$14,699, management has embarked upon a restructuring plan that includes certain cost reduction strategies and alternative virtual

*See accompanying independent accountant’s review report.*

# Reclaim Childhood, Inc.

## Notes to Financial Statements

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fundraising activities to combat the expected loss of revenues from in person fundraising activities subsequent to year end due to the pandemic. Accordingly, while there is no guarantee these plans will be executed, management believes the Organization has sufficient resources to fund operations through January 2022. See Note 8 for further discussion.

### 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, 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:* Represents amounts not restricted for identified purposes by donors. These amounts are available to be used for general purposes of the Organization.

*With Donor Restrictions:* Represents amounts whose use by the Organization has been limited by donors to a specific period or purpose. As of August 31, 2020, the Organization had \$36,783 of net assets with donor restrictions.

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.

#### *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.

*See accompanying independent accountant’s review report.*

# Reclaim Childhood, Inc.

## Notes to Financial Statements

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At August 31, 2020, the Organization's contributions receivable consisted of unconditional promises in the amount of \$29,500, all of 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 August 31, 2020, no allowance for uncollectible contributions was deemed necessary.

### ***Revenue Recognition***

The Organization's revenue is presented in accordance with Accounting Standards Codification ("ASC") 606 *Revenue from Contracts with Customers* ("ASC 606"). 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.

### ***Functional Expenses***

The costs of providing program services and other activities have been summarized on a functional basis in the Statement of Functional Expenses. 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
Employee benefits	Time and effort
Payroll taxes	Time and effort
Occupancy	Square footage
Travel	Time and effort
Registration fees	Time and effort
Office expenses	Time and effort
Miscellaneous	Time and effort

*See accompanying independent accountant's review report.*

# Reclaim Childhood, Inc.

## Notes to Financial Statements

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### *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 period ended August 31, 2020, there were no interest or penalties recorded or included in the Statements of Activities.

### *Subsequent Events*

The Organization has evaluated subsequent events through January 7, 2021, which is the date the financial statements were available for issuance. See Note 8 for further discussion.

### **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 August 31, 2020, the Organization had \$52,700 of deposits in excess of FDIC limits.

Transactions with two donors accounted for 100% of the Organization’s contributions receivable at August 31, 2020.

### **4. Availability and Liquidity of Resources**

The following represents the Organization’s financial assets available within one year of the Statement of Financial Position date for general expenditures at August 31, 2020:

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Cash and cash equivalents	\$	303,481
Contributions receivable		29,500
		<hr/>
		332,981
Less amounts restricted by donors for purpose		36,783
Total financial assets available for general expenditures	\$	<hr/>
		296,198

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*See accompanying independent accountant’s review report.*

# Reclaim Childhood, Inc.

## Notes to Financial Statements

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The Organization's goal is generally to maintain financial assets to meet at least 90 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. Note Payable, Paycheck Protection Program ("PPP")

On May 6, 2020, the Organization obtained an unsecured loan through a bank in the amount of \$15,870 in connection with the Paycheck Protection Program pursuant to the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). The loan is guaranteed by the United States Small Business Administration. Interest on the loan balance is charged at the rate of 1% per year, and repayment of the loan balance commences in August 2021, at which time the balance is payable in 24 monthly installments if not forgiven in accordance with the forgiveness rules under the CARES Act and Paycheck Protection Program. The Organization is using the loan proceeds for payroll and rent.

Future principal maturities of debt, if not forgiven, are as follows:

*Years ending August 31,*

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2021	\$	655
2022		7,902
2023		7,313
		<hr/>
	\$	15,870

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### 6. Operating Lease

The Organization leased office space as a tenant-at-will under a month to month agreement in Cambridge, Massachusetts. Under the agreement, the Organization was required to pay monthly payments of \$139. The Organization terminated this agreement in January 2020.

In April 2020, the Organization renewed an agreement to lease office space in Jordan. The lease expires March 31, 2021. Under the agreement, the Organization is required to pay monthly payments of \$432.

For the year ended August 31, 2020, rent expense for the operating leases was \$5,727 and is included in Occupancy on the Statement of Functional expenses.

### 7. Net Assets

Net assets with donor restrictions were as follows for the year ended August 31, 2020:

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Specific Purpose:		
Qudrati Teen Leadership Programming	\$	21,783
Fall Soccer Season		<u>15,000</u>
Total net assets with donor restrictions	\$	<u>36,783</u>

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*See accompanying independent accountant's review report.*

# Reclaim Childhood, Inc.

## Notes to Financial Statements

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Net assets released from net assets with donor restrictions for the year ended August 31, 2020, was \$9,656.

### **8. Subsequent Events**

As of January 7, 2021, the Organization still has not been able to host large in person fundraising events. However, the Organization has successfully converted smaller fundraising activities to a virtual platform. While the loss of fundraising has resulted in a loss of revenues subsequent to year end, the Organization has reduced in-person programming, thus reducing costs. This, in combination with cash reserves and a conservative approach to the hiring and programming expansion, has allowed the Organization to maintain financial stability. Management believes they can sustain this financial stability through January 2022.

*See accompanying independent accountant's review report.*