



GLOBAL KIDS, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
JUNE 30, 2020 AND 2019**

GLOBAL KIDS, INC.

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Independent Auditor's Report

The Board of Directors
Global Kids, Inc.
New York, NY

Report on the Financial Statements

We have audited the accompanying financial statements of Global Kids, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Organization'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 Organization'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 Global Kids, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Emphasis of Matter

As further discussed in Note 11 to the financial statements, a global pandemic has been declared by the World Health Organization as a result of the rapidly growing outbreak of the coronavirus, COVID-19. The extent and ultimate impact of COVID-19 on the Organization's operating and financial performance cannot be predicted at this time. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

June 30, 2019 Financial Statements

The financial statements of Global Kids, Inc. as of and for the year ended June 30, 2019 were audited by MBAF CPAs, LLC ("MBAF"), whose partners and professional staff joined BDO USA, LLP as of January 16, 2021, and has subsequently ceased operations. MBAF expressed an unmodified opinion on those statements in their report dated January 21, 2020.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 9, 2021 on our consideration of Global Kids, Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Global Kids, Inc. internal control over financial reporting and compliance.

BDO USA, LLP

New York, NY
April 9, 2021

GLOBAL KIDS, INC.
STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

ASSETS	2020	2019
Cash and cash equivalents	\$ 1,421,712	\$ 924,598
Restricted cash	48,320	68,320
Grants and other receivables	2,190,274	1,733,107
Prepaid expenses and other assets	3,248	24,013
Security deposits	55,743	55,743
Property and equipment, net	16,817	5,449
TOTAL ASSETS	\$ 3,736,114	\$ 2,811,230
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 510,176	\$ 494,339
Paycheck Protection Program loan payable	900,572	-
Deferred rent	148,811	220,240
TOTAL LIABILITIES	1,559,559	714,579
COMMITMENTS AND CONTINGENCIES (Note 12)		
NET ASSETS		
Net assets - without donor restrictions	2,007,609	1,889,831
Net assets - with donor restrictions	168,946	206,820
TOTAL NET ASSETS	2,176,555	2,096,651
TOTAL LIABILITIES AND NET ASSETS	\$ 3,736,114	\$ 2,811,230

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

GLOBAL KIDS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Grants, contributions, and other income	\$ 6,221,530	\$ 5,692,544
Training and technical assistance fees	126,098	243,871
Special events, net of direct expenses of \$404 and \$20,413 in 2020 and 2019, respectively	40,914	187,347
Interest and dividends	166	224
	<u>6,388,708</u>	<u>6,123,986</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of program restrictions	<u>499,574</u>	<u>462,235</u>
TOTAL REVENUE AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>6,888,282</u>	<u>6,586,221</u>
EXPENSES		
PROGRAM SERVICES		
School Based Youth Development	4,432,235	4,254,022
School Based Workforce Innovation and Opportunity Act ("WIOA") - Year 4	141,983	-
School Based Workforce Innovation and Opportunity Act ("WIOA") - Year 3	65,470	128,929
School Based Workforce Innovation and Opportunity Act ("WIOA") - Year 2	7,945	39,042
School Based Workforce Innovation and Opportunity Act ("WIOA") - Year 1	-	2,509
Leadership and Peer Education	357,278	396,759
Digital Learning and Leadership Program	283,861	222,126
Global DC	473,094	489,611
Other programs	42,389	54,075
	<u>5,804,255</u>	<u>5,587,073</u>
SUPPORTING SERVICES		
Management and administration	716,633	707,927
Fundraising	249,616	174,106
	<u>966,249</u>	<u>882,033</u>
TOTAL EXPENSES	<u>6,770,504</u>	<u>6,469,106</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>117,778</u>	<u>117,115</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Grants and contributions	461,700	237,825
Net assets released from restrictions	<u>(499,574)</u>	<u>(462,235)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>(37,874)</u>	<u>(224,410)</u>
CHANGE IN NET ASSETS	79,904	(107,295)
NET ASSETS - BEGINNING OF YEAR	<u>2,096,651</u>	<u>2,203,946</u>
NET ASSETS - END OF YEAR	<u>\$ 2,176,555</u>	<u>\$ 2,096,651</u>

