

# ORPHAN HELPERS



INDEPENDENT AUDITOR'S FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022 – AUDITED



**DENNISON CPA**  
Church & Ministry Advisor

**ORPHAN HELPERS**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Orphan Helpers, Inc.  
Newport News, Virginia

**Opinion**

We have audited the accompanying financial statements of Orphan Helpers, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Orphan Helpers, Inc. as of June 30, 2023, 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.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Orphan Helpers, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Orphan Helpers, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial

likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Orphan Helpers, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Orphan Helpers, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

#### **Report on Comparative Information**

We have previously audited Orphan Helpers, Inc.'s June 30, 2022 financial statements, and our report dated March 17, 2023 expressed an unmodified opinion on those financial statements. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Dennison CPA, PC*

Saint Cloud, Minnesota  
December 11, 2023

# ORPHAN HELPERS, INC.

(a not-for-profit corporation)

Statement of Financial Position

As of June 30,

|  | <u>2023</u>             | <u>2022</u>             |
|--|-------------------------|-------------------------|
| <b><u>ASSETS</u></b>   |                         |                         |
| Cash and cash equivalents  | 213,637                 | 252,852                 |
| Cash and cash equivalents - restricted                                 | 182,619                 | 178,941                 |
| Prepaid expenses   | 869                     | 869                     |
| Grant receivable   | 74,001                  | 18,000                  |
| Unconditional promise to give  | 871,921                 | 860,052                 |
| Rental deposit   | 750                     | 750                     |
| Operating lease right-of-use asset                                     | 21,058                  | 32,082                  |
| Property and equipment - net   | 34,297                  | 42,387                  |
| <b><u>TOTAL ASSETS</u></b>   | <b><u>1,399,153</u></b> | <b><u>1,385,934</u></b> |
| <b><u>LIABILITIES</u></b>  |                         |                         |
| Accounts payable & accrued expenses                                    | 15,673                  | 8,676                   |
| Credit cards payable   | 6,108                   | 5,541                   |
| Operating lease right-of-use liability                                 | 21,058                  | 32,082                  |
| <b><u>TOTAL LIABILITIES</u></b>  | <b><u>42,839</u></b>    | <b><u>46,300</u></b>    |
| <b><u>NET ASSETS</u></b>   |                         |                         |
| Without donor restrictions   |                         |                         |
| Undesignated   | 1,139,397               | 1,118,307               |
| Net investment in land, buildings<br>and equipment net of related debt | 34,297                  | 42,387                  |
| Total net assets without donor restrictions                            | 1,173,695               | 1,160,694               |
| With donor restrictions  | 182,619                 | 178,941                 |
| Total Net Assets   | 1,356,314               | 1,339,635               |
| <b><u>TOTAL LIABILITIES AND NET ASSETS</u></b>                         | <b><u>1,399,153</u></b> | <b><u>1,385,934</u></b> |

# ORPHAN HELPERS, INC.

(a not-for-profit corporation)

Statement of Activities

For the Years Ended June 30,

|  | <u>2023</u>      | <u>2022</u>      |
|--|------------------|------------------|
| <b><u>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</u></b> |                  |                  |
| <b><u>SUPPORT AND REVENUE</u></b>                              |                  |                  |
| Donations  | 845,400          | 640,412          |
| Program Fees   | -                | 2,168            |
| Promise to Give Revenue  | -                | 860,052          |
| Grant Revenue  | 56,001           | -                |
| Total Support and Revenue                                      | <u>901,401</u>   | <u>1,502,633</u> |
| Net assets released from donor restrictions                    |                  |                  |
| Restrictions satisfied by payments/time                        | <u>232,504</u>   | <u>312,274</u>   |
| Total Support and Reclassifications                            | <u>1,133,904</u> | <u>1,814,906</u> |
| <b><u>FUNCTIONAL EXPENSES</u></b>                              |                  |                  |
| Headquarters and Domestic Operations                           | 383,849          | 304,552          |
| International Operations                                       | 640,062          | 509,649          |
| Management and General   | 45,452           | 32,981           |
| Fundraising and Development                                    | 51,541           | 71,552           |
| Total Expenses   | <u>1,120,904</u> | <u>918,734</u>   |
| Increase (decrease) in net assets without donor restrictions   | <u>13,001</u>    | <u>896,172</u>   |
| <b><u>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</u></b>    |                  |                  |
| Restricted contributions                                       | 236,182          | 398,520          |
| Net assets released from donor restriction                     | <u>(232,504)</u> | <u>(312,274)</u> |
| Increase (decrease) in net assets with donor restriction       | <u>3,679</u>     | <u>86,247</u>    |
| Increase (decrease) in net assets                              | <u>16,679</u>    | <u>982,419</u>   |
| <b><u>Net Assets, Beginning Period</u></b>                     | <u>1,339,635</u> | <u>357,216</u>   |
| <b><u>Net Assets, Ending Period</u></b>                        | <u>1,356,314</u> | <u>1,339,635</u> |

