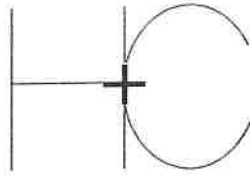


WORLD COMPUTER EXCHANGE, INC.
FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

WORLD COMPUTER EXCHANGE, INC.

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Certified Public Accountants

David J. McCaughin, CPA
John S. McNamara, CPA

Independent Auditor's Report

To the Board of Directors
World Computer Exchange, Inc.
Hull, Massachusetts

We have audited the accompanying financial statements of World Computer Exchange, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, 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.

To the Board of Trustees
Page Two

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 World Computer Exchange, Inc. as of June 30, 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.

Hughes and Company, P.C.

HUGHES AND COMPANY, P.C.
Melrose, Massachusetts
January 28, 2021

WORLD COMPUTER EXCHANGE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

<u>ASSETS</u>		
	<u>2020</u>	<u>2019</u>
Current Assets		
Cash - operating	\$ 35,376	\$ 13,132
Accounts receivable	6,381	4,892
Inventory, at estimated value	1,084,675	1,143,125
Prepaid expenses	3,516	3,516
Total Current Assets	<u>1,129,948</u>	<u>1,164,665</u>
Long-Term Assets		
Cash - restricted for internship	44,321	45,888
Investment - restricted for internship, at market	70,570	66,351
Total Long-Term Assets	<u>114,891</u>	<u>112,239</u>
Total Assets	<u>\$ 1,244,839</u>	<u>\$ 1,276,904</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 35,522	\$ 8,404
Payroll tax withholdings	4,868	893
Loan payable - paycheck protection program	30,560	-
Total Current Liabilities	<u>70,950</u>	<u>9,297</u>
Long-Term Liabilities		
Due to officer	331,615	375,782
Total Liabilities	<u>402,565</u>	<u>385,079</u>
Net Assets		
Net Assets without Donor Restrictions		
Undesignated	672,230	670,770
Board Designated	53,583	109,079
Total Net Assets without Donor Restrictions	<u>725,813</u>	<u>779,849</u>
Net Assets with Donor Restrictions	<u>116,461</u>	<u>111,976</u>
Total Net Assets	<u>842,274</u>	<u>891,825</u>
Total Liabilities and Net Assets	<u>\$ 1,244,839</u>	<u>\$ 1,276,904</u>

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

WORLD COMPUTER EXCHANGE, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Changes in Net Assets without Donor Restrictions		
Support and Revenue		
Sourcing income, net	\$ 6,430	\$ 38,347
Reimbursed shipping expenses	3,757	892
Contributions - shipping sponsors	122,609	139,619
Contributions - other	51,589	65,951
Donated goods, services, and facilities	<u>748,378</u>	<u>859,635</u>
Total Support and Revenue without Donor Restrictions	932,763	1,104,444
Before Cost of Sales		
Less cost of sales	<u>(490,162)</u>	<u>(487,177)</u>
Total Support and Revenue without Donor Restrictions		
before Restriction Releases	<u>442,601</u>	<u>617,267</u>
Net Assets Released from Restrictions		
Purpose and time restrictions satisfied	<u>3,168</u>	<u>2,761</u>
Total Support and Revenue without restrictions	<u>445,769</u>	<u>620,028</u>
Expenses		
Program expenses	439,146	440,507
General and administrative	44,291	46,217
Fundraising	<u>16,368</u>	<u>16,516</u>
Total Expenses	499,805	503,240
Change in Net Assets without Donor Restrictions	<u>(54,036)</u>	<u>116,788</u>
Changes in Net Assets with Donor Restrictions		
Investment income	7,653	13,069
Net assets released from restrictions	<u>(3,168)</u>	<u>(2,761)</u>
Change in Net Assets with Donor Restrictions	<u>4,485</u>	<u>10,308</u>
Change in Net Assets	(49,551)	127,096
Net Assets, Beginning of Period	<u>891,825</u>	<u>764,729</u>
Net Assets, End of Period	<u>\$ 842,274</u>	<u>\$ 891,825</u>

