



COMP-U-DOPT, INC.

FINANCIAL STATEMENTS

***For the Years Ended December 31, 2019 and 2018
with Report of Independent Auditors***

TABLE OF CONTENTS

	<u>Page Number</u>
Report of Independent Auditors	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6



Wrinkle, Gardner & Company, P.C.
Certified Public Accountants

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Comp-U-Dopt, Inc.

We have audited the accompanying financial statements of Comp-U-Dopt, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and cash flows 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 audits. We conducted our audits 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 financial statements referred to above present fairly, in all material respects, the financial position of Comp-U-Dopt, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Wrinkle, Gardner & Company, P.C.

Friendswood, Texas
February 24, 2020

Comp-U-Dopt, Inc.
Statements of Financial Position

	December 31	
	2019	2018
Assets		
Current assets		
Cash and cash equivalents	\$ 745,184	\$ 510,175
Accounts receivable	0	20,000
Total current assets	<u>745,184</u>	<u>530,175</u>
Property and equipment, at cost		
Building	1,500,000	1,500,000
Leasehold improvements	90,777	90,777
Vehicle	10,831	2,500
Other fixed assets	6,375	6,375
	<u>1,607,983</u>	<u>1,599,652</u>
Less: Accumulated depreciation and amortization	<u>(119,379)</u>	<u>(105,384)</u>
Property and equipment, net	<u>1,488,604</u>	<u>1,494,268</u>
Total assets	<u><u>\$ 2,233,788</u></u>	<u><u>\$ 2,024,443</u></u>
Liabilities and Net Assets		
Current Liabilities		
Credit card payable	\$ 2,440	\$ 5,157
Payroll tax payable	7,023	661
Current portion of long-term debt	34,853	33,679
Total current liabilities	<u>44,316</u>	<u>39,497</u>
Long-term debt, less current portion	<u>1,142,818</u>	<u>1,177,671</u>
Total liabilities	<u>1,187,134</u>	<u>1,217,168</u>
Net Assets		
With donor restrictions	457,347	0
Without donor restrictions	589,307	807,275
Total net assets	<u>1,046,654</u>	<u>807,275</u>
Total liabilities and net assets	<u><u>\$ 2,233,788</u></u>	<u><u>\$ 2,024,443</u></u>

See notes to financial statements.

Comp-U-Dopt, Inc.
Statements of Activities
Year ended December 31

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and support						
Contributions						
Board of directors	\$ 49,202	\$ 0	\$ 49,202	\$ 36,255	\$ 0	\$ 36,255
Corporations	77,703	10,000	87,703	89,550	10,000	99,550
Foundations	132,490	372,347	504,837	277,948	190,000	467,948
Individuals	27,395	0	27,395	13,375	0	13,375
Gifts in kind	905,150	0	905,150	921,150	0	921,150
Capital campaign	179,360	75,000	254,360	81,517	105,000	186,517
Save the Children campaign	0	0	0	0	43,888	43,888
Total contributions	1,371,300	457,347	1,828,647	1,419,795	348,888	1,768,683
Fundraising and events	204,044	0	204,044	137,814	0	137,814
Other income	155,474	0	155,474	150,333	0	150,333
Total revenue, gains, and support	1,730,818	457,347	2,188,165	1,707,942	348,888	2,056,830
Fundraising expense	138,786	0	138,786	121,429	0	121,429
Program services expense	1,607,979	0	1,607,979	1,391,443	0	1,391,443
Management and general expense	202,021	0	202,021	127,556	0	127,556
Total expenses	1,948,786	0	1,948,786	1,640,428	0	1,640,428
Change in net assets	(217,968)	457,347	239,379	67,514	348,888	416,402
Net assets, beginning of year	807,275	0	807,275	390,873	0	390,873
Net assets, end of year	\$ 589,307	\$ 457,347	\$ 1,046,654	\$ 807,275	\$ 0	\$ 807,275

See notes to financial statements.