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

GLOBAL KIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	PROGRAM SERVICES							SUPPORTING SERVICES				
	School Based Youth Development	School Based WIOA Year 4	School Based WIOA Year 3	School Based WIOA Year 2	Leadership and Peer Education	Digital Learning and Leadership Program	Global DC	Other Programs	Total Program Services	Management and Administration (M&A)	Fundraising	Total
Salaries and benefits	\$ 3,569,062	\$ 139,595	\$ 63,725	\$ 7,945	\$ 146,912	\$ 170,859	\$ 397,895	\$ 31,556	\$ 4,527,549	\$ 320,436	\$ 239,916	\$ 5,087,901
Rent and occupancy	83,382	-	-	-	117,334	36,657	12,060	-	249,433	193,654	-	443,087
Printing	53,456	-	-	-	969	1,050	689	-	56,164	12,961	1,484	70,609
Travel	57,669	675	279	-	6,340	84	25,922	80	91,049	458	-	91,507
Postage	3,526	-	-	-	185	-	50	80	3,841	1,200	574	5,615
Food	95,379	495	197	-	10,772	649	7,517	8,500	123,509	1,421	378	125,308
Supplies	83,886	777	1,269	-	2,065	-	2,021	713	90,731	4,846	2,887	98,464
Consultants and professional fees	322,391	-	-	-	28,840	68,765	17,584	-	437,580	124,916	50	562,546
Repairs and maintenance	3,000	-	-	-	-	-	-	-	3,000	12,584	-	15,584
Telephone and utilities	16,326	-	-	-	656	950	-	1,400	19,332	12,406	-	31,738
Equipment purchase and leases	55,785	441	-	-	7,415	1,579	280	-	65,500	9,123	569	75,192
Student stipend and incentives	31,138	-	-	-	31,749	600	-	-	63,487	-	-	63,487
Insurance	18,950	-	-	-	1,184	1,000	3,639	-	24,773	3,319	-	28,092
Depreciation	2,415	-	-	-	133	159	379	-	3,086	1,458	-	4,544
Miscellaneous	35,870	-	-	-	2,724	1,509	5,058	60	45,221	17,851	3,758	66,830
Total expenses before M&A allocation	4,432,235	141,983	65,470	7,945	357,278	283,861	473,094	42,389	5,804,255	716,633	249,616	6,770,504
M&A allocation	461,997	14,002	6,499	795	115,368	42,393	70,527	5,052	716,633	(716,633)	-	-
Total Expenses	\$ 4,894,232	\$ 155,985	\$ 71,969	\$ 8,740	\$ 472,646	\$ 326,254	\$ 543,621	\$ 47,441	\$ 6,520,888	\$ -	\$ 249,616	\$ 6,770,504