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

WORLD COMPUTER EXCHANGE, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	Program Expenses	General and Administrative Fundraising Total	Program Expenses	General and Administrative Fundraising Total
Bad debt expense	\$ 1,000	\$ -	\$ 7,957	\$ -
Contract labor	264,806	-	253,198	-
Credit card charges	-	832	-	2,023
Employee benefits	6,131	766	5,951	744
Insurance	5,518	-	5,619	-
Office and general	1,293	916	1,808	-
Payroll taxes	3,599	763	5,003	584
Professional fees - accounting	-	7,136	-	6,800
Program development	12,679	-	6,186	-
Rent	12,060	5,940	12,060	5,940
Salaries	131,818	27,938	130,000	15,188
Travel and meetings	242	-	12,725	-
	<u>\$ 439,146</u>	<u>\$ 44,291</u>	<u>\$ 440,507</u>	<u>\$ 16,516</u>
				<u>\$ 503,240</u>

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

WORLD COMPUTER EXCHANGE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (49,551)	\$ 127,096
Adjustments to reconcile change in net assets to net cash from operating activities:		
Unrealized (gain) loss on investments	(4,219)	(5,026)
In-kind donation of accrued payroll	(100,000)	(100,000)
(Increase) Decrease in:		
Accounts receivable	(1,489)	9,049
Due from affiliate	-	8,046
Inventory	58,450	(79,800)
Prepaid expenses	-	(1,500)
Increase (Decrease) in:		
Accounts payable and accrued expenses	27,118	(8,228)
Payroll tax withholdings	3,975	(3,549)
Net Cash Provided by (Used in) Operating Activities	<u>(65,716)</u>	<u>(53,912)</u>
Cash Flows from Financing Activities:		
Officer loan (borrowings) proceeds, net	55,833	58,750
Borrowings on loan payable	30,560	-
Net Cash Provided by Financing Activities	<u>86,393</u>	<u>58,750</u>
Net Increase in Cash	20,677	4,838
Cash, Beginning	<u>59,020</u>	<u>54,182</u>
Cash, Ending	<u>\$ 79,697</u>	<u>\$ 59,020</u>
Supplemental cash flows information:		
Cash paid during the year for:		
Income taxes	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ -</u>	<u>\$ -</u>

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

WORLD COMPUTER EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

Note 1 - Organization

World Computer Exchange, Inc. (the Organization) is a non-profit organization based in Hull, Massachusetts funded to help bridge the global digital divide for youth, promote cultural understanding between students, and build local capacity for the use of information and communication technology in education. The Organization's major source of revenue is contributions which sponsor shipments of computers to various locations around the world. Other sources of revenue include payments for computers and reimbursement of shipping costs by partners of the Organization in other countries.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The accrual basis of accounting recognizes revenues in the accounting period in which revenues are earned regardless of when cash is received, and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated from net assets without donor restrictions, net assets for future shipments of computers.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

WORLD COMPUTER EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Income Taxes

The Organization is a nonprofit Massachusetts corporation. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization is not a private foundation.

Information Returns filed for the years ended June 30, 2019, 2018, and 2017, are subject to examination by the Internal Revenue Service and the Commonwealth of Massachusetts. The Organization does not expect that the amount of unrecognized tax benefits will change significantly within the next twelve months.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services.

Payroll and associated costs are allocated to functions based upon reasonable estimates of time and effort. Occupancy costs are allocated based upon square footage of office space used. Various other expenses such as travel, training, telephone, postage, printing and computer expenses are charged largely to programs with a small portion considered management and general.

Cash Flow Information

For purposes of the cash flows statement, the Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents.

