

**LOVE WITHOUT BOUNDARIES FOUNDATION**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Love Without Boundaries Foundation

### **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, 2022 and 2021, 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, 2022 and 2021, 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 27, 2023**



**Padden Cooper**  
**Certified Public Accountants**

## Love Without Boundaries Foundation

### Statements of Financial Position

As of December 31,

<b>Assets</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
Cash and cash equivalents	\$ 1,629,536	\$ 1,667,869
Investments, short term	701,996	1,055,828
Total current assets	<u>2,331,532</u>	<u>2,723,697</u>
Fixed assets, net	290,467	317,225
Investments, long term	585,277	-
Total noncurrent assets	<u>875,744</u>	<u>317,225</u>
Total assets	<u><u>\$ 3,207,276</u></u>	<u><u>\$ 3,040,922</u></u>
<b>Net Assets</b>		
Without donor restriction	\$ 1,738,505	\$ 1,250,040
With donor restriction	<u>1,468,771</u>	<u>1,790,882</u>
Total net assets	<u><u>\$ 3,207,276</u></u>	<u><u>\$ 3,040,922</u></u>

**Love Without Boundaries Foundation**  
**Statements of Activities and Changes in Net Assets**  
**For The Year Ended December 31, 2022**

<b>Revenues</b>	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Support:			
Contributions	\$ 1,266,060	\$ 1,648,872	\$ 2,914,932
In-kind contributions	13,747	88,441	102,188
Grants	-	224,500	224,500
Fundraising	798	81,835	82,633
Sales	19	-	19
Investment return	( 2,845)	-	( 2,845)
Net assets released from restrictions	2,365,759	( 2,365,759)	-
Total revenue	<u>3,643,538</u>	<u>(322,111)</u>	<u>3,321,427</u>
<b>Operating Expenses</b>			
Program services:			
Medical	871,905	-	871,905
Education	526,173	-	526,173
Healing homes	449,744	-	449,744
Foster care	506,489	-	506,489
Nutrition	442,820	-	442,820
Other projects	500	-	500
Total program services	<u>2,797,631</u>	<u>-</u>	<u>2,797,631</u>
Supporting activities:			
Administration	191,336	-	191,336
Fundraising	166,106	-	166,106
Total supporting activities	<u>357,442</u>	<u>-</u>	<u>357,442</u>
Total operating expenses	<u>3,155,073</u>	<u>-</u>	<u>3,155,073</u>
<b>Change in Net Assets</b>	<u>488,465</u>	<u>(322,111)</u>	<u>166,354</u>
Net assets, beginning of year	<u>1,250,040</u>	<u>1,790,882</u>	<u>3,040,922</u>
Net assets, end of year	<u>\$ 1,738,505</u>	<u>\$ 1,468,771</u>	<u>\$ 3,207,276</u>

**Love Without Boundaries Foundation**  
**Statements of Activities and Changes in Net Assets**  
**For The Year Ended December 31, 2021**

<b>Revenues</b>	<b>Without Donor Restriction</b>	<b>With Donor Restriction</b>	<b>Total</b>
Support:			
Contributions	\$ 1,015,739	\$ 2,321,903	\$ 3,337,642
In-kind contributions	1,025	23,950	24,975
Grants	100,000	226,942	326,942
Fundraising	-	113,348	113,348
Investment return	6,710	-	6,710
Net assets released from restrictions	2,482,349	( 2,482,349)	-
Total revenue	<u>3,605,823</u>	<u>203,794</u>	<u>3,809,617</u>
<b>Operating Expenses</b>			
Program services:			
Medical	1,056,349	-	1,056,349
Education	435,557	-	435,557
Healing Homes	442,210	-	442,210
Foster care	380,604	-	380,604
Nutrition	670,146	-	670,146
Other projects	38,520	-	38,520
Total program services	<u>3,023,386</u>	<u>-</u>	<u>3,023,386</u>
Supporting activities:			
Administration	166,445	-	166,445
Fundraising	149,923	-	149,923
Total supporting activities	<u>316,368</u>	<u>-</u>	<u>316,368</u>
Total operating expenses	<u>3,339,754</u>	<u>-</u>	<u>3,339,754</u>
<b>Change in Net Assets</b>	<u>266,069</u>	<u>203,794</u>	<u>469,863</u>
Net assets, beginning of year	<u>983,971</u>	<u>1,587,088</u>	<u>2,571,059</u>
Net assets, end of year	<u>\$ 1,250,040</u>	<u>\$ 1,790,882</u>	<u>\$ 3,040,922</u>



