

**LOVE WITHOUT BOUNDARIES FOUNDATION**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2020 AND 2019**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Love Without Boundaries Foundation  
Edmond, OK

**Opinion**

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, 2020 and 2019, 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.

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, 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.

**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 Love Without Boundaries Foundation 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.

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## **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 Love Without Boundaries Foundation'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, 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 Love Without Boundaries Foundation'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 Love Without Boundaries Foundation'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.

Medford, New Jersey  
July 20, 2021



**Padden Cooper**  
Certified Public Accountants

## Love Without Boundaries Foundation

### Statements of Financial Position

As of December 31

<b>Assets</b>	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 1,374,348	\$ 957,171
Prepaid expenses	1,000	10,625
Investments, short term	1,048,540	1,031,516
Total current assets	<u>2,423,888</u>	<u>1,999,312</u>
Fixed assets, net	<u>147,171</u>	<u>-</u>
 Total assets	 <u>\$ 2,571,059</u>	 <u>\$ 1,999,312</u>
 <b>Net Assets</b>		
Without donor restriction	\$ 983,971	\$ 772,233
With donor restriction	<u>1,587,088</u>	<u>1,227,079</u>
 Total net assets	 <u>\$ 2,571,059</u>	 <u>\$ 1,999,312</u>

**Love Without Boundaries Foundation**  
**Statements of Activities and Changes in Net Assets**  
**For The Year Ended December 31, 2020**

<b>Revenues</b>	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Support:			
Contributions	\$ 779,769	\$ 1,928,405	\$ 2,708,174
Gifts in kind	11,324	11,782	23,106
Grants	55,000	55,000	110,000
Fundraising	16,424	66,527	82,951
Products:			
Promotional Sales	6,138	-	6,138
Investment return	16,552	-	16,552
Net assets released from restrictions	1,701,705	( 1,701,705)	-
Total revenue	<u>2,586,912</u>	<u>360,009</u>	<u>2,946,921</u>
<b>Operating Expenses</b>			
Program services:			
Medical	593,940	-	593,940
Education	345,723	-	345,723
Healing Homes	474,731	-	474,731
Foster care	267,204	-	267,204
Nutrition	447,284	-	447,284
Other projects	18,226	-	18,226
Total program services	<u>2,147,108</u>	<u>-</u>	<u>2,147,108</u>
Supporting activities:			
Administration	137,781	-	137,781
Fundraising	164,785	-	164,785
Total supporting activities	<u>302,566</u>	<u>-</u>	<u>302,566</u>
Total operating expenses	<u>2,449,674</u>	<u>-</u>	<u>2,449,674</u>
PPP loan grant	<u>74,500</u>	<u>-</u>	<u>74,500</u>
<b>Change in Net Assets</b>	<u>211,738</u>	<u>360,009</u>	<u>571,747</u>
Net assets, beginning of year	<u>772,233</u>	<u>1,227,079</u>	<u>1,999,312</u>
Net assets, end of year	<u>\$ 983,971</u>	<u>\$ 1,587,088</u>	<u>\$ 2,571,059</u>

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

<b>Revenues</b>	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Support:			
Contributions	\$ 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>
<b>Operating Expenses</b>			
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	1,949,937	-	1,949,937
Supporting activities:			
Administration	123,900	-	123,900
Fundraising	117,395	-	117,395
Total supporting activities	241,295	-	241,295
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>
<b>Change in Net Assets</b>	<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