# ORPHAN HELPERS, INC.

(a not-for-profit corporation)

Statement of Cash Flows

For the Years Ended June 30,

| <b><u>OPERATING ACTIVITIES</u></b>  | <b><u>2023</u></b>     | <b><u>2022</u></b>    |
|---|------------------------|-----------------------|
| Change in net assets  | 16,679                 | 982,419               |
| Adjustments to reconcile net assets to net cash provided<br>by operating activities |                        |                       |
| Depreciation  | 14,239                 | 11,225                |
| (Increase) decrease in operating assets:  |                        |                       |
| Grant receivable  | (56,001)               | -                     |
| Operating lease assets  | 11,025                 | 791                   |
| Prepaid expenses  | -                      | (25)                  |
| Unconditional promise to give   | (11,869)               | (860,052)             |
| Increase (decrease) in operating liabilities:                                       |                        |                       |
| Operating lease liabilities   | (11,025)               | (791)                 |
| Accounts payable & accrued expenses   | 6,997                  | 1,225                 |
| Credit cards payable  | 567                    | 5,412                 |
| Net cash provided by operating activities   | <u>(29,388)</u>        | <u>140,203</u>        |
| <b><u>INVESTING ACTIVITIES</u></b>  |                        |                       |
| Acquisition of furniture, fixtures & equipment                                      | <u>(6,148)</u>         | <u>(22,208)</u>       |
| Net cash flows from investing activities  | <u>(6,148)</u>         | <u>(22,208)</u>       |
| <b><u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u></b>                      | <b><u>(35,537)</u></b> | <b><u>117,995</u></b> |
| <b><u>CASH AND CASH EQUIVALENTS - BEGINNING</u></b>                                 | <b><u>431,793</u></b>  | <b><u>313,798</u></b> |
| <b><u>CASH AND CASH EQUIVALENTS - ENDING</u></b>                                    | <b><u>396,256</u></b>  | <b><u>431,793</u></b> |

# ORPHAN HELPERS, INC.

(a not-for-profit corporation)

Statement of Functional Expenses

For the Year Ended June 30, 2023

|                             | Program                                    |                             |                              | Supporting Services       |                                   |                                   | Total            |
|-----------------------------|--|-----------------------------|------------------------------|---------------------------|-----------------------------------|-----------------------------------|------------------|
|                             | Headquarters<br>and Domestic<br>Operations | International<br>Operations | Total<br>Program<br>Services | Management<br>and General | Fundraising<br>and<br>Development | Total<br>Supporting<br>Activities |                  |
| Advertising                 | 6,843                                      | -                           | <b>6,843</b>                 | -                         | -                                 | -                                 | <b>6,843</b>     |
| Bank fees                   | 7,798                                      | 810                         | <b>8,608</b>                 | 22                        | -                                 | <b>22</b>                         | <b>8,630</b>     |
| Depreciation                | -  | -                           | -                            | 14,239                    | -                                 | <b>14,239</b>                     | <b>14,239</b>    |
| Donations                   | 4,267                                      | 222,389                     | <b>226,656</b>               | 6,000                     | -                                 | <b>6,000</b>                      | <b>232,656</b>   |
| Events                      | 2,158                                      | -                           | <b>2,158</b>                 | -                         | -                                 | -                                 | <b>2,158</b>     |
| Facility rent               | 3,909                                      | 11,356                      | <b>15,265</b>                | 920                       | -                                 | <b>920</b>                        | <b>16,185</b>    |
| Operations                  | 2,659                                      | 113,248                     | <b>115,907</b>               | -                         | -                                 | -                                 | <b>115,907</b>   |
| Professional fees           | 62,952                                     | 7,312                       | <b>70,264</b>                | -                         | 2,000                             | <b>2,000</b>                      | <b>72,264</b>    |
| Salaries & related benefits | 224,693                                    | 231,372                     | <b>456,066</b>               | 21,797                    | 49,541                            | <b>71,338</b>                     | <b>527,403</b>   |
| Supplies                    | 19,522                                     | 27,009                      | <b>46,531</b>                | -                         | -                                 | -                                 | <b>46,531</b>    |
| Travel & conferences        | 49,049                                     | 23,467                      | <b>72,516</b>                | 2,475                     | -                                 | <b>2,475</b>                      | <b>74,991</b>    |
| Utilities                   | -  | 3,098                       | <b>3,098</b>                 | -                         | -                                 | -                                 | <b>3,098</b>     |
| <b>Total Expenses</b>       | <b>383,849</b>                             | <b>640,062</b>              | <b>1,023,911</b>             | <b>45,452</b>             | <b>51,541</b>                     | <b>96,993</b>                     | <b>1,120,904</b> |