**Love Without Boundaries Foundation**  
Statement of Functional Expenses  
For The Year Ended December 31, 2022

	Program Services							Supporting Activities		Total
	Medical Care	Education	Healing Homes	Foster Care	Nutrition	Other Projects	Total Program	Administrative	Fundraising	
Countries staff salary	\$ 79,086	\$ 186,933	\$ 226,853	\$ 100,312	\$ 23,555	\$ -	\$ 616,739	\$ -	\$ -	\$ 616,739
Medical care	496,726	8	1,287	2,036	802	-	500,859	-	-	500,859
Salaries	113,393	47,327	60,073	71,555	29,996	-	322,344	71,750	96,135	490,229
Nutrition	19,097	80,824	4,788	54,111	176,178	-	334,998	-	-	334,998
Transportation & travel	83,653	22,035	13,234	58,611	8,265	-	185,798	19,045	1,188	206,031
Program	-	-	24,000	126,826	-	500	151,326	-	-	151,326
Building & utilities	5,712	24,609	48,264	3,650	30,235	-	112,470	5,412	-	117,882
Tuition, books & training	-	75,301	-	11,791	14,238	-	101,330	500	2,594	104,424
Child living	2,664	11,334	1,182	18,560	47,258	-	80,998	552	-	81,550
Special projects	-	-	-	-	69,753	-	69,753	-	3,355	73,108
Bank & credit card fees	15,383	6,406	8,129	9,748	4,059	-	43,725	17,333	-	61,058
Education	-	37,010	-	4,336	17,624	-	58,970	-	-	58,970
Supplies/ clothing	14,907	5,727	8,880	16,911	7,584	-	54,009	1,553	-	55,562
Professional fees	7,233	3,019	3,832	4,564	1,913	-	20,561	18,060	6,250	44,871
Meals	718	1,283	34,480	2,414	738	-	39,633	706	-	40,339
Payroll taxes	7,458	3,112	3,951	4,706	1,973	-	21,200	5,487	7,656	34,343
Office expense	5,666	2,077	3,073	4,248	1,298	-	16,362	9,659	7,161	33,182
Insurance	4,980	7,188	2,637	3,736	1,317	-	19,858	9,302	-	29,160
Depreciation	-	6,335	-	-	-	-	6,335	20,424	-	26,759
Printing & postage	558	245	339	509	146	-	1,797	1,636	20,118	23,551
Miscellaneous	1,914	1,003	950	1,249	1,474	-	6,590	1,845	5,546	13,981
Retirement contribution	2,585	1,079	1,370	1,632	684	-	7,350	2,043	2,595	11,988
Website & computer	896	374	474	565	237	-	2,546	2,546	5,091	10,183
Telephone & internet	1,743	2,067	832	2,559	503	-	7,704	1,489	-	9,193
Foreign exchange	2,879	877	1,116	1,328	556	-	6,756	1,994	-	8,750
Advertising & events	-	-	-	-	-	-	-	-	8,417	8,417
Caregiver	4,654	-	-	532	-	-	5,186	-	-	5,186
Adoption support	-	-	-	-	2,434	-	2,434	-	-	2,434
	\$ 871,905	\$ 526,173	\$ 449,744	\$ 506,489	\$ 442,820	\$ 500	\$ 2,797,631	\$ 191,336	\$ 166,106	\$ 3,155,073

