

LOVE WITHOUT BOUNDARIES FOUNDATION

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Love Without Boundaries Foundation

We have audited the accompanying financial statements of Love Without Boundaries Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, 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 of 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.

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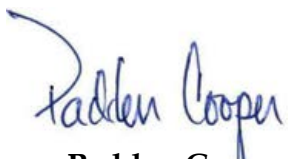
In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Love Without Boundaries Foundation as of December 31, 2019 and 2018, and the changes in its net assets, its functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Medford, New Jersey
July 14, 2020


Padden Cooper
Certified Public Accountants

Love Without Boundaries Foundation

Statements of Financial Position

As of December 31

Assets	2019	2018
Cash and cash equivalents	\$ 957,171	\$ 814,123
Prepaid expenses	10,625	-
Investments, short term	1,031,516	1,007,794
Total current assets	<u>1,999,312</u>	<u>1,821,917</u>
Fixed assets, net	<u>-</u>	<u>7,271</u>
 Total assets	 <u>\$ 1,999,312</u>	 <u>\$ 1,829,188</u>
 Net Assets		
Without donor restriction	\$ 772,233	\$ 872,582
With donor restriction	<u>1,227,079</u>	<u>956,606</u>
 Total net assets	 <u>\$ 1,999,312</u>	 <u>\$ 1,829,188</u>

Love Without Boundaries Foundation
 Statements of Activities and Changes in Net Assets
 For The Year Ended December 31, 2019

Revenues	Without Donor Restriction	With Donor Restriction	Total
Contributions:			
Individual and corporate	\$ 523,390	\$ 1,624,619	\$ 2,148,009
Grants	15,000	82,100	97,100
Fundraising	28,102	59,910	88,012
Products:			
Promotional Sales	5,065	-	5,065
Investment return	23,722	-	23,722
Net assets released from restrictions	1,496,156	(1,496,156)	-
Total revenue	<u>2,091,435</u>	<u>270,473</u>	<u>2,361,908</u>
Operating Expenses			
Program services:			
Medical	653,233	-	653,233
Education	402,026	-	402,026
Healing Homes	478,060	-	478,060
Foster care	351,107	-	351,107
Nutrition	59,044	-	59,044
Other projects	6,467	-	6,467
Total program services	<u>1,949,937</u>	<u>-</u>	<u>1,949,937</u>
Supporting activities			
Administration	123,900	-	123,900
Fundraising	117,395	-	117,395
Total supporting activities	<u>241,295</u>	<u>-</u>	<u>241,295</u>
Total operating expenses	<u>2,191,232</u>	<u>-</u>	<u>2,191,232</u>
Change in net assets from operations	<u>(99,797)</u>	<u>270,473</u>	<u>170,676</u>
Non-operating (losses)	<u>(552)</u>	<u>-</u>	<u>(552)</u>
Change in Net Assets	<u>(100,349)</u>	<u>270,473</u>	<u>170,124</u>
Net assets, beginning of year	<u>872,582</u>	<u>956,606</u>	<u>1,829,188</u>
Net assets, end of year	<u>\$ 772,233</u>	<u>\$ 1,227,079</u>	<u>\$ 1,999,312</u>

Love Without Boundaries Foundation
 Statements of Activities and Changes in Net Assets
 For The Year Ended December 31, 2018

Revenues	Without Donor Restriction	With Donor Restriction	Total
Contributions:			
Individual and corporate	\$ 443,774	\$ 1,630,178	\$ 2,073,952
Grants	-	112,365	112,365
Fundraising	3,290	38,195	41,485
Products:			
Promotional Sales	7,310	-	7,310
Interest income	8,382	-	8,382
Net assets released from restrictions	1,402,291	(1,402,291)	-
Total revenue	1,865,047	378,447	2,243,494
Operating Expenses			
Program services:			
Medical	504,818	-	504,818
Education	439,602	-	439,602
Healing Homes	459,457	-	459,457
Foster care	309,739	-	309,739
Nutrition	96,211	-	96,211
Other projects	18,849	-	18,849
Total program services	1,828,676	-	1,828,676
Supporting activities			
Administration	131,624	-	131,624
Fundraising	131,363	-	131,363
Total supporting activities	262,987	-	262,987
Total operating expenses	2,091,663	-	2,091,663
Change in net assets from operations	(226,616)	378,447	151,831
Non-operating gains (losses)	(3,440)	-	(3,440)
Change in Net Assets	(230,056)	378,447	148,391
Net assets, beginning of year	1,102,638	578,159	1,680,797
Net assets, end of year	\$ 872,582	\$ 956,606	\$ 1,829,188