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

GLOBAL KIDS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	PROGRAM SERVICES							SUPPORTING SERVICES				
	School Based Youth Development	School Based WIOA Year 3	School Based WIOA Year 2	School Based WIOA Year 1	Leadership and Peer Education	Digital Learning and Leadership Program	Global DC	Other Programs	Total Program Services	Management and Administration (M&A)	Fundraising	Total
Salaries and benefits	\$ 3,326,894	\$ 125,855	\$ 38,750	\$ 1,459	\$ 231,428	\$ 153,019	\$ 318,903	\$ 42,679	\$ 4,238,987	\$ 201,351	\$ 166,181	\$ 4,606,519
Rent and occupancy	60,305	-	-	-	33,594	32,600	13,063	-	139,562	311,424	-	450,986
Printing	22,678	-	-	-	300	-	2,446	-	25,424	2,935	770	29,129
Travel	84,275	1,500	-	-	50,928	4,553	101,184	2,535	244,975	440	19	245,434
Postage	1,708	-	-	-	-	-	-	-	1,708	426	219	2,353
Food	79,129	659	-	-	10,367	901	5,382	1,818	98,256	489	1,142	99,887
Supplies	83,101	115	292	-	4,388	230	5,167	-	93,293	1,234	498	95,025
Consultants and professional fees	443,342	-	-	-	15,010	15,264	21,077	-	494,693	143,608	993	639,294
Repairs and maintenance	5,517	-	-	-	4,017	3,012	1,607	6,025	20,178	1,405	-	21,583
Telephone and utilities	11,984	-	-	-	2,456	620	540	-	15,600	12,693	-	28,293
Equipment rental	27,130	-	-	-	3,580	11,266	6,369	-	48,345	3,750	-	52,095
Student stipend and incentives	20,709	-	-	150	30,247	200	-	1,018	52,324	-	-	52,324
Insurance	14,611	800	-	-	5,891	-	4,331	-	25,633	-	-	25,633
Depreciation	2,243	-	-	-	118	95	212	-	2,668	248	-	2,916
Miscellaneous	70,396	-	-	900	4,435	366	9,330	-	85,427	27,924	4,284	117,635
Total expenses before M&A allocation	4,254,022	128,929	39,042	2,509	396,759	222,126	489,611	54,075	5,587,073	707,927	174,106	6,469,106
M&A allocation	465,501	12,597	3,900	146	79,210	44,311	91,447	10,815	707,927	(707,927)	-	-
Total Expenses	\$ 4,719,523	\$ 141,526	\$ 42,942	\$ 2,655	\$ 475,969	\$ 266,437	\$ 581,058	\$ 64,890	\$ 6,295,000	\$ -	\$ 174,106	\$ 6,469,106

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

GLOBAL KIDS, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 79,904	\$ (107,295)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,544	2,916
Deferred rent	(71,429)	(71,429)
Changes in operating assets and liabilities:		
Receivables	(457,167)	525,554
Prepaid expenses and other assets	20,765	(7,320)
Security deposits	-	(155)
Accounts payable and accrued expenses	15,837	45,785
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(407,546)	388,056
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(15,912)	(6,809)
NET CASH USED IN INVESTING ACTIVITIES	(15,912)	(6,809)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of line of credit	-	(100,000)
Paycheck Protection Program loan payable	900,572	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	900,572	(100,000)
NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	477,114	281,247
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - BEGINNING OF YEAR	992,918	711,671
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 1,470,032	\$ 992,918
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ -	\$ 750
Cash paid for unrelated business income taxes	\$ 2,903	\$ 11,762
Cash and Cash Equivalents and Restricted Cash Consist of:		
Cash and cash equivalents	\$ 1,421,712	\$ 924,598
Restricted cash	48,320	68,320
Total	\$ 1,470,032	\$ 992,918

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

GLOBAL KIDS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. ORGANIZATION

Global Kids, Inc. (the "Organization") is a New York City ("NYC")-based non-profit educational organization. Its mission is to educate, activate, and inspire youth from underserved communities to take action on critical issues facing our world. The Organization receives its support and income primarily from government grants, fees for service, and public contributions.

Through the use of global education, leadership development, civic engagement and digital media programs, the Organization empowers diverse youth from underserved areas and equips them with the knowledge and skills they need to achieve academic success, develop college and career readiness skills, and come into their own as global citizens and community leaders. Through involvement with the Organization, young people examine global issues, make local connections, and create change through peer education, social action, digital media, and service-learning, while receiving intensive support from organizational staff. The Organization is active in nineteen public schools in New York City and seven schools in Washington, D.C. where we reach over 3,500 students each week. Additionally, programming takes place five days a week and is free and open to all NYC youth during the school year and throughout the summer at the Organization's Manhattan headquarters as well as the headquarters in Washington, D.C.

The Organization has reached over 250,000 youth and educators through face-to-face programs, hosted over 10,000 participants in the Annual Youth Conference, and created games and media accessed by over 10 million people. The Organization sets students on the path to long-term success by ensuring they have the attention and resources needed to graduate high school and attend college. Since 2004, an average of 95% of enrollees have graduated from high school, 10% higher than the general NYC student population, with 91% matriculating to college. In 2019 and 2020, despite significant personal and social challenges, these rates were 100% and 85%, respectively. Further, the Organization's impact is demonstrated by alumni accomplishments; 25% of former participants have received a master's, PhD, J.D, M.D, or other higher degree, nearly double that of the national average; 84% saw their civic and community engagement increase due to the Organization's programming; 88% are registered to vote; 91% said the Organization helped them identify with the attitudes and values of a global citizen; and 93% agree that the Organization increased their leadership skills.