Comp-U-Dopt, Inc.
Statements of Functional Expenses
Year ended December 31

	2019			
	Program		Management	Total
	Services	Fundraising	and General	Functional
				Expenses
Expenses:				
Fundraising and events expenses	\$ -	\$ 65,810	\$ -	\$ 65,810
Salaries and benefits	494,536	65,938	98,907	659,381
Legal and professional services	24,967	-	24,967	49,934
Capital campaign expenses	-	-	5,492	5,492
Tech and volunteer supplies	85,173	-	-	85,173
Auto expenses	30,266	-	-	30,266
Staff and student meals	3,583	-	-	3,583
Training	5,563	-	-	5,563
Miscellaneous	2,440	-	-	2,440
Gifts in kind-supplies	905,150	-	-	905,150
Occupancy expenses	56,301	7,038	7,038	70,377
General and administrative expenses	-	-	51,622	51,622
Depreciation and amortization	-	-	13,995	13,995
Total Functional Expenses	\$ 1,607,979	\$ 138,786	\$ 202,021	\$ 1,948,786

	2018			
	Program		Management	Total
	Services	Fundraising	and General	Functional
				Expenses
Expenses:				
Fundraising and events expenses	\$ -	\$ 50,746	\$ -	\$ 50,746
Salaries and benefits	289,324	38,577	57,865	385,766
Capital campaign expenses	-	25,000	-	25,000
Save the Children campaign expenses	24,081	-	-	24,081
Tech and volunteer supplies	78,118	-	-	78,118
Auto expenses	13,552	-	-	13,552
Staff and student meals	3,557	-	-	3,557
Training	681	-	-	681
Miscellaneous	4,137	-	-	4,137
Gifts in kind-supplies	921,150	-	-	921,150
Occupancy expenses	56,843	7,106	7,105	71,054
General and administrative expenses	-	-	51,109	51,109
Depreciation and amortization	-	-	11,477	11,477
Total Functional Expenses	\$ 1,391,443	\$ 121,429	\$ 127,556	\$ 1,640,428

See notes to financial statements.

Comp-U-Dopt, Inc.
Statements of Cash Flows

	Year ended December 31	
	2019	2018
Operating Activities		
Change in net assets	\$ 239,379	\$ 416,402
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	13,995	11,477
Changes in operating assets and liabilities:		
Accounts receivable	20,000	(20,000)
Credit card and payroll tax payable	3,645	2,379
Net cash provided by operating activities	277,019	410,258
Investing Activities		
Capital expenditures	(8,331)	(2,500)
Net cash used in investing activities	(8,331)	(2,500)
Financing Activities		
Principal payments on long-term debt	(33,679)	(32,427)
Net cash used in financing activities	(33,679)	(32,427)
Change in cash and cash equivalents	235,009	375,331
Cash and cash equivalents at beginning of year	510,175	134,844
Cash and cash equivalents at end of year	\$ 745,184	\$ 510,175
 Cash paid for interest	 \$ 45,351	 \$ 46,601

See notes to financial statements.

Comp-U-Dopt, Inc.
Notes to Financial Statements
December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Comp-U-Dopt, Inc ("CUD") is chartered by the state of Texas as a nonprofit organization under Section 501[c][3]. CUD was founded in 2007 with the belief that every child deserves equal access to education and opportunity. CUD realized that the life cycle of a computer in a corporate environment is typically less than three years. Usually sent to landfill or shelved, these lightly used tools are obtained to become a dream come true for a young learner ready to broaden their skills and knowledge, as well as an opportunity to demonstrate good environmental stewardship by partnering organizations. CUD offers programs serve to eliminate limited access to computers by placing them directly in the homes of applicants, as well as fostering and supporting education for the youth of Texas. Each program facilitates growth in technical and digital literacy skills, which are increasingly essential for success in education. In addition, students gain an understanding of the importance of education and the breadth of the impact technology has across industries including science, engineering, and many other fields of education.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires the use of 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 and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Cash and Cash Equivalents

CUD considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Cash Receipts and Disbursements

Cash and check contributions received are deposited in the bank account promptly. Listings of the contributions received are made and maintained by management.

Checks issued for payments are supported by original invoices or check requests properly approved by authorized persons. A listing of all monthly expenditures is made available to the management of CUD for review.