Love Without Boundaries Foundation
Statement of Functional Expenses
For The Year Ended December 31, 2019

	Program Services						Supporting Activities			Total
	Medical Care	Education	Healing Homes	Foster Care	Nutrition	Other Projects	Total Program	Administrative	Fundraising	
Countries staff salary	\$ 37,720	\$ 100,598	\$ 231,892	\$ 64,504	\$ 1,044	\$ -	\$ 435,758	\$ -	\$ -	\$ 435,758
Salaries	81,570	45,345	57,250	42,492	3,704	-	230,361	60,055	69,930	360,346
Medical care	430,876	-	10,792	171	-	-	441,839	-	-	441,839
Program	-	-	19,200	157,902	6,159	6,467	189,728	-	-	189,728
Transportation & travel	50,120	11,952	21,171	12,517	328	-	96,088	1,043	3,236	100,367
Nutrition	-	55,559	34,760	100	4,681	-	95,100	-	-	95,100
Education	-	59,488	-	382	-	-	59,870	-	-	59,870
Tuition, books & training	3,918	60,370	2,750	2,336	178	-	69,552	-	-	69,552
Building & utilities	4,324	31,176	51,529	19,614	720	-	107,363	-	-	107,363
Child living	2,129	4,396	2,916	29,342	8,192	-	46,975	-	-	46,975
Bank & credit card fees	12,028	6,673	8,425	6,290	545	-	33,961	15,515	-	49,476
Professional fees	4,912	2,730	3,447	2,558	223	-	13,870	18,688	-	32,558
Special projects	-	-	-	-	29,348	-	29,348	-	-	29,348
Insurance	4,777	2,656	3,353	2,489	217	-	13,492	6,728	-	20,220
Printing & postage	792	437	639	421	226	-	2,515	2,218	19,277	24,010
Supplies/ clothing	184	10,937	5,143	2,438	374	-	19,076	-	2,677	21,753
Payroll taxes	5,436	3,022	3,816	2,832	247	-	15,353	4,592	5,984	25,929
Website & computer	1,355	918	951	706	62	-	3,992	3,825	7,653	15,470
Advertising & Events	-	-	-	-	-	-	-	-	6,044	6,044
Adoption support	-	-	-	-	2,000	-	2,000	-	-	2,000
Caregiver	6,707	-	158	-	-	-	6,865	-	-	6,865
Retirement Contribution	1,862	1,035	1,307	970	86	-	5,260	1,702	2,096	9,058
Meals	20	11	13,369	10	-	-	13,410	-	-	13,410
Office expense	2,015	1,570	2,416	1,049	91	-	7,141	5,614	498	13,253
Miscellaneous	831	605	461	949	544	-	3,390	360	-	3,750
Depreciation	1,287	716	903	671	58	-	3,635	3,636	-	7,271
Foreign exchange	(49)	(27)	(35)	(26)	(2)	-	(139)	(139)	-	(278)
Telephone & internet	419	1,859	1,447	390	19	-	4,134	63	-	4,197
	\$ 653,233	\$ 402,026	\$ 478,060	\$ 351,107	\$ 59,044	\$ 6,467	\$ 1,949,937	\$ 123,900	\$ 117,395	\$ 2,191,232

Love Without Boundaries Foundation
Statement of Functional Expenses
For The Year Ended December 31, 2018