In the summer of 2005, the Organization launched the United States in the World initiative, a summer institute and peer education program developed and implemented in partnership with the Council on Foreign Relations, which has continued each summer. The Organization is currently the lead agency providing services at six NYC Department of Education Community Schools and six NYC Department of Community Development School's Out New York City (SONYC) middle school programs. In 2008, the Organization authored Teen Action, a widely hailed service-learning curriculum which is used at scores of after-school program sites across NYC. The Organization's Digital Learning and Leadership Program, now in its 20th year, equips youth with the skills necessary to use technology, digital media, and the internet as tools for social change and to promote civic engagement and global literacy through hands-on projects. The Organization's digital learning program participants include people from around the world; the media they produce reach hundreds of thousands of others through the Organization and scores of other digital platforms. In addition to the programs described above, the Organization provides special training for educators and youth workers. These focus on youth development, interactive experiential teaching methods, service learning, games and learning, digital media creation for educational purposes, and techniques for infusing international issues and world cultures into programming for young people. Special training for students emphasizes leadership and communications skills, bias and violence prevention, and critical issues in international and domestic affairs.

GLOBAL KIDS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The 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").

This classification of the Organization's net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of the two classes of net assets – with donor restrictions or without donor restrictions – be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a statement of activities.

These classes are defined as follows:

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Net Assets without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions. This net asset category includes both contributions not subject to donor restrictions and exchange transactions.

Revenue Recognition

Grants are recognized as revenue when allowable expenses are incurred. Contributions are recognized when received or when an unconditional promise is received. Fees for services are recognized as income when earned.

Contributions received are classified depending on the existence or nature of any donor restrictions. All revenue and support are considered to be available for unrestricted use unless specifically designated for expenditure in a following year or if restricted by the donor for a particular program or project. The Organization releases restricted support to the extent expenditures have been incurred for the purposes for which restricted support has been granted.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity date of three months or less at the time of purchase to be cash equivalents.

Restricted Cash

Restricted cash consists of the Foundation 17 Scholarship Fund that was provided for the purpose of funding scholarships to selected needy college-bound students in the amount of approximately \$5,000 per student per year. This fund is held in a separate money market account and income generated thereof is to be used for the same intent as the fund. Restricted cash as of June 30, 2020 and 2019 was \$48,320 and \$68,320, respectively.

GLOBAL KIDS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Other Receivables

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are substantially met.

Grants and other receivables, which consist of fees for services, grants and contributions, have been adjusted for all known uncollectible accounts. Management reviews the accounts receivable to determine if an allowance is necessary. The allowance is based on historical experience and management's analysis of the current status of amounts receivable. As of June 30, 2020 and 2019, no allowance was necessary because the receivable balance was determined to be fully collectable. All grants and other receivables at June 30, 2020 and 2019 are due in less than one year.

Property and Equipment, Net

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives of the respective assets. It is the Organization's policy to capitalize property and equipment expenditures in excess of \$5,000 on a per unit basis. Expenditures for repairs and maintenance are expensed as incurred.

The costs of furniture and equipment that are reimbursed by government funding agencies are not capitalized in accordance with the reversionary interest terms in their respective agreements. Title to such assets remains in the name of the reimbursing agency.

Impairment

The Organization reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the Organization recognizes an impairment loss. No impairment loss was recognized for the years ended June 30, 2020 and 2019.

Deferred Rent

The Organization leases program and office space whereby the landlord provided periods of scheduled increases to the minimum amounts charged. Rent expense related to the minimum rentals is recognized on a straight-line basis over the term of the lease. Deferred rent represents the adjustment to future rents as a result of using the straight-line method. The accompanying statements of financial position reflect a deferred rent liability of \$148,811 and \$220,240 at June 30, 2020 and 2019, respectively.