Comp-U-Dopt, Inc.
Notes to Financial Statements - Continued
December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue and Support

Contributions with no donor-imposed restrictions are classified as without restriction when received.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Financial Statement Presentation – In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958). ASU 2016-14 sets forth the FASB's improvements to net asset classification requirements and the information presented about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2016-14 is effective for CUD's annual financial statements for the year ending December 31, 2019. Prior periods have been adjusted to conform to the 2019 presentation.

Functional Expenses – The costs of providing the CUD's various programs and activities have been summarized on a functional basis in the Statement of Functional Expenses. In this statement are certain categories of expenses that are attributable to more than one program or supporting function. These expenses were allocated consistently between 2018 and 2019 and were based on criteria such as square footage (i.e. occupancy and depreciation), approximate time and effort (i.e. payroll and benefits and travel) and management's analysis of the expenditures.

Income Taxes

CUD is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service ("IRS") as other than a private foundation. However, CUD is subject to taxes on unrelated business income. As of December 31, 2019 and 2018, there were no unrelated business activities; thus, no provision has been made for income taxes.

CUD's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally for three years after they were filed. CUD has implemented the accounting guidance established in Financial Accounting Standards Board ("FASB") ASC 740-10, Income Taxes, associated with accounting for uncertainty in income taxes and does not believe it has any uncertain tax positions that are material to the financial statements.

Comp-U-Dopt, Inc.
Notes to Financial Statements - Continued
December 31, 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

In-Kind Donations

Non-cash (in-kind) donations included as revenue in the statements of activities consisted of the following during the years ended December 31:

	2019	2018
CPU	\$ 434,200	\$ 477,600
Monitor	109,150	55,550
Laptops	361,800	388,000
	\$ 905,150	\$ 921,150

Property and Equipment

Property and equipment is stated at cost. Maintenance and repair costs are charged to expense as incurred and improvements are capitalized. The cost of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal. Gains or losses on disposals of property and equipment are reflected in earnings in the year of disposal.

Depreciation

Provisions for depreciation are computed at rates considered to be sufficient to amortize the cost of the assets over their estimated useful lives using the straight-line method. The principal depreciation rates are based upon the following estimated useful lives: buildings - 39 years; leasehold improvements 10 to 15 years; vehicles and other fixed assets 5 to 7 years.

NOTE B - LONG-TERM DEBT

Long-term debt as of December 31, 2019 and 2018 included the following:

	2019	2018
Note payable to financial institution, interest at 3.74%, secured by real property, maturing December 2021.	\$ 1,177,671	\$ 1,211,350
Less: current maturities	(34,853)	(33,679)
	\$ 1,142,818	\$ 1,177,671

The following represents principal maturities on debt for each of the years ended December 31:

2020	\$ 34,853
2021	1,142,818
	\$ 1,177,671

Interest expense is classified under Occupancy Expenses and totaled \$45,351 and \$46,601, for the years ended December 31, 2019 and 2018, respectively.

Comp-U-Dopt, Inc.
Notes to Financial Statements - Continued
December 31, 2019

NOTE C – NET ASSET RESTRICTIONS

Net assets with donor restrictions as of December 31, 2019 and 2018 are restricted for the following purposes.

Subject to expenditure for specified purposes:

	2019	2018
Total Lending Program:		
Services to Galveston area students	\$ 319,197	\$ 150,000
Capital campaigns	75,000	105,000
Training staff salaries	40,000	40,000
Summer L2E programming	10,000	10,000
Sharpstown feeder pattern project	13,150	0
Save the Children grant	0	43,888
Total net assets with donor restrictions	\$ <u>457,347</u>	\$ <u>348,888</u>

CUD's governing board has not designated any restrictions on net assets as of December 31, 2019 and 2018.

NOTE D – AVAILABILITY OF FINANCIAL ASSETS

Financial assets, at year-end	\$ 745,184
Less those unavailable for general expenditures within one year, due to contractual or donor time or purpose restrictions	<u>(457,347)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>287,837</u>

NOTE E - SUBSEQUENT EVENTS

CUD has evaluated subsequent events February 24, 2020, the date which the financial statements were available to be issued.