



COMP-U-DOPT, INC.

FINANCIAL STATEMENTS

***For the Years Ended December 31, 2020 and 2019
with Report of Independent Auditors***

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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, 2020 and 2019, 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, 2020 and 2019, 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
April 19, 2021

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

	December 31	
	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 1,005,371	\$ 745,184
Contributions receivable	446,874	-
Other current assets	4,987	-
Total current assets	<u>1,457,232</u>	<u>745,184</u>
Property and equipment, at cost		
Building	1,500,000	1,500,000
Building improvements	995,366	90,777
Vehicle	99,377	10,831
Other fixed assets	-	6,375
	<u>2,594,743</u>	<u>1,607,983</u>
Less: Accumulated depreciation and amortization	<u>(130,330)</u>	<u>(119,379)</u>
Property and equipment, net	<u>2,464,413</u>	<u>1,488,604</u>
Total assets	<u><u>\$ 3,921,645</u></u>	<u><u>\$ 2,233,788</u></u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 128,793	\$ 9,463
PPP loan	120,200	-
Current portion of long-term debt	1,142,665	34,853
Total current liabilities	<u>1,391,658</u>	<u>44,316</u>
Long-term debt, less current portion	<u>-</u>	<u>1,142,818</u>
Total liabilities	<u>1,391,658</u>	<u>1,187,134</u>
Net Assets		
With donor restrictions	144,146	457,347
Without donor restrictions	2,385,841	589,307
Total net assets	<u>2,529,987</u>	<u>1,046,654</u>
Total liabilities and net assets	<u><u>\$ 3,921,645</u></u>	<u><u>\$ 2,233,788</u></u>

See notes to financial statements.

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

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and support						
Contributions						
Board of directors	\$ 60,452	\$ -	\$ 60,452	\$ 49,202	\$ -	\$ 49,202
Corporations	1,322,575	-	1,322,575	77,703	10,000	87,703
Foundations	1,752,976	144,146	1,897,122	132,490	372,347	504,837
Individuals	1,303,616	-	1,303,616	27,395	-	27,395
Gifts in kind	2,600,818	-	2,600,818	905,150	-	905,150
Government grants	521,424	-	521,424	-	-	-
Capital campaign	207,866	-	207,866	179,360	75,000	254,360
Net assets released from restrictions:						
Satisfaction of program restrictions	382,347	(382,347)	-	-	-	-
Satisfaction of capital acquisition restrictions	75,000	(75,000)	-	-	-	-
Total contributions	8,227,074	(313,201)	7,913,873	1,371,300	457,347	1,828,647
Fundraising and events	180,101	-	180,101	204,044	-	204,044
Other income	28,270	-	28,270	155,474	-	155,474
Total revenue, gains, and support	8,435,445	(313,201)	8,122,244	1,730,818	457,347	2,188,165
Fundraising expense	116,646	-	116,646	138,786	-	138,786
Program services expense	6,197,062	-	6,197,062	1,607,979	-	1,607,979
Management and general expense	325,203	-	325,203	202,021	-	202,021
Total expenses	6,638,911	-	6,638,911	1,948,786	-	1,948,786
Change in net assets	1,796,534	(313,201)	1,483,333	(217,968)	457,347	239,379
Net assets, beginning of year	589,307	457,347	1,046,654	807,275	-	807,275
Net assets, end of year	\$ 2,385,841	\$ 144,146	\$ 2,529,987	\$ 589,307	\$ 457,347	\$ 1,046,654

See notes to financial statements.

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

	2020			
	Program Services	Fundraising	Management and General	Total Functional Expenses
Expenses:				
Fundraising and events expenses	\$ -	\$ 19,888	\$ -	\$ 19,888
Salaries and benefits	642,941	85,726	128,588	857,255
Legal and professional services	-	-	20,135	20,135
Capital campaign expenses	-	-	-	-
Tech and volunteer supplies	2,787,582	-	-	2,787,582
Auto expenses	45,680	-	-	45,680
Staff and student meals	3,115	-	-	3,115
Training	2,593	220	-	2,813
Shipping	19,435	-	-	19,435
Miscellaneous	6,167	385	1,156	7,708
Gifts in kind-supplies	2,600,818	-	-	2,600,818
Occupancy expenses	88,731	10,427	10,427	109,585
General and administrative expenses	-	-	153,946	153,946
Depreciation and amortization	-	-	10,951	10,951
Total Functional Expenses	\$ 6,197,062	\$ 116,646	\$ 325,203	\$ 6,638,911

	2019			
	Program Services	Fundraising	Management and General	Total 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

See notes to financial statements.