Functional Allocation of Expenses

Expenses that can be directly identified with the program or supporting service to which they relate are charged accordingly. Other expenses that are attributable to one or more programs or supporting services of the Organization include depreciation, insurance, rent and utilities. Rent is allocated based on square footage. Depreciation, insurance, and utilities are allocated based on staff's time and efforts.

Management and administration expenses were allocated to the individual program services on the statements of functional expenses for the years ended June 30, 2020 and 2019.

GLOBAL KIDS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Special Events

The Organization conducts an annual gala, which is a special event in which a portion of gross proceeds paid by the participants represents payments for direct costs of the benefits received by the participants at the event. Unless a verifiable, objective means exists to demonstrate the fair value, meals and entertainment provided at special events are measured at the actual cost to the Organization. All proceeds received in excess of the direct costs are recorded as special events support in the accompanying statements of activities. For the year ended June 30, 2020, the Organization was unable to hold the annual gala due to COVID-19, see Note 11, however the Organization was able to raise an amount of contributions without donor restrictions. For the years ended June 30, 2020 and 2019, the Organization reported special events support of \$40,914 and \$187,347, respectively net of direct expenses of \$404 and \$20,413 respectively. The benefit to the donors and contributors of the events is typically limited to recognition during the gala event, listing in the gala program and an opportunity to speak at the event. The costs associated with the benefits are nominal.

Income Taxes

The Organization, as determined by the Internal Revenue Service, was granted tax exempt status under Section 501(c)(3) of the Internal Revenue Code ("IRC") and has been held to be a publicly supported organization and not a private foundation under Section 509(a) of the IRC. Under the provision, the Organization is exempt from federal income taxes and is also exempt from New York State and New York City income taxes.

The Organization follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for de-recognition, classification, interest and penalties, disclosure, and transition.

The Organization is subject to audit by tax authorities. In assessing the realizability of tax benefits, management considers whether it is more likely than not that some portion or all of any tax position will not be realized. Management believes that its tax-exempt status would be sustained upon examination. Management believes that it has appropriate support for the positions taken on its tax returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year. If applicable, the Organization would classify interest and penalties on underpayments of income tax as miscellaneous expenses.

The Organization files income tax returns in the federal and New York State jurisdictions. With few exceptions, the Organization is no longer subject to federal or state income tax examinations for fiscal years ended before June 30, 2017.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GLOBAL KIDS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adopted Accounting Pronouncement

During the year ended June 30, 2020, the Organization adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The update provides guidance in evaluating whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional or not. The adoption of this update had no effect on the Organization's financial position and changes in net assets.

Recent Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which affects the revenue recognition of entities that enter into either (1) certain contracts to transfer goods or services to customers or (2) certain contracts for the transfer of nonfinancial assets. The update indicates an entity should recognize revenue in an amount that reflects the consideration the entity expects to be entitled to in exchange for the goods or services transferred by the entity.

The update is to be applied to the beginning of the year of implementation or retrospectively. In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the update for annual reporting periods beginning after December 15, 2019, and for interim reporting periods beginning after December 15, 2020, with early application permitted. The Organization has elected the deferral and is currently evaluating the effect the update will have on its financial statements.

Lease Accounting

In February 2016, the FASB issued an accounting standards update which amends existing lease guidance. The update requires lessees to recognize a right-of-use asset and related lease liability for many operating leases now currently off-balance sheet under current U.S. GAAP. Also, the FASB has issued amendments to the update with practical expedients related to land easements, lessor accounting, and disclosures related to accounting changes and error corrections.

The update originally required transition to the new lease guidance using a modified retrospective approach which would reflect the application of the update as of the beginning of the earliest comparative period presented. A subsequent amendment to the update provides an optional transition method that allows entities to initially apply the new lease guidance with a cumulative-effect adjustment to the opening balance of equity in the period of adoption. If this optional transition method is elected, after the adoption of the new lease guidance, the Organization's presentation of comparative periods in the financial statements will continue to be in accordance with current lease accounting. The Organization is evaluating the method of adoption it will elect.