The following table provides a reconciliation of cash and restricted cash reported within the statements of financial position that sum to the total in the statements of cash flows as of June 30:

	<u>2020</u>	<u>2019</u>
Cash - Operating	\$ 35,376	\$ 13,132
Cash - restricted for internship	44,321	45,888
Total Cash and Restricted Cash	<u>\$ 79,697</u>	<u>\$ 59,020</u>

WORLD COMPUTER EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk - Cash Balances

Financial instruments which potentially subject the Organization to concentrations of credit risk include cash deposits with commercial banks and brokerage firms. The Organization's cash management policies limit its exposure to concentrations of credit risk by maintaining primary cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). The Organization had no uninsured cash balances at June 30, 2020 and 2019.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances that are still outstanding after management has used reasonable collection efforts are written off.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All other donor-restricted contributions are reported as increases in assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

WORLD COMPUTER EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments in marketable securities with readily determinable fair values and all investments in debt securities are recorded at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income and unrealized capital gains and losses, less external and direct internal investment expenses. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Organization's investments are exposed to various risks, such as interest rate, market, currency and credit risks. Due to the level of risk associated with the Organization's investments and the level of uncertainty related to changes in the value of the investments, it is at least reasonably possible that changes in risks in the near term would materially affect the assets reported in the financial statements.

The Organization owns 438,215 shares of Omni Reliant Holdings, Inc., which was donated on December 31, 2009, and is stated at market value. The price per share is so low, this investment is recorded at \$-0- as of June 30, 2020 and 2019.

Investment - restricted for internship is stated at market value. Unrealized gain or loss on this investment is included in the change in net assets with donor restrictions.

Inventory

Inventory consists of donated computer equipment. Inventory has been valued at the estimated fair market value on the date of donation.

Shipping and Handling Costs

Shipping and handling costs are included in cost of sales in the Statements of Activities.

Donated Goods, Services and In-Kind Gifts

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers who provide assistance with the collection and packing of donated equipment are not recognized as contributions in the financial statements.

WORLD COMPUTER EXCHANGE, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2020 AND 2019

Note 2 - Summary of Significant Accounting Policies (continued)

Donated Goods, Services and In-Kind Gifts (continued)

During the years ended June 30, 2020 and 2019, the Organization received and recognized donated goods, services, and in-kind gifts valued at fair market value, as follows:

	<u>2020</u>	<u>2019</u>
Inventory	\$ 332,850	\$ 455,000
Contract labor	263,050	250,400
Supplies	2,453	1,210
Facilities	6,900	9,900
Salary - President	111,625	111,625
Salary - Director of Operations/Clerk	31,500	31,500
Total	<u>\$ 748,378</u>	<u>\$ 859,635</u>

Fair Value of Financial Instruments

Carrying amounts of certain of the Organization's financial instruments, including cash and cash equivalents, receivables and payables, and other accrued liabilities, approximate fair value because of their short maturities.

Subsequent Events

The Organization has evaluated subsequent events through January 28, 2021 which is the date the financial statements were available to be issued.

Note 3 - Cost of Sales

Cost of sales for the years ended June 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Computers shipped	\$ 303,800	\$ 195,825
Computers salvaged	87,500	179,375
Shipping and storage	90,898	88,040
Packing, parts and equipment	7,964	23,937
Total	<u>\$ 490,162</u>	<u>\$ 487,177</u>

Computers salvaged consists of computers that are no longer considered usable and have been disposed of. The figures for computers shipped and salvaged are the product of the number of computers shipped and salvaged in a given year multiplied by the estimated fair market value of the computers, currently \$175. The increase in cost of sales is directly caused by the increase in shipments.

WORLD COMPUTER EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 4 - Rent/Related Party Transactions

The Organization rents office and storage space from an officer of the Organization. There is no formal lease agreement in place except for approval by the Board of Directors. Rent expense related to this space was \$18,000 for each of the years ended June 30, 2020 and 2019.

The Organization had an affiliate, WCE-CA, with a similar charitable purpose which shared several board members. The Organization loaned funds to and paid the expenses of the affiliate when needed and was occasionally reimbursed. The affiliate has suspended its activities and the receivable has been written off to bad debts in the amount of \$7,957 at June 30, 2019.