	Medical Care	Education	Healing Homes	Foster Care	Nutrition	Other Projects	Total Program	Administrative	Fundraising	Total
Countries staff salary	\$ 35,850	\$ 109,909	\$ 225,811	\$ 61,243	\$ 2,386	\$ -	\$ 435,199	\$ -	\$ -	\$ 435,199
Salaries	60,290	51,535	54,267	36,933	11,519	-	214,544	58,712	69,069	342,325
Medical care	320,599	181	5,233	474	-	-	326,487	-	-	326,487
Program	-	-	22,273	146,260	16,136	18,849	203,518	-	-	203,518
Transportation & travel	39,313	28,840	22,912	12,524	2,753	-	106,342	9,028	835	116,205
Nutrition	351	37,184	41,950	1,406	3,562	-	84,453	-	-	84,453
Education	-	70,399	-	128	-	-	70,527	-	-	70,527
Tuition, books & training	3,336	56,097	-	9,444	-	-	68,877	-	-	68,877
Building & utilities	-	23,443	29,713	-	-	-	53,156	-	-	53,156
Child living	1,822	1,945	13,449	18,893	12,170	-	48,279	-	-	48,279
Bank & credit card fees	10,607	7,923	7,905	6,185	1,143	-	33,763	12,005	-	45,768
Professional fees	6,604	5,227	5,505	4,022	1,168	-	22,526	16,995	3,832	43,353
Special projects	-	11,744	-	-	30,191	-	41,935	-	-	41,935
Insurance	2,930	12,994	2,638	1,795	560	-	20,917	10,428	-	31,345
Printing & postage	778	667	657	441	181	-	2,724	2,255	22,915	27,894
Supplies/ clothing	501	10,710	5,815	3,081	439	-	20,546	-	4,114	24,660
Payroll taxes	3,902	3,336	3,512	2,390	746	-	13,886	4,490	5,864	24,240
Website & computer	1,019	958	917	625	195	-	3,714	3,628	7,256	14,598
Advertising & Events	-	-	-	-	-	-	-	-	13,453	13,453
Adoption support	-	-	-	-	12,000	-	12,000	-	-	12,000
Caregiver	11,152	-	57	117	-	-	11,326	-	-	11,326
Retirement Contribution	1,589	1,357	1,429	973	303	-	5,651	1,671	2,070	9,392
Meals	-	166	8,723	-	-	-	8,889	160	-	9,049
Office expense	1,048	1,071	2,291	642	200	-	5,252	3,729	-	8,981
Miscellaneous	801	928	1,627	413	118	-	3,887	2,147	1,955	7,989
Depreciation	1,022	873	920	626	195	-	3,636	3,635	-	7,271
Foreign exchange	765	642	676	459	143	-	2,685	2,672	-	5,357
Telephone & internet	539	1,473	1,177	665	103	-	3,957	69	-	4,026
	\$ 504,818	\$ 439,602	\$ 459,457	\$ 309,739	\$ 96,211	\$ 18,849	\$ 1,828,676	\$ 131,624	\$ 131,363	\$ 2,091,663

Love Without Boundaries Foundation

Statements of Cash Flows For The Years Ended December 31

	<u>2019</u>	<u>2018</u>
Operating activities		
Change in net assets	\$ 170,124	\$ 148,391
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	7,271	7,271
(Increase) in:		
Prepaid expenses	(10,625)	-
Net cash provided by operating activities	<u>166,770</u>	<u>155,662</u>
Investing Activities		
Investment in certificates of deposit	(1,526)	(1,000,000)
Reinvested investment income	(22,196)	(7,795)
Net cash used in investing activities	<u>(23,722)</u>	<u>(1,007,795)</u>
Net increase (decrease) in cash and cash equivalents	143,048	(852,133)
Cash and cash equivalents as of beginning of year	814,123	1,666,256
Cash and cash equivalents as of end of year	<u>\$ 957,171</u>	<u>\$ 814,123</u>

LOVE WITHOUT BOUNDARIES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Love Without Boundaries Foundation (LWB) is a non-profit organization that provides humanitarian aid to children in China, Cambodia, Uganda and India. LWB administers aid in medical care, education, foster care, healing homes, nutrition and special projects, which enables children to receive families through adoption or to become self-sustaining members of their communities.

Basis of Presentation

The accompanying financial statements of LWB are prepared on the accrual basis.

The net assets of LWB and changes therein are classified and reported as follows:

- Net assets without donor restriction are utilized to account for support and revenues that are absent of donor-imposed restrictions. Included in net assets without donor restrictions are legally unrestricted board appropriated or designated amounts.
- Net assets with donor restriction consist of donations restricted by donors for a designated program or time related to specific programs or asset acquisitions for LWB. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Adoption of new accounting standard

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). The ASU and all subsequently issued clarifying ASU's replaced most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. LWB adopted the new standard effective January 1, 2019, the first day of LWB's fiscal year using the modified retrospective

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of new accounting standard (continued)

approach. Contribution revenue is not included in the scope of Topic 606, which is the majority of LWB's revenue stream.

