

WELL-BEING AND EQUITY IN THE WORLD INSTITUTE

**Financial Statements Together with
Report of Independent Public Accountants**

For the Years Ended December 31, 2023 and 2022

WELL-BEING AND EQUITY IN THE WORLD INSTITUTE

Financial Statements Together with Report of Independent Public Accountants

DECEMBER 31, 2023 AND 2022

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE AUDIT OF FINANCIAL STATEMENTS

To the Board of Directors of
Well-being and Equity in the World Institute

Opinion

We have audited the statements of financial position of the Well-being and Equity in the World Institute (the Institute) as of December 31, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Institute as of December 31, 2023 and 2022, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal controls 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 the Institute's ability to continue as a going concern for one year after the date that the financial statements are available for issuance.

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Misstatements 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 GAAS, 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 controls 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 the Institute's internal controls. 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 the Institute's ability to continue as a going concern for one year after the date that the financial statements are available for issuance.

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 controls-related matters that we identified during the audit.

Owings Mills, Maryland
September 6, 2024



WELL-BEING AND EQUITY IN THE WORLD INSTITUTE

Statements of Financial Position As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash	\$ 1,327,530	\$ 329,407
Receivables	126,126	51,008
Prepaid expenses	5,160	224
Total Assets	<u>\$ 1,458,816</u>	<u>\$ 380,639</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 158,485	\$ 78,770
Deferred contract revenue	287,463	81,515
Total Liabilities	<u>445,948</u>	<u>160,285</u>
Net Assets		
Without donor restrictions	1,012,868	220,354
Total Liabilities and Net Assets	<u>\$ 1,458,816</u>	<u>\$ 380,639</u>

The accompanying notes are an integral part of these financial statements.

WELL-BEING AND EQUITY IN THE WORLD INSTITUTE

Statements of Activities and Changes in Net Assets For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and Support		
Government grants	\$ 685,001	\$ 46,580
Federal grants	2,090,320	-
Program service revenue	1,264,190	63,509
Other income and support	25,404	8,544
Total Revenue and Support	<u>4,064,915</u>	<u>118,633</u>
Expenses		
Program services	3,094,110	70,274
Management and general	886,480	29,646
Fundraising	11,856	-
Total Expenses	<u>3,992,446</u>	<u>99,920</u>
Change in Net Assets Without Donor Restrictions before transfer	72,469	18,713
Transfer of funds from fiscal sponsor	720,045	201,536
Total Change in Net Assets Without Donor Restrictions	<u>792,514</u>	<u>220,249</u>
Net assets, beginning of year	220,354	105
Net Assets, End of Year	<u>\$ 1,012,868</u>	<u>220,354</u>

The accompanying notes are an integral part of these financial statements.

WELL-BEING AND EQUITY IN THE WORLD INSTITUTE

Statement of Functional Expenses For the Year Ended December 31, 2023, with Comparative 2022 Totals

	2023			Total	2022 Totals
	Program Services	Management and General	Fundraising		
Salary and related expenses	\$ 1,607,493	\$ 522,467	\$ 10,390	\$ 2,140,350	\$ -
Professional fees	1,082,300	48,869	-	1,131,169	64,814
Conference, conventions, and meetings	138,913	-	-	138,913	-
Travel	131,249	-	1,042	132,291	1,383
Legal	-	120,506	-	120,506	15,024
Accounting	-	111,628	-	111,628	11,291
Technology	47,142	24,602	-	71,744	2,103
Professional development	44,871	-	-	44,871	-
Insurance	-	31,680	-	31,680	305
Subawards	30,000	-	-	30,000	-
Communications and marketing	649	19,545	-	20,194	3,500
Office expenses	7,018	5,738	-	12,756	-
Miscellaneous	3,200	1,445	424	5,069	-
Memberships and subscriptions	1,275	-	-	1,275	1,500
Total Expenses	\$ 3,094,110	\$ 886,480	\$ 11,856	\$ 3,992,446	\$ 99,920

The accompanying notes are an integral part of these financial statements.

WELL-BEING AND EQUITY IN THE WORLD INSTITUTE

Statement of Functional Expenses For the Year Ended December 31, 2022

	Program Services	Management and General	Total
Professional fees	\$ 64,814	\$ -	\$ 64,814
Legal	-	15,024	15,024
Accounting	-	11,291	11,291
Communications and marketing	3,500	-	3,500
Technology	1,960	143	2,103
Memberships and subscriptions	-	1,500	1,500
Travel	-	1,383	1,383
Insurance	-	305	305
Total Expenses	\$ 70,274	\$ 29,646	\$ 99,920

The accompanying notes are an integral part of these financial statements.

