

LOVE WITHOUT BOUNDARIES FOUNDATION

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

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INDEPENDENT AUDITORS' 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, 2021 and 2020, 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, 2021 and 2020, 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 8, 2022



Padden Cooper
Certified Public Accountants

Love Without Boundaries Foundation

Statements of Financial Position

As of December 31

Assets	2021	2020
Cash and cash equivalents	\$ 1,667,869	\$ 1,374,348
Prepaid expenses	-	1,000
Investments, short term	1,055,828	1,048,540
Total current assets	<u>2,723,697</u>	<u>2,423,888</u>
Fixed assets, net	<u>317,225</u>	<u>147,171</u>
 Total assets	 <u>\$ 3,040,922</u>	 <u>\$ 2,571,059</u>
 Net Assets		
Without donor restriction	\$ 1,250,040	\$ 983,971
With donor restriction	<u>1,790,882</u>	<u>1,587,088</u>
 Total net assets	 <u>\$ 3,040,922</u>	 <u>\$ 2,571,059</u>

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

Revenues	Without Donor Restriction	With Donor Restriction	Total
Support:			
Contributions	\$ 1,015,739	\$ 2,321,903	\$ 3,337,642
Gifts in kind	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>
Operating Expenses			
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>3,023,386</u>
Supporting activities:			
Administration	166,445	-	166,445
Fundraising	149,923	-	149,923
Total supporting activities	<u>316,368</u>	-	<u>316,368</u>
Total operating expenses	<u>3,339,754</u>	-	<u>3,339,754</u>
Change in Net Assets	<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
Statements of Activities and Changes in Net Assets
For The Year Ended December 31, 2020

Revenues	Without Donor Restriction	With Donor Restriction	Total
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>
Operating Expenses			
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>
Change in Net Assets	<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
Statement of Functional Expenses
For The Year Ended December 31, 2021

	Program Services							Supporting Activities		Total
	Medical Care	Education	Healing Homes	Foster Care	Nutrition	Other Projects	Total Program	Administrative	Fundraising	
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

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

Statements of Cash Flows For The Years Ended December 31

	<u>2021</u>	<u>2020</u>
Operating activities		
Change in net assets	\$ 469,863	\$ 571,747
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,660	5,948
Decrease in:		
Prepaid expenses	1,000	9,625
Net cash provided by operating activities	<u>489,523</u>	<u>587,320</u>
 Investing Activities		
Investment in certificates of deposit	(453)	(1,470)
Reinvested investment income	(6,835)	(15,554)
Purchase of fixed assets	(188,714)	(153,119)
Net cash used in investing activities	<u>(196,002)</u>	<u>(170,143)</u>
 Net increase in cash and cash equivalents	293,521	417,177
 Cash and cash equivalents as of beginning of year	1,374,348	957,171
 Cash and cash equivalents as of end of year	<u>\$ 1,667,869</u>	<u>\$ 1,374,348</u>

LOVE WITHOUT BOUNDARIES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2021 and 2020

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 2021 or 2020. 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, 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).

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

NOTE 2: REVENUE RECOGNITION (Continued)

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.

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:

	2021	2020
Performance obligations satisfied at a point in time	\$ -	\$ 6,138
Total merchandise sales revenue	\$ -	\$ 6,138

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, 2021 and 2020 consisted of the following:

	2021	2020
Computers and technology	\$ 33,709	\$ 25,709
Buildings and improvements	160,618	29,461
Land	113,200	74,000
Vehicles	60,015	49,657
Total	367,542	178,827
Less: accumulated depreciation	(50,317)	(31,656)
Fixed assets, net	\$ 317,225	\$ 147,171

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Foster care	\$ 636,836	\$ 517,343
Education	614,312	376,108
Medical care	244,241	409,824
Healing homes	193,674	183,203
Nutrition and special projects	101,719	96,021
Other projects	100	4,589
Net assets with donor restrictions	<u>\$ 1,790,882</u>	<u>\$ 1,587,088</u>

Current year contributed donor restricted funds were restricted as follows:

	<u>2021</u>	<u>2020</u>
Medical care	\$ 742,841	\$ 543,127
Nutrition and special projects	562,355	447,249
Education	550,934	369,172
Foster care	417,754	257,089
Healing homes	378,228	423,744
Other projects	34,031	21,333
Total donor restricted contributions	<u>\$ 2,686,143</u>	<u>\$ 2,061,714</u>

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

	<u>2021</u>	<u>2020</u>
Medical care	\$ 908,424	\$ 472,636
Healing homes	367,757	384,817
Nutrition and special projects	556,657	354,228
Education	312,730	261,999
Foster care	298,261	212,799
Other projects	38,520	18,226
Total net assets released from restrictions	<u>\$ 2,482,349</u>	<u>\$ 1,701,705</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

NOTE 5: DONATED SERVICES AND MATERIALS (Continued)

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, 2021:

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

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:

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

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:

	2021	2020
Financial assets at year end	\$ 2,723,697	\$ 2,423,888
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(1,790,882)	(1,587,088)
Financial assets available to meet cash needs for General expenditures within one year	\$ 932,815	\$ 836,800

NOTE 7: LIQUIDITY AND AVAILABILITY (Continued)

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 0.1% annual percentage yield and a CD earning interest at 0.5 % 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 the FDIC limit was \$2,121,212 and \$1,616,126 as of December 31, 2021 and 2020, 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 \$11,513 in 2021 and \$11,170 in 2020.

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

NOTE 10: FUNCTIONAL ALLOCATION OF EXPENSES (Continued)

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 8, 2022, 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, 2021.