As part of the adoption of the ASU, LWB elected the following transition practical expedients:(i) to reflect the aggregate of all contract modifications that occurred prior to the date of initial application when identifying satisfied and unsatisfied performance obligations, determining transaction price, and allocating the transaction price; and (ii) to apply the standard only to contracts that are not completed at the initial date of application. Because contract modifications are minimal, there is not a significant impact as a result of electing these practical expedients.

The adoption of this ASU did not have a significant impact on LWB's financial statements. The majority of LWB's revenue arrangements, subject to this ASU, generally consist of a single performance obligation to purchase sales merchandise. Based on LWB's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No cumulative effect of accounting change is necessary to beginning net assets as a result of the adoption of this standard.

Cash and cash equivalents

LWB considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

The functional currency of LWB is the applicable local currency. The translation of the applicable foreign currencies into U.S. dollars is performed for assets and liabilities using current exchange rates in effect at the balance sheet date, for equity accounts using historical exchange rates, and for revenue and expense activity using the applicable month's average exchange rates.

Property and equipment

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the straight-line method over the estimated useful lives of 3 to 5 years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

Income taxes

LWB is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue code and related Oklahoma State Tax statutes. Therefore, LWB has made no provision for federal or state income taxes in the accompanying financial statements. There was no taxable unrelated business income for 2019 or 2018. LWB's tax returns are no longer subject to examination by federal taxing authorities for years beginning before 2016.

Investments

LWB records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair value in the statements of financial position. The investments consist of certificates of deposit. Interest is recorded as revenue when earned.

Reclassifications

Certain reclassifications have been made to the 2018 financial statements to conform to the current year presentation.

Fair Value

LWB complies with FASB's Accounting Standards Codification topic Fair Value Measurements. This defines fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement).

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Fair Value Measurement

The three levels of fair value hierarchy under this topic are described below:

- Level 1 Quoted market prices (unadjusted) in active markets for identical, assets or liabilities that are accessible at the measurement date.
- Level 2 Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 Significant unobservable inputs that are not corroborated by market data.

NOTE 2: REVENUE RECOGNITION

Contribution revenue and support recognition

LWB recognizes contribution revenues when they are constructively received or unconditionally pledged and records these revenues as with donor restriction or without donor restriction according to donor stipulations that limit the use of these funds due to time or purpose restrictions.

Contribution revenue that is restricted by the donor is reported as an increase in net assets with donor restriction if the restriction expires or is satisfied in the reporting period in which the support is recognized. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Merchandise sales revenue

LWB generates revenues from the sale of a variety of merchandise. This revenue is considered revenue from contracts with customers in accordance with ASU 606. The sales revenue is recognized at the point when title and risk of ownership passes to the buyer, typically when shipped.

NOTE 2: REVENUE RECOGNITION (Continued)

Disaggregation of revenue from contracts with customers

The following table disaggregates LWB's revenue based on the timing of satisfaction of performance obligations for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Performance obligations satisfied at a point in time	\$ 5,065	\$ 7,310
Total merchandise sales revenue	<u>\$ 5,065</u>	<u>\$ 7,310</u>

Revenue from performance obligations satisfied at a point in time consists of merchandise sales revenue sold to the general public through LWB's website.

NOTE 3: FIXED ASSETS

Property and equipment, shown net of accumulated depreciation, at December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Computers and technology	\$ 25,709	\$ 25,709
Less: accumulated depreciation	(25,709)	(18,438)
Fixed assets, net	<u>\$ -</u>	<u>\$ 7,271</u>

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Foster care	\$ 473,053	\$ 421,964
Education	268,935	240,719
Medical care	339,333	215,475
Healing homes	144,276	76,975
Other projects	1,482	1,473
Nutrition and special projects	-	-
Net assets with donor restrictions	<u>\$ 1,227,079</u>	<u>\$ 956,606</u>

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Current year contributed donor restricted funds were restricted as follows:

	<u>2019</u>	<u>2018</u>
Medical care	\$ 623,264	\$ 570,473
Healing homes	437,439	395,591
Education	346,471	383,267
Foster care	324,675	351,864
Nutrition and special projects	28,304	60,571
Other projects	6,476	18,972
Total donor restricted contributions	<u>\$ 1,766,629</u>	<u>\$ 1,780,738</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted time or purpose specified by donors as follows:

	<u>2019</u>	<u>2018</u>
Medical care	\$ 499,407	\$ 387,540
Education	318,255	353,960
Healing homes	370,138	346,216
Foster care	273,585	235,156
Nutrition and special projects	28,304	60,571
Other projects	6,467	18,848
Total net assets released from restrictions	<u>\$ 1,496,156</u>	<u>\$ 1,402,291</u>

NOTE 5: DONATED SERVICES AND MATERIALS

LWB receives a substantial amount of services donated by its volunteers in carrying out its mission. No amounts have been recorded in the financial statements for those services since they do not meet the criteria for recognition under Accounting Standards Codification No. 958-605, "Financial Statements of Not For Profit Organizations, Revenue Recognition".

NOTE 6: INVESTMENTS

The following table, set forth by level within the fair value hierarchy, is LWB's investment assets at fair value as of December 31, 2019:

	<u>Fair Value Measurements Using</u>		
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Assets:			
Certificates of Deposit	\$ -	\$ 1,031,516	\$ -
Total	<u>\$ -</u>	<u>\$ 1,031,516</u>	<u>\$ -</u>

NOTE 6: INVESTMENTS (Continued)

The following table, set forth by level within the fair value hierarchy, is LWB's investment assets at fair value as of December 31, 2018:

	Fair Value Measurements Using		
	(Level 1)	(Level 2)	(Level 3)
Assets:			
Certificates of Deposit	\$ -	\$ 1,007,794	\$ -
Total	\$ -	\$ 1,007,794	\$ -

NOTE 7: LIQUIDITY AND AVAILABILITY

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:

	2019	2018
Financial assets at year end	\$ 1,999,312	\$ 1,821,917
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(1,227,079)	(956,606)
Financial assets available to meet cash needs for General expenditures within one year	\$ 772,233	\$ 865,311

As part of the LWB's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Excess funds remain in a money market account earning interest at .55% annual percentage yield and a CD earning interest at 1.89% annual percentage yield. Financial assets with donor restrictions are not available for general expenditure. LWB does not have a committed line of credit available as management does not believe it is necessary.

NOTE 8: CONCENTRATION OF CREDIT RISK

LWB maintains several depository accounts at financial institutions which may, at times, exceed federally insured limits. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount in excess of

NOTE 8: CONCENTRATION OF CREDIT RISK (Continued)

the FDIC limit was \$1,177,876 and \$1,068,410 as of December 31, 2019 and 2018, respectively.

Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in other currencies. The types of instruments exposed to this risk are cash held by foreign facilitators or banks and future cash flows in foreign currencies arising from foreign exchange transactions whose values fluctuate with changes in currency exchange rates.

NOTE 9: RETIREMENT PLAN

LWB sponsors a SIMPLE IRA plan covering substantially all eligible employees. Employees are eligible if they work full-time or part-time (in excess of 25 hours per week). LWB matches employee contributions up to 3% of earnings for plan participants. LWB's contributions to the employee individual retirement accounts totaled \$9,058 in 2019 and \$9,392 in 2018.

NOTE 10: FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. LWB functionalizes its expenses according to three main categories. These categories include program, administrative and fundraising. Program expenses are costs directly incurred by LWB to provide special care for children in need. The program expenses are divided into further categories including medical care, education, foster care, healing homes, nutrition and special projects.

The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, payroll taxes, professional services, office expenses, telephone, foreign exchange, travel, information technology, and insurance, which are allocated on the basis of time and effort.

NOTE 11: SUBSEQUENT EVENTS

In April 2020, LWB was approved for and received a Paycheck Protection Program loan ("PPP Loan") of \$74,500 from the Small Business Association through Arvest Bank. Principal and interest payments are due to start in November 2020 for seventeen consecutive months at an interest rate of 1%. The organization plans on using the funds on PPP loan approved expenses and expects to have all or most of the loan forgiven before principal and interest payments begin.

LWB did not have any other subsequent events through July 14, 2020, which is the date the financial statements were available to be issued for events requiring recording or disclosure in the financial statements for the year ended December 31, 2019.