# ORPHAN HELPERS, INC.

(a not-for-profit corporation)

Statement of Functional Expenses

For the Year Ended June 30, 2022

|                             | Program                                    |                             |                              | Supporting Services       |                                   |                                   | Total          |
|-----------------------------|--|-----------------------------|------------------------------|---------------------------|-----------------------------------|-----------------------------------|----------------|
|                             | Headquarters<br>and Domestic<br>Operations | International<br>Operations | Total<br>Program<br>Services | Management<br>and General | Fundraising<br>and<br>Development | Total<br>Supporting<br>Activities |                |
| Advertising                 | -  | 1,200                       | <b>1,200</b>                 | -                         | -                                 | -                                 | <b>1,200</b>   |
| Bank fees                   | 4,269                                      | 60                          | <b>4,329</b>                 | 329                       | -                                 | <b>329</b>                        | <b>4,658</b>   |
| Depreciation                | 10,103                                     | -                           | <b>10,103</b>                | 1,123                     | -                                 | <b>1,123</b>                      | <b>11,225</b>  |
| Donations                   | 294  | 120,936                     | <b>121,230</b>               | 10,300                    | -                                 | <b>10,300</b>                     | <b>131,530</b> |
| Events                      | 11   | 1,168                       | <b>1,179</b>                 | -                         | -                                 | -                                 | <b>1,179</b>   |
| Facility rent               | 12,073                                     | 11,365                      | <b>23,438</b>                | -                         | -                                 | -                                 | <b>23,438</b>  |
| Operations                  | 1,304                                      | 75,500                      | <b>76,804</b>                | -                         | -                                 | -                                 | <b>76,804</b>  |
| Professional fees           | 37,553                                     | 1,620                       | <b>39,173</b>                | 4,000                     | -                                 | <b>4,000</b>                      | <b>43,173</b>  |
| Salaries & related benefits | 176,500                                    | 255,633                     | <b>432,134</b>               | 17,229                    | 71,189                            | <b>88,418</b>                     | <b>520,552</b> |
| Supplies                    | 35,585                                     | 13,530                      | <b>49,114</b>                | -                         | 119                               | <b>119</b>                        | <b>49,233</b>  |
| Travel & conferences        | 26,757                                     | 24,093                      | <b>50,849</b>                | -                         | -                                 | -                                 | <b>50,849</b>  |
| Utilities                   | 105  | 4,544                       | <b>4,649</b>                 | -                         | 245                               | <b>245</b>                        | <b>4,894</b>   |
| <b>Total Expenses</b>       | <b>304,552</b>                             | <b>509,649</b>              | <b>814,201</b>               | <b>32,981</b>             | <b>71,552</b>                     | <b>104,533</b>                    | <b>918,734</b> |

**NOTE 1 - NATURE OF ORGANIZATION:**

Orphan Helpers, Inc. (Organization) was organized and incorporated in the State of Virginia on June 29, 2000. The purpose of the Organization is to assist orphaned, abused, and incarcerated children living in El Salvador, Guatemala, and Honduras. The Organization defines, develops, implements, and operates need-specific programs that address the spiritual, educational, emotional, and physical deficiencies of the target population. The Organization employs a highly leveraged partnership between central and North American churches, organizations, governments, individuals, and businesses to maximize the impact of each donor's contribution.

The Organization has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and have been determined not to be a private foundation under IRC Sections 509(a)(1) and (3), respectively. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that each entity is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Basis of Reporting – Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with Generally Accepted Accounting Principles (GAAP) and include all activities carried on in the name of the Organization. Revenues and expenses are recognized in the period earned or incurred.

Net Assets

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 from time to time designates, from net assets without donor restrictions, net assets for an operating reserve and/or board-designated programs.