In June 2020, the FASB issued an accounting standards update which defers the required effective date of the update for one year. As a result, entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2021, and for interim reporting periods beginning after December 15, 2022, with early application permitted. The Organization has elected the deferral and is currently evaluating the effect the update will have on its financial statements but expects upon adoption that the update will have a material effect on the Organization's financial condition due to the recognition of a right-of-use asset and related lease liability. The Organization does not anticipate the update having a material effect on its results of operations or cash flows, though such an effect is possible.

GLOBAL KIDS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

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

3. LIQUIDITY MANAGEMENT AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization maintains, on average, \$250,000 in its checking account for general and recurring expenditures and obligations. The Organization also maintains a separate form of operational reserve with the objective of setting aside funds to be drawn upon in the event of a budget deficit or any financial distress. These reserved funds are held in lower-risk cash and money market funds. The current balance of this reserve is included in cash and cash equivalents on the statements of financial position.

June 30,	2020	2019
Cash and cash equivalents	\$ 1,421,712	\$ 924,598
Restricted cash	48,320	68,320
Receivables	<u>2,190,274</u>	<u>1,733,107</u>
Total financial assets available within one year	3,660,306	2,726,025
Less: amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	168,946	206,820
Cash restricted for scholarships	<u>48,320</u>	<u>68,320</u>
Total financial assets available to management for general expenditures within one year	<u>\$ 3,443,040</u>	<u>\$ 2,450,885</u>

In managing its liquidity needs, the Organization has a committed line of credit totaling \$1,000,000 (see Note 9), which it could draw down upon, if necessary.

4. RECEIVABLES

Receivables are summarized as follows:

June 30,	2020	2019
Grants and contributions	\$ 2,189,274	\$ 1,663,057
Fee income	<u>1,000</u>	<u>70,050</u>
	<u>\$ 2,190,274</u>	<u>\$ 1,733,107</u>

GLOBAL KIDS, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

5. PROPERTY AND EQUIPMENT, NET

Property and equipment consist of the following:

June 30,	2020	2019	Estimated Useful Life
Furniture and equipment	\$ 52,539	\$ 36,627	7 years
Less: accumulated depreciation	<u>(35,722)</u>	<u>(31,178)</u>	
	<u>\$ 16,817</u>	<u>\$ 5,449</u>	

Depreciation expense totaled \$4,544 and \$2,916 for the years ended June 30, 2020 and 2019, respectively.

6. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk include cash accounts at a major financial institution that, at times, exceeded the Federal Deposit Insurance Corporation insured limit of \$250,000.

Approximately 76% of the Organization's receivables as of June 30, 2020 was derived from three grantors. Approximately 35% of the Organization's receivables as of June 30, 2019 was derived from two grantors.

Approximately 77% and 81% of the Organization's grants and contributions revenue for the years ended June 30, 2020 and 2019, respectively, was derived from four grantors.

Approximately 66% and 42% of the Organization's training and technical assistance fees revenue for the years ended June 30, 2020 and 2019, respectively, was derived from one organization.

Three vendors constituted 46% of the Organization's payables at June 30, 2020. Two vendors constituted 44% of the Organization's payables at June 30, 2019.

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are purpose restricted, and consist of the following balances at June 30, 2020 and 2019:

	2020	2019
Purpose Restricted:		
Leadership and Peer Education	\$ 81,320	\$ 166,820
Digital Learning and Leadership Program	-	20,000
Global DC	4,360	20,000
COVID-19 Relief	<u>83,266</u>	<u>-</u>
Total Net Assets With Donor Restrictions	<u>\$ 168,946</u>	<u>\$ 206,820</u>

GLOBAL KIDS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

7. NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets released from restrictions by satisfying the restricted purposes for the years ended June 30, 2020 and 2019, are as follows:

	2020	2019
Purpose Restricted:		
School Based Youth Development	\$ 123,500	\$ 55,000
Leadership and Peer Education	151,700	237,235
Digital Learning and Leadership Program	135,000	150,000
Global DC	50,640	20,000
COVID-19 Relief	38,734	-
	<hr/>	<hr/>
Total Released from Restrictions	\$ 499,574	\$ 462,235

8. EMPLOYEES' PENSION PLAN

The Organization maintains a defined contribution 403(b) TDA plan for all employees. The Organization does not contribute to this plan. The participants can contribute up to the maximum annual limitation set forth in the Internal Revenue Code. There is no age or services requirement, all employees are eligible to contribute to this plan.