**Love Without Boundaries Foundation**  
Statement of Functional Expenses  
For The Year Ended December 31, 2021

	Program Services						Supporting Activities			
	Medical Care	Education	Healing Homes	Foster Care	Nutrition	Other Projects	Total Program	Administrative	Fundraising	Total
Medical care	\$ 762,107	\$ -	\$ 1,344	\$ 8,336	\$ -	\$ -	\$ 771,787	\$ -	\$ -	\$ 771,787
Countries staff salary	64,014	155,757	222,340	67,466	15,250	-	524,827	-	-	524,827
Salaries	80,540	59,689	40,978	45,258	60,927	-	287,392	66,715	90,623	444,730
Nutrition	518	61,302	5,994	27,661	253,326	-	348,801	-	-	348,801
Program	-	-	30,424	130,030	9,399	38,520	208,373	-	-	208,373
Special projects	-	-	-	-	166,089	-	166,089	-	8,521	174,610
Building & utilities	5,595	13,786	56,923	3,144	71,752	-	151,200	6,655	-	157,855
Transportation & travel	86,450	7,381	9,340	25,747	6,135	-	135,053	3,282	851	139,186
Tuition, books & training	839	54,070	-	14,368	11,300	-	80,577	-	-	80,577
Bank & credit card fees	12,519	9,071	6,221	6,870	9,249	-	43,931	17,155	-	61,086
Supplies/ clothing	1,220	5,910	11,574	7,320	33,953	-	59,977	857	123	60,957
Professional fees	6,094	4,516	3,101	3,424	4,610	-	21,745	19,242	8,321	49,308
Child living	3,842	6,346	4,090	22,759	9,762	-	46,799	1,958	-	48,757
Education	-	33,886	-	2,176	4,659	-	40,721	-	-	40,721
Meals	133	91	36,577	417	13	-	37,231	687	-	37,918
Payroll taxes	5,255	3,894	2,674	2,953	3,975	-	18,751	5,096	7,240	31,087
Office expense	1,880	1,720	5,772	5,605	1,423	-	16,400	13,373	-	29,773
Insurance	3,925	7,134	1,910	2,785	2,841	-	18,595	9,039	-	27,634
Printing & postage	260	193	132	635	306	-	1,526	1,291	18,812	21,629
Depreciation	-	6,335	-	-	-	-	6,335	12,325	-	18,660
Caregiver	13,448	-	-	97	-	-	13,545	-	-	13,545
Retirement Contribution	2,023	1,499	1,029	1,137	1,530	-	7,218	1,897	2,398	11,513
Website & computer	758	562	385	426	573	-	2,704	2,704	5,408	10,816
Advertising & Events	-	-	-	-	-	-	-	-	7,626	7,626
Telephone & internet	1,693	1,077	513	806	812	-	4,900	1,199	-	6,099
Miscellaneous	1,021	799	519	775	772	-	3,886	2,105	-	5,991
Foreign exchange	2,215	539	370	409	490	-	4,023	865	-	4,888
Adoption support	-	-	-	-	1,000	-	1,000	-	-	1,000
	\$ 1,056,349	\$ 435,557	\$ 442,210	\$ 380,604	\$ 670,146	\$ 38,520	\$ 3,023,386	\$ 166,445	\$ 149,923	\$ 3,339,754

## Love Without Boundaries Foundation

Statements of Cash Flows  
For The Years Ended December 31,

	<u>2022</u>	<u>2021</u>
<b>Operating activities</b>		
Change in net assets	\$ 166,354	\$ 469,863
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	26,759	18,660
Unrealized losses	14,738	
Decrease in:		
Prepaid expenses	-	1,000
Net cash provided by operating activities	<u>207,851</u>	<u>489,523</u>
<b>Investing Activities</b>		
Purchase and reinvestment of investments	( 1,302,012)	( 7,288)
Proceeds from investments	1,055,828	-
Purchase of fixed assets	-	( 188,714)
Net cash used in investing activities	<u>( 246,184)</u>	<u>( 196,002)</u>
Net (decrease) increase in cash and cash equivalents	( 38,333)	293,521
Cash and cash equivalents as of beginning of year	1,667,869	1,374,348
Cash and cash equivalents as of end of year	<u>\$ 1,629,536</u>	<u>\$ 1,667,869</u>

**LOVE WITHOUT BOUNDARIES FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**Years Ended December 31, 2022 and 2021**

**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.

*Revenue from Contracts with Customers*

LWB follows the guidance set forth in 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. Contribution revenue is not included in the scope of Topic 606, which is the majority of LWB's revenue stream.

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

*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.

*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 2022 or 2021. LWB's tax returns are no longer subject to examination by federal taxing authorities for years beginning before 2018.

## **NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### ***Investments***

LWB records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, mutual funds and certificates of deposit are reported at their fair value in the statements of financial position. The fair value of certificates of deposit is not materially different than amortized cost. 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).

### ***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.

### ***In-kind Contributions***

Contributed nonfinancial assets include donated professional services, medical care and other in-kind contributions which are recorded at the respective fair values of the goods and services received (Note 5). We do not sell donated gifts-in-kind. In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising 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 the fair value at the date of donation.

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

*Reclassifications*

Certain reclassifications have been made to the 2021 financial statements to conform to the current year presentation.

**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*

At times, 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.