Note 5 - Due to Officer

The Organization has an outstanding payable to an officer in the amount of \$331,616 and \$375,782 for the years ended June 30, 2020 and 2019, respectively. The officer makes advances to the Organization as needed and is repaid when funds are available. There is no formal repayment schedule. The officer has waived interest on the loan since January 1, 2006. The accrued payroll portion would only be paid off after program expenses are paid and likely at some smaller agreed-upon amount. The officer, at his discretion, donates a portion of the accrued salary each year. In recent years the officer has accelerated the rate of in-kind donation and thus the amount due to the officer has declined substantially. The due to officer activity is summarized in the following table:

June 30, 2018 Balance	\$	417,032
Accrued payroll		58,750
Donated payroll		(100,000)
June 30, 2019 Balance	\$	375,782
Accrued payroll		55,834
Donated payroll		(100,000)
June 30, 2020 Balance	<u>\$</u>	<u>331,616</u>

WORLD COMPUTER EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 6 - Note Payable, Paycheck Protection Plan

On May 1, 2020, the Organization received a loan in the amount of \$30,560 from the Small Business Administration (SBA) as part of the Coronavirus Aid, Relief and Economic Security Act's Paycheck Protection Plan. The loan was administered through Bank of America.

The loan is unsecured, non-recourse, and accrues interest at 1%, with a due date of May 1, 2022. Under the terms of the loan, a portion or all of the loan is forgivable to the extent that loan proceeds are used to fund qualifying payroll, rent and utilities, during a designated twenty-four week period through October 20, 2020. The Organization has applied for and expects to receive forgiveness of the loan.

Note 7 - Restrictions on Net Assets

Net assets with donor restrictions in the amount of \$116,461 and \$111,976 as of June 30, 2020 and 2019, respectively, are available for the direct costs of an annual WCE internship.

In September, 2012, the Board of Directors of the Organization voted to accept stewardship of the W. Seavey Joyce S.J. Award and received all of the assets of that organization consisting of \$71,583 in a mutual fund. The Organization is not required to keep the assets in a separate account and the investment earnings are added to net assets with restrictions. Those net assets are restricted for direct costs related to the annual WCE internship. These costs include any related travel to a developing country, bank fees, medallion expenses, or required paid advertising or printing to recruit a student at Boston College who has demonstrated leadership in helping the under served who applies and defines a useful WCE project. During the fiscal years 2020 and 2019, the Organization spent \$3,168 and \$2,761, respectively, of the funds for costs related to the intern program, releasing these amounts from donor restrictions.

WORLD COMPUTER EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 8 - Fair Value Measurements/Investments

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs consist of unobservable inputs not corroborated by market data. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 were not available.

The Organization's investments are all Level 1, are reported at fair value, and consist of the following:

<u>2020</u>	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Investments-Mutual Funds	<u>\$ 70,569</u>	<u>\$ 80,000</u>	<u>\$ (9,431)</u>
<u>2019</u>	<u>Market Value</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>
Investments-Mutual Funds	<u>\$ 66,350</u>	<u>\$ 80,000</u>	<u>\$ (13,650)</u>

The following schedule summarizes the net investment income and its classification in the Statement of Activities for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest	\$ 22	\$ 60
Dividends	3,412	7,983
Unrealized gain	4,219	5,026
Total Investment Income	<u>\$ 7,653</u>	<u>\$ 13,069</u>
Net assets without donor restrictions	\$ -	\$ -
Net assets with donor restrictions	7,653	13,069
	<u>\$ 7,653</u>	<u>\$ 13,069</u>

WORLD COMPUTER EXCHANGE, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020 AND 2019

Note 9- Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets available to meet general expenditures within one year as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year End	\$ 156,648	\$ 130,263
Less amount not available to be used within one year:		
Net assets with donor restrictions	<u>116,461</u>	<u>111,976</u>
Financial assets available to meet general expenditures within one year	<u>\$ 40,187</u>	<u>\$ 18,287</u>

As part of the Organization's liquidity management it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due.