The Organization also maintains a defined contribution 403(b) DC plan for all eligible employees, as defined, which is funded entirely at the discretion of the Organization; participants are not allowed to contribute to the plan. All full-time employees aged 18 or older, with one year of service are eligible to participate in the plan. For the years ended June 30, 2020 and 2019, the Organization declared a discretionary contribution totaling \$77,010 and \$87,175, respectively.

9. LINE OF CREDIT

The Organization has a line of credit agreement with a financial institution to access a maximum of \$1,000,000, with interest at the bank's note rate, as defined in the line of credit agreement, which would provide short-term working capital. The line of credit is secured by the Organization's assets. The line was renewed in May 2020 at the same note rate (3.56% and 5.45% as of June 30, 2020 and 2019, respectively), and expires in May 2021.

There was no outstanding balance on the line of credit at June 30, 2020 and 2019.

10. PAYCHECK PROTECTION PROGRAM LOAN PAYABLE

In May 2020, the Organization received a loan of approximately \$900,000 through the Paycheck Protection Program of the 2020 CARES Act ("PPP") administered by the Small Business Administration. The loan is due May 6, 2022 and bears interest at 1.0%. Interest expense related to the PPP loan for the year ended June 30, 2020 totaled \$1,382. Monthly principal and interest payments totaling \$50,428 are expected to start in August 2021. The Organization may prepay the loan at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for certain purposes, including payroll, employee benefits, rent, and utilities. Under the terms of the PPP loan, all or a portion of the loan may be forgiven based on certain requirements being met. The Organization expects to receive full forgiveness on the loan and is tracking the qualifying expenditures during the qualifying period to apply for loan forgiveness under the program in 2021.

GLOBAL KIDS, INC.

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

11. COVID-19 AND CARES ACT

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a global pandemic and recommended containment and mitigation measures worldwide. The impact of the outbreak of COVID-19 continues to rapidly evolve. The Organization cannot reasonably estimate the duration and severity of this pandemic; however, economic uncertainties have arisen which could have a material adverse effect on the Organization’s financial position, results of operations and its cash flows. For example, the annual gala typically held in March was cancelled in the days prior to the event, in March 2020, due solely to COVID-19. In addition, summer 2020 programs for students were canceled by funders. The Organization believes they are taking appropriate actions to mitigate the negative impact.

On March 27, 2020, President Trump signed into law the CARES Act. The CARES Act, among other things, includes provisions and funding for the SBA PPP loans. PPP loans are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans (EIDL) to provide liquidity to small businesses harmed by COVID-19. The Organization received funding from the SBA PPP program as disclosed in Note 10. The Organization continues to assess the impact that the CARES Act will have on the Organization’s operations.

12. COMMITMENTS AND CONTINGENCIES

Lease Commitments

Effective May 1, 2017, the Organization renewed its then existing lease agreement, and entered into a 5 year non-cancelable lease for office space. The Organization is obligated through July 31, 2022 for monthly fixed rental payments of \$41,667. The landlord provided the Organization with 9 months of free rent from May 1, 2017 through January 31, 2018 as concessions for the negotiation period.

Future minimum rental payments under this new lease are as follows:

Year Ended	
June 30,	
2021	\$ 500,000
2022	500,000
2023	41,667
	<u>\$ 1,041,667</u>

The Organization also leases space in Washington, D.C. on a month-to-month basis at \$1,005 per month. The lease expired on June 30, 2020. The Organization renewed their Washington D.C. lease on July 1, 2020, extending the term to December 31, 2020 at \$625 per month. After December 2020 the space is leased on a month-to-month basis at \$625 per month.

Rent expense was \$443,087 and \$450,986 for the years ended June 30, 2020 and 2019, respectively.