*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>2022</u>	<u>2021</u>
Performance obligations satisfied at a point in time	\$ 19	\$ -
Total merchandise sales revenue	<u>\$ 19</u>	<u>\$ -</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, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Computers and technology	\$ 33,709	\$ 33,709
Buildings and improvements	160,618	160,618
Land	113,200	113,200
Vehicles	60,015	60,015
Total	<u>367,542</u>	<u>367,542</u>
Less: accumulated depreciation	<u>( 77,075)</u>	<u>( 50,317)</u>
Fixed assets, net	<u>\$ 290,467</u>	<u>\$ 317,225</u>

### NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Foster care	\$ 641,643	\$ 636,836
Education	484,199	614,312
Medical care	112,449	244,241
Healing homes	230,480	193,674
Nutrition and special projects	-	101,719
Other projects	-	100
Net assets with donor restrictions	<u>\$ 1,468,771</u>	<u>\$ 1,790,882</u>

Current year contributed donor restricted funds were restricted as follows:

	<u>2022</u>	<u>2021</u>
Medical care	\$ 718,905	\$ 742,841
Nutrition and special projects	190,172	562,355
Education	300,053	550,934
Foster care	453,657	417,754
Healing homes	380,862	378,228
Other projects	-	34,031
Total donor restricted contributions	<u>\$ 2,043,648</u>	<u>\$ 2,686,143</u>



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

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

	<u>2022</u>	<u>2021</u>
Medical care	\$ 850,696	\$ 908,424
Healing homes	344,057	367,757
Nutrition and special projects	291,890	556,657
Education	430,166	312,730
Foster care	448,850	298,261
Other projects	100	38,520
Total net assets released from restrictions	<u>\$ 2,365,759</u>	<u>\$ 2,482,349</u>

#### NOTE 5: IN-KIND CONTRIBUTIONS

For the years ended December 31, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities and changes in net assets included the following:

	<u>2022</u>	<u>2021</u>
Medical care services	\$ 84,043	\$ -
Transportation and travel	8,408	100
Consulting services	6,250	-
Supplies and toys	2,883	24,875
Gifts	436	-
Books	168	-
Net assets with donor restrictions	<u>\$ 102,188</u>	<u>\$ 24,975</u>

Contributed medical care services are provided by specially trained doctors, nurses and support staff who performed cleft surgeries in Guatemala. Contributed medical care services are used in program services and are recognized at fair value based on current rates for similar medical services.

Contributed consulting services are provided by specially trained professionals who assist the organization with administrative projects. The services are used for management and general activities and are recognized at fair value based on current rates for similar services.

Contributed supplies, toys, gifts and books are valued using estimated prices of identical or similar products using pricing data under a "like-kind" methodology considering the goods' condition and utility for use at the time of the contribution.

## NOTE 5: IN-KIND CONTRIBUTIONS (Continued)

Contributed supplies, toys and books are used in program services and contributed gifts are used for administrative purposes.

Contributed transportation and travel are provided by organization employees and volunteers on trips for the organization. The employees and volunteers donate certain expenses related to the trips. Transportation and travel are used for management and general activities and are recognized at fair value based on prices paid by the employees and volunteers.

## 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, 2022:

	Fair Value Measurements Using		
	(Level 1)	(Level 2)	(Level 3)
Assets:			
Certificates of Deposit	\$ 985,277	\$ -	\$ -
Mutual Fund	301,996		
Total	\$ 1,287,273	\$ -	\$ -

The following table, set forth by level within the fair value hierarchy, is LWB's investment assets at fair value as of December 31, 2021:

	Fair Value Measurements Using		
	(Level 1)	(Level 2)	(Level 3)
Assets:			
Certificates of Deposit	\$ 1,055,828	\$ -	\$ -
Total	\$ 1,055,828	\$ -	\$ -

## NOTE 7: 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 \$11,988 and \$11,513 in 2022 and 2021, respectively.

## NOTE 8: 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:

	<u>2022</u>	<u>2021</u>
Financial assets at year end	\$ 2,916,809	\$ 2,723,697
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<u>(1,468,771)</u>	<u>( 1,790,882)</u>
Financial assets available to meet cash needs for General expenditures within one year	<u>\$ 1,448,038</u>	<u>\$ 932,815</u>

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 sweep account earning interest at 0.83% annual percentage yield and certificate of deposits earning interest between 2.7% and 3.3% 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 9: 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 the FDIC limit was \$848,383 and \$2,121,212 as of December 31, 2022 and 2021, respectively.

Foreign exchange risk represents exposure 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 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**

LWB did not have any other subsequent events through July 27, 2023, 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, 2022.