*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. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. We report conditional contributions restricted by donors as increases in net assets without donor restrictions if the restrictions and conditions expire simultaneously in the reporting period. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are released when received and released from restrictions when the assets are placed in service.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Cash & Cash Equivalents and Credit Risks

Organization cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Investments are made by diversified investment managers whose performance is monitored by management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Revenue and Revenue Recognition

The Organization recognizes revenue from program fees, events, trips, conferences, and other similar activities when the performance obligations of transferring the products, providing the services are met, or when the revenue becomes non-refundable to the donor and/or participant. Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

Revenues are reported as income when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Grants received in advance but not earned are reported as deferred grant revenue on the statement of financial position.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The Organization incurred no joint costs for the years ended June 30, 2023 and 2022, respectively.

Reclassifications represent net assets released when expenses have been incurred in satisfaction of the donor restrictions.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Donated Services

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. No significant contributions of such goods or services were received during the years ended June 30, 2023 and 2022, respectively.

Grant Receivable

Grant Receivable consists primarily of noninterest-bearing amounts due from grantors who have already approved grants but the Organization has not received payment. Management believes that Grant Receivable will be collected in full when due. Accordingly, no provision for uncollectible Grant Receivable is recognized in the accompanying financial statements.

Advertising Costs

The Organization expenses advertising costs as they are incurred which totaled \$6,843 and \$1,200 for the years ended June 30, 2023 and 2022, respectively.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures for property, furniture, fixtures, equipment, and leasehold improvements in excess of \$500. In accordance with GAAP, land is not depreciated, and Construction-in-Progress is depreciated when it is completed and placed into service. Maintenance, repairs, and minor renewal are expensed when incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset.

Property and equipment – net consist of the following:

|                            | June 30,  |           |
|----------------------------|-----------|-----------|
|                            | 2023      | 2022      |
| Furniture & equipment      | 23,430    | 17,282    |
| Vehicles                   | 134,143   | 134,143   |
|                            | (123,276) | (109,038) |
| Total Property & Equipment | 34,297    | 42,387    |

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Depreciation

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets, which generally are as follows:

|                         |   |
|-------------------------|---|
| Building & improvements | 10 – 39 years                                       |
| Furniture and equipment | 3 – 10 years  |
| Vehicles                | 5 years   |
| Leasehold improvements  | life of lease or useful life (whichever is shorter) |

Depreciation expense totaled \$14,239 and \$11,225 for the years ended June 30, 2023 and 2022, respectively.

Income Taxes

The Organization is exempt from income tax under IRC section 501(c)(3), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions.

Uncertain Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based upon technical merits, that the position will be sustained upon examinations. Interest and penalties, if any, are included in expenses in the statements of activities. As of June 30, 2023 and 2022, respectively, the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Fair Value of Financial Instruments

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued)**

Level 2 – Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

Concentration of Support Risk

The Organization is primarily dependent upon contributions from its donors to meet expenses of operation and for the payment of principal and interest on debt, if any. Although management of the Organization expects contributions to be adequate, there can be no assurance that such contributions will be sufficient to meet the obligations. Also; there is no assurance that Organization donors will increase or remain stable, or that per capita contribution by donor will increase or remain stable.

Subsequent Events

Subsequent to June 30, 2023, the Organization was awarded a \$250,000 grant from DAI Global LLC on September 8, 2023. The one-year grant project is scheduled to be completed by September 7, 2024.

Organization management has evaluated subsequent events through the report date, the date on which the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

**NOTE 3 – SHORT-TERM DEBT:**

The Organization has several unsecured credit cards with varying rates of interest. The Organization had 6,108 and \$5,541 in outstanding credit card debt for the years ended June 30, 2023 and 2022, respectively.

**NOTE 4 – LIQUIDITY AND AVAILABILITY:**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing programs as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows, which identifies the sources and uses of the Organization's cash and shows cash generated by operations for fiscal years ending June 30, 2023 and 2022.

**NOTE 4 – LIQUIDITY AND AVAILABILITY: (continued)**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

|  | 6/30/2023  | 6/30/2022  |
|--|------------|------------|
| Cash and cash equivalents  | \$ 396,256 | \$ 431,793 |
| Prepaid expenses   | 869        | 869        |
| Grant receivable   | 74,001     | 18,000     |
| Total financial assets   | 471,127    | 450,662    |
| Contractual or donor-imposed restrictions:   |            |            |
| Staff Support  | -          | (12,968)   |
| Success Academy  | (3,839)    | (4,512)    |
| Success Coach  | (30,512)   | (29,608)   |
| Vehicle Fund   | -          | -          |
| Guatemala Expansion  | (18,981)   | (2,290)    |
| Work 4 Success   | (114,840)  | (129,563)  |
| Mission/Vision Trips   | (14,448)   | -          |
| Total contractual or donor-imposed restrictions:                                       | (182,619)  | (178,941)  |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 288,508 | \$ 271,722 |

Restricted cash totaled \$182,619 and \$178,941 for the years ending June 30, 2023 and 2022, respectively.