The Organization is obligated under a lease agreement for office equipment in NYC at \$3,379 per month through August 23, 2024.

GLOBAL KIDS, INC.

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

12. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lease Commitments (continued)

Future minimum rental payments under this equipment lease are as follows:

Year Ended	
June 30,	
2021	\$ 40,548
2022	40,548
2023	40,548
2024	40,548
2025	6,758
	<hr/>
	\$ 168,950

Contingencies

Pursuant to the Organization's contractual relationships with certain funding sources, outside agencies have the right to examine the Organization's books and records which pertain to transactions relating to these contracts. The financial statements do not include a provision for possible disallowances and reimbursements. Management believes that actual additional disallowances, if any, would be immaterial.

13. SUBSEQUENT EVENTS

In January 2021, the Organization received a second PPP loan of approximately \$892,000. The loan is due January 26, 2026 and bears interest at 1.0%. The Organization is currently evaluating the loan forgiveness guidelines issued by the Small Business Administration.

The Organization has evaluated events through April 9, 2021, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

GLOBAL KIDS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-through Grantor/Program or Cluster Title	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROVIDED TO SUBRECIPIENTS	FEDERAL EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-through New York City Department of Education				
21st Century Community Learning Centers	84.287	9855542	\$ - \$	533,425
Pass-through Office of the State Superintendent of Education				
21st Century Community Learning Centers	84.287	92287C	-	260,715
Total from U.S. Department of Education			-	794,140
<u>U.S. DEPARTMENT OF LABOR</u>				
WIOA Cluster				
Pass-through Department of Youth and Community Development				
Workforce Innovation and Opportunity Act Youth Activities - Year 2	17.259	90335	-	8,740
Workforce Innovation and Opportunity Act Youth Activities - Year 3	17.259	90335	-	71,970
Workforce Innovation and Opportunity Act Youth Activities - Year 4	17.259	90335	-	155,986
Workforce Innovation and Opportunity Act Youth Activities - ISY Career Development PB #4975	17.259	90335	-	3,950
Total from U.S. Department of Labor			-	240,646
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-through Department of Youth and Community Development				
Community Services Block Grant	93.569	850107A	-	59,889
<u>NATIONAL SCIENCE FOUNDATION</u>				
Education and Human Services - Research on Learning in Formal and Informal Settings (DRL)	47.076	N/A	-	166,600
Total Expenditures of Federal Awards			\$ - \$	1,261,275

The accompanying notes are an integral part of this schedule.

GLOBAL KIDS, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Global Kids, Inc. (a not-for-profit organization) (the "Organization") under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because this Schedule presents only a selected portion of the operations of the Organization, it is not intended and does not present the financial position, changes in net assets or cash flows of the Organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. SUB-RECIPIENTS

Of the federal expenditures presented in the schedule, the Organization provided no federal awards to sub-recipients.

4. INDIRECT COSTS

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

The Organization has elected to use the 12% indirect cost rate that is agreed to within the Organization's contract with the New York City Department of Education. The Organization has elected to use the 8% indirect cost rate allowed under the Uniform Guidance for the remaining portion of the remaining programs.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Global Kids, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Global Kids, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

New York, NY
April 9, 2021



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Global Kids, Inc.

Report on Compliance with the Major Federal Program

We have audited Global Kids, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2020. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on The Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.



Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, LLP

New York, NY
April 9, 2021

GLOBAL KIDS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited are in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

 Yes

 √ No

Significant deficiency(ies) identified?

 Yes

 √ None reported

Noncompliance material to financial statements noted?

 Yes

 √ No

Federal Awards

Internal control over major federal program:

Material weakness(es) identified?

 Yes

 √ No

Significant deficiency(ies) identified?

 Yes

 √ None reported

Type of auditor's report issued on compliance for major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes

 √ No

Identification of Major Federal Program

<u>CFDA Number</u>	<u>Name of Federal Program</u>
84.287	21st Century Community Learning Centers

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee: X Yes No

GLOBAL KIDS, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements that are required to be reported, in accordance with generally accepted government auditing standards.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs for federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.