### Statement of Functional Expenses

For The Year Ended December 31, 2020

	Program Services							Supporting Activities		Total
	Medical Care	Education	Healing Homes	Foster Care	Nutrition	Other Projects	Total Program	Administrative	Fundraising	
Countries staff salary	\$ 41,043	\$ 109,377	\$ 215,395	\$ 39,886	\$ 8,994	\$ -	\$ 414,695	\$ -	\$ -	\$ 414,695
Salaries	71,868	48,850	56,071	34,036	59,171	-	269,996	62,674	77,886	410,556
Medical care	362,194	-	9,842	267	82	-	372,385	-	-	372,385
Nutrition	904	32,700	31,806	9,293	176,184	-	250,887	-	-	250,887
Program	-	-	19,165	124,742	46	18,226	162,179	195	-	162,374
Building & utilities	2,813	28,101	51,534	1,332	72,941	-	156,721	3,522	-	160,243
Transportation & travel	62,034	14,739	18,375	3,819	487	-	99,454	3,966	-	103,420
Special projects	-	-	-	-	65,304	-	65,304	-	19,250	84,554
Bank & credit card fees	10,419	7,082	8,129	4,934	8,583	-	39,147	15,912	-	55,059
Child living	2,698	1,508	10,173	27,171	12,047	-	53,597	216	-	53,813
Tuition, books & training	-	45,226	-	6,785	353	-	52,364	-	-	52,364
Supplies/ clothing	1,794	6,329	9,064	4,153	17,404	-	38,744	95	1,603	40,442
Professional fees	4,858	3,302	3,790	2,519	3,999	-	18,468	15,747	4,750	38,965
Education	-	32,332	-	1,016	725	-	34,073	-	-	34,073
Payroll taxes	4,841	3,290	3,776	2,293	3,986	-	18,186	4,701	6,381	29,268
Meals	-	113	28,442	19	-	-	28,574	-	-	28,574
Printing & postage	300	157	182	158	2,825	-	3,622	1,005	22,887	27,514
Office expense	8,991	4,081	2,365	1,332	1,334	-	18,103	8,146	-	26,249
Insurance	3,288	2,235	2,566	1,558	2,707	-	12,354	9,314	-	21,668
Website & computer	1,353	920	1,056	640	1,114	-	5,083	5,083	10,167	20,333
Advertising & Events	-	-	-	-	-	-	-	-	18,865	18,865
Retirement Contribution	1,927	1,310	1,503	913	1,586	-	7,239	1,778	2,153	11,170
Telephone & internet	692	2,555	986	270	5,315	-	9,818	493	-	10,311
Miscellaneous	5,280	655	218	152	243	-	6,548	633	843	8,024
Caregiver	6,820	-	431	-	-	-	7,251	-	-	7,251
Depreciation	-	981	-	-	-	-	981	4,967	-	5,948
Adoption support	-	-	-	-	2,000	-	2,000	-	-	2,000
Foreign exchange	( 177)	( 120)	( 138)	( 84)	( 146)	-	( 665)	( 666)	-	( 1,331)
	\$ 593,940	\$ 345,723	\$ 474,731	\$ 267,204	\$ 447,284	\$ 18,226	\$ 2,147,108	\$ 137,781	\$ 164,785	\$ 2,449,674

**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	
Medical care	\$ 430,876	\$ -	\$ 10,792	\$ 171	\$ -	\$ -	\$ 441,839	\$ -	\$ -	\$ 441,839
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
Program	-	-	19,200	157,902	6,159	6,467	189,728	-	-	189,728
Building & utilities	4,324	31,176	51,529	19,614	720	-	107,363	-	-	107,363
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
Tuition, books & training	3,918	60,370	2,750	2,336	178	-	69,552	-	-	69,552
Education	-	59,488	-	382	-	-	59,870	-	-	59,870
Bank & credit card fees	12,028	6,673	8,425	6,290	545	-	33,961	15,515	-	49,476
Child living	2,129	4,396	2,916	29,342	8,192	-	46,975	-	-	46,975
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
Payroll taxes	5,436	3,022	3,816	2,832	247	-	15,353	4,592	5,984	25,929
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
Insurance	4,777	2,656	3,353	2,489	217	-	13,492	6,728	-	20,220
Website & computer	1,355	918	951	706	62	-	3,992	3,825	7,653	15,470
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
Retirement Contribution	1,862	1,035	1,307	970	86	-	5,260	1,702	2,096	9,058
Depreciation	1,287	716	903	671	58	-	3,635	3,636	-	7,271
Caregiver	6,707	-	158	-	-	-	6,865	-	-	6,865
Advertising & Events	-	-	-	-	-	-	-	-	6,044	6,044
Telephone & internet	419	1,859	1,447	390	19	-	4,134	63	-	4,197
Miscellaneous	831	605	461	949	544	-	3,390	360	-	3,750
Adoption support	-	-	-	-	2,000	-	2,000	-	-	2,000
Foreign exchange	( 49)	( 27)	( 35)	( 26)	( 2)	-	( 139)	( 139)	-	( 278)
	\$ 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