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

	Year ended December 31	
	2020	2019
Operating Activities		
Change in net assets	\$ 1,483,333	\$ 239,379
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,951	13,995
Changes in operating assets and liabilities:		
Accounts receivable	(446,874)	20,000
Other current assets	(4,987)	-
Accounts payable and accrued liabilities	119,330	3,645
Net cash provided by operating activities	1,161,753	277,019
Investing Activities		
Capital expenditures	(986,760)	(8,331)
Net cash used in investing activities	(986,760)	(8,331)
Financing Activities		
PPP loan	120,200	-
Principal payments on long-term debt	(35,006)	(33,679)
Net cash provided by (used in) financing activities	85,194	(33,679)
Change in cash and cash equivalents	260,187	235,009
Cash and cash equivalents at beginning of year	745,184	510,175
Cash and cash equivalents at end of year	\$ 1,005,371	\$ 745,184
 Cash paid for interest	 \$ 50,398	 \$ 45,351

See notes to financial statements.

Comp-U-Dopt, Inc.
Notes to Financial Statements
December 31, 2020

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, 2020

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.

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 2020 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, 2020 and 2019, 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.

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:

	2020	2019
CPU	\$ 572,800	\$ 434,200
Monitor	664,418	109,150
Laptops	1,363,600	361,800
	\$ 2,600,818	\$ 905,150

Comp-U-Dopt, Inc.
Notes to Financial Statements - Continued
December 31, 2020

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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; building improvements 10 to 15 years; vehicles and other fixed assets 5 to 7 years.

Reclassifications

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported change in net assets.

NOTE B - DEBT

Debt as of December 31, 2020 and 2019 included the following:

	<u>2020</u>	<u>2019</u>
Note payable to financial institution, interest at 3.74%, secured by real property, maturing December 2021.	\$ 1,142,665	\$ 1,177,671
Less: current maturities	(1,142,665)	(34,853)
	<u>\$ -</u>	<u>\$ 1,142,818</u>

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

2021	\$ <u>1,142,665</u>
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Interest expense is classified under Occupancy Expenses and totaled \$50,398 and \$45,351, for the years ended December 31, 2020 and 2019, respectively.

The Company received a PPP loan during 2020 from the Small Business Administration to assist with the negative impact of COVID-19. The loan was forgiven in April 2021 and the \$120,200 was recognized in full as other income in 2021.

Comp-U-Dopt, Inc.
Notes to Financial Statements - Continued
December 31, 2020

NOTE C – NET ASSET RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 and 2019 are restricted for the following purposes.

Subject to expenditure for specified purposes:

	2020	2019
Total Lending Program:		
Services to Galveston area students	\$ -	\$ 319,197
Capital campaigns	-	75,000
Training staff salaries	-	40,000
Summer L2E programming	-	10,000
Sharpstown feeder pattern project	-	13,150
Services to Houston/Galveston area	144,146	-
Total net assets with donor restrictions	\$ 144,146	\$ 457,347

If donor or donor-imposed restrictions are met in the same reporting period as the contribution or grant is recognized as revenue, the Company reports such amount as an increase in net assets without donor restrictions. All other donor or grantor-restricted contributions and grants are reported as increases in net assets with donor restrictions, and when the restriction expires or is satisfied, these net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

CUD's governing board has not designated any restrictions on net assets as of December 31, 2020 and 2019.

NOTE D – RELEASED RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by other events specified by donors.

Purpose restrictions accomplished:

Services to Galveston area students	\$ 319,197
Sharpstown feeder pattern project	13,150
Training staff salaries	40,000
Summer L2E programming	10,000
Capital campaigns	75,000
Total restrictions released	\$ 457,347

Comp-U-Dopt, Inc.
Notes to Financial Statements - Continued
December 31, 2020

NOTE E – AVAILABILITY OF FINANCIAL ASSETS

Financial assets, at year-end	\$ 1,005,371
Less those unavailable for general expenditures within one year, due to contractual or donor time or purpose restrictions	<u>(144,146)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>861,225</u></u>

NOTE F - OPERATING LEASES

The Company leases an operating facility from an independent third party under a long-term, non-cancelable operating lease agreement. The lease expires on August 31, 2021. Total lease expense was \$27,724 for 2020.

The following is a schedule by year of future minimum rental payments required under the non-cancelable operating lease agreement for the year ending December 31:

2021	\$ <u><u>39,899</u></u>
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NOTE G - SUBSEQUENT EVENTS

CUD has evaluated subsequent events April 19, 2021, the date which the financial statements were available to be issued.