**NOTE 5 – FUNCTIONAL EXPENSES:**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy expenses such as rent, utilities, mortgage interest, depreciation, and amortization, which are allocated on a square footage basis. Other expenses such as salaries & wages, benefits, payroll taxes, and other are allocated on the basis of estimates of time and effort.

**NOTE 6 – UNCONDITIONAL PROMISE TO GIVE:**

On November 4, 2021, the Organization was notified in writing by receiving a Gift Agreement from a donor who unconditionally pledged a \$1,000,000 gift that is payable during the life or death of the donor, or partly during life and the balance paid upon death. For presentation purposes, the \$1,000,000 pledge was discounted at a rate of 1.380% for 11 years based upon actuarial data which resulted in an unconditional pledge amount of \$871,921. No payments have been received towards this pledge.

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions are restricted for the following purposes for the years ended June 30, 2023 and 2022:

| Subject to expenditure for specific purpose: | 6/30/2023         |                                |                |                |
|--|-------------------|--------------------------------|----------------|----------------|
|  | Beginning Balance | Contributions and Other Income | Releases       | Ending Balance |
| Staff Support                                | 12,968            | 50,221                         | 63,188         | -              |
| Success Academy                              | 4,512             | -                              | 673            | 3,839          |
| Success Coach                                | 29,608            | 67,513                         | 66,609         | 30,512         |
| Vehicle Fund                                 | -                 | -                              | -              | -              |
| Guatemala Expansion                          | 2,290             | 68,770                         | 52,079         | 18,981         |
| Work 4 Success                               | 129,563           | 22,437                         | 37,160         | 114,840        |
| Mission/Vision Trips                         | -                 | 27,241                         | 12,793         | 14,448         |
| Total  | <u>178,941</u>    | <u>236,182</u>                 | <u>232,504</u> | <u>182,619</u> |

  

| Subject to expenditure for specific purpose: | 6/30/2022         |                                |                |                |
|--|-------------------|--------------------------------|----------------|----------------|
|  | Beginning Balance | Contributions and Other Income | Releases       | Ending Balance |
| Staff Support                                | 71,185            | 67,483                         | 125,700        | 12,968         |
| Success Academy                              | 4,412             | 100                            | -              | 4,512          |
| Success Coach                                | 12,097            | 78,312                         | 60,801         | 29,608         |
| Vehicle Fund                                 | 5,000             | -                              | 5,000          | -              |
| Guatemala Expansion                          | -                 | 62,330                         | 60,040         | 2,290          |
| Work 4 Success                               | -                 | 187,221                        | 57,657         | 129,563        |
| Youth Sponsorship                            | -                 | 3,075                          | 3,075          | -              |
| Total  | <u>92,694</u>     | <u>398,520</u>                 | <u>312,274</u> | <u>178,941</u> |

**NOTE 8 – OPERATING LEASES RIGHT-OF-USE:**

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the consolidated statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12-months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. The Organization leases office space under a long-term noncancelable operating lease(s) that expires on June 30, 2025. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.



**NOTE 8 – OPERATING LEASES RIGHT-OF-USE: (continued)**

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined by using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the building and office equipment classes of assets.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. The lease agreement requires monthly payment(s) of \$895.80 per month until expiration. The discount rate on this lease was 2.000%.

The following summarizes the weighted average remaining term and the weighted average discount rate:

|  |        |
|--|--------|
| Weighted-average remaining lease terms in years: |        |
| Operating leases                                 | 2.00   |
| Weighted-average discount rate:                  |        |
| Operating leases                                 | 2.000% |

The future minimum lease payments under non-cancelable operating lease(s) with terms greater than one year are listed below as of June 30, 2023:

| <u>Year Ending June 30,</u>        | <u>Operating</u> |
|------------------------------------|------------------|
| 2024                               | \$ 10,750        |
| 2025                               | 10,750           |
| Total lease payments               | 21,499           |
| Less interest                      | (441)            |
| Present value of lease liabilities | \$ 21,058        |