### Statements of Cash Flows For The Years Ended December 31

	<u>2020</u>	<u>2019</u>
<b>Operating activities</b>		
Change in net assets	\$ 571,747	\$ 170,124
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	5,948	7,271
Decrease (Increase) in:		
Prepaid expenses	9,625	( 10,625)
Net cash provided by operating activities	<u>587,320</u>	<u>166,770</u>
 <b>Investing Activities</b>		
Investment in certificates of deposit	( 1,470)	( 1,526)
Reinvested investment income	( 15,554)	( 22,196)
Purchase of fixed assets	( 153,119)	-
Net cash used in investing activities	<u>( 170,143)</u>	<u>( 23,722)</u>
 Net increase in cash and cash equivalents	417,177	143,048
 Cash and cash equivalents as of beginning of year	957,171	814,123
 Cash and cash equivalents as of end of year	<u>\$ 1,374,348</u>	<u>\$ 957,171</u>

**LOVE WITHOUT BOUNDARIES FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2020 and 2019**

**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 15 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 2020 or 2019. LWB's tax returns are no longer subject to examination by federal taxing authorities for years beginning before 2017.

*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.

*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>2020</u>	<u>2019</u>
Performance obligations satisfied at a point in time	\$ 6,138	\$ 5,065
Total merchandise sales revenue	<u>\$ 6,138</u>	<u>\$ 5,065</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, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Computers and technology	\$ 25,709	\$ 25,709
Buildings and improvements	29,461	-
Land	74,000	-
Vehicles	49,657	-
Total	<u>178,827</u>	<u>25,709</u>
Less: accumulated depreciation	<u>( 31,656)</u>	<u>( 25,709)</u>
Fixed assets, net	<u>\$ 147,171</u>	<u>\$ -</u>

## NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Foster care	\$ 517,343	\$ 473,053
Medical care	409,824	339,333
Education	376,108	268,935
Healing homes	183,203	144,276
Nutrition and special projects	96,021	-
Other projects	4,589	1,482
Net assets with donor restrictions	<u>\$ 1,587,088</u>	<u>\$ 1,227,079</u>



#### NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Current year contributed donor restricted funds were restricted as follows:

	<u>2020</u>	<u>2019</u>
Medical care	\$ 543,127	\$ 623,264
Nutrition and special projects	447,249	28,304
Healing homes	423,744	437,439
Education	369,172	346,471
Foster care	257,089	324,675
Other projects	21,333	6,476
Total donor restricted contributions	<u>\$ 2,061,714</u>	<u>\$ 1,766,629</u>

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

	<u>2020</u>	<u>2019</u>
Medical care	\$ 472,636	\$ 499,407
Healing homes	384,817	370,138
Nutrition and special projects	354,228	28,304
Education	261,999	318,255
Foster care	212,799	273,585
Other projects	18,226	6,467
Total net assets released from restrictions	<u>\$ 1,701,705</u>	<u>\$ 1,496,156</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, 2020:

	<u>Fair Value Measurements Using</u>		
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Assets:			
Certificates of Deposit	\$ -	\$ 1,048,540	\$ -
Total	<u>\$ -</u>	<u>\$ 1,048,540</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, 2019:

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

## 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:

	2020	2019
Financial assets at year end	\$ 2,423,888	\$ 1,999,312
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(1,587,088)	(1,227,079)
Financial assets available to meet cash needs for General expenditures within one year	\$ 836,800	\$ 772,233

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 0.2% annual percentage yield and a CD earning interest at 0.7% 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 \$1,616,126 and \$1,177,876 as of December 31, 2020 and 2019, 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 \$11,170 in 2020 and \$9,058 in 2019.

## **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: ACCOUNTING FOR PPP LOAN**

In April 2020, LWB received a Paycheck Protection Program loan (“PPP Loan”) of \$74,500 from the Small Business Association through Arvest Bank. LWB received forgiveness of the entire balance of the loan in October 2020. The PPP Loan proceeds have been accounted for as a grant on the statement of activities and changes in net assets.

**NOTE 12: SUBSEQUENT EVENTS**

LWB did not have any other subsequent events through July 20, 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, 2020.