WELL-BEING AND EQUITY IN THE WORLD INSTITUTE

Statements of Cash Flows For the Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 72,469	\$ 18,713
Effects of change in non-cash operating assets and liabilities:		
Receivables	(75,118)	(51,008)
Prepaid expenses	(4,936)	(224)
Accounts payable	79,715	78,770
Deferred contract revenue	205,948	81,515
Net Cash from Operating Activities	<u>278,078</u>	<u>127,766</u>
Cash Flows from Financing Activities		
Transfer of funds from fiscal sponsor	<u>720,045</u>	<u>201,536</u>
Change in cash	998,123	329,302
Cash, beginning of year	329,407	105
Cash, End of Year	<u>\$ 1,327,530</u>	<u>\$ 329,407</u>

The accompanying notes are an integral part of these financial statements.

WELL-BEING AND EQUITY IN THE WORLD INSTITUTE

Notes to the Financial Statements For the Years Ended December 31, 2023 and 2022

1. DESCRIPTION OF THE INSTITUTE

Well-being and Equity in the World Institute (the Institute), also known as We in the World, is a BIPOC-led multiracial community of well-being and equity architects. It is a community of builders—community leaders and health leaders, urban planners and farmers, social change leaders, business leaders, policymakers and economic development professionals, youth, and elders. Together, the Institute is building the social and vital conditions people need to thrive on an institute of racial and economic justice. The Institute’s mission is to advance intergenerational well-being and equity on an institute of racial and economic justice.

Prior to the Institute being recognized as a 501(c)(3) organization, the Institute operated under a fiscal sponsorship arrangement. While the Institute began operating as a standalone entity during October 2022, and the fiscal sponsor continued to support the Institute with services that included bill pay and payroll processing. In December 2023 and 2022, the fiscal sponsor transferred funds totaling \$720,045 and \$201,536, respectively, that were held on behalf of the Institute. The transferred funds were net of expenses that were processed under the fiscal sponsor. These funds are included in the statement of activities and change in net assets as a “transfer from fiscal sponsor” for the years ended December 31, 2023 and 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of the Institute have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

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 and disclosures of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue, support, and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Receivables

Receivables consist of contributions and grants due to the Institute and are recorded at their estimated realizable value. The Institute establishes an allowance for doubtful accounts based on specific identification of uncollectible accounts. Management believes all receivables as of December 31, 2023 and 2022, are fully collectible; therefore, no allowance for doubtful accounts is recorded.

WELL-BEING AND EQUITY IN THE WORLD INSTITUTE

Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Contract Revenue

Deferred contract revenue consists of payments received in advance of the performance of services, where the conditions and events specified by the contract have not been met by the Institute. Revenue is recognized when services are performed by the Institute.

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

Net assets with donor restrictions are those whose use by the Institute has been limited by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions. If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net assets without donor restrictions. As of December 31, 2023 and 2022, the Institute has no net assets with donors.

Support and Revenue

The Institute recognizes contributions and grants when an unconditional promise to give is received. Conditional promises to give with measurable performance or other barriers and right of return, are not recognized until the conditions on which they depend have been met.

Grants and contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, which is when some stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

Federal contracts are deemed conditional in nature and revenue from such contracts was recognized when the services are provided to the extent of actual expenses incurred in compliance with those contracts.

WELL-BEING AND EQUITY IN THE WORLD INSTITUTE

Notes to the Financial Statements

For the Years Ended December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue (continued)

For consulting income and Federal contracts, expenses incurred in excess of funds collected are reflected as accounts receivable and cash receipts obtained prior to expenses being incurred are reflected as refundable advances in the accompanying statement of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and in the statements of functional expenses for the years ended December 31, 2023 and 2022. Accordingly, certain costs have been allocated among the functions that benefit from those costs. Management and general expenses include those expenses not directly identified with any other specific function but provide for the overall support and direction of the Institute. Direct salaries are considered a representative measure of the organizational effort applied to joint objectives and serve as the basis for allocation of shared expenses.

Income Taxes

The Institute is a not-for-profit organization that is exempt from Federal income taxes, other than net unrelated business income, under the provisions of Section 501(c)(3) of the United States Internal Revenue Code (IRC) and is recognized as such by the Internal Revenue Service.

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. The Institute performed an evaluation of uncertain tax positions as of December 31, 2023 and 2022, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax-exempt status.

As of December 31, 2023, the statute of limitations for tax year 2022 through 2023 remain open with the U.S. Federal jurisdiction and the various state and local jurisdictions in which the Institute files tax returns. It is the Institute's policy to recognize interest and/or penalties related to uncertain tax positions, if any, as income tax expense in the statements of activities and change in net assets.

WELL-BEING AND EQUITY IN THE WORLD INSTITUTE

Notes to the Financial Statements For the Years Ended December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Liquidity and Availability of Resources

The following reflects the Institute's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use within one year because of donor-imposed restrictions:

	<u>2023</u>	<u>2022</u>
Cash	\$ 1,327,530	\$ 329,407
Receivables	<u>126,126</u>	<u>51,008</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,453,656</u>	<u>\$ 380,415</u>

The Institute manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining access to adequate liquid assets to fund near-term operating needs. This is done through monitoring and reviewing the Institute's cash flow needs on a regular basis.

Subsequent Events

The Institute's management evaluated the accompanying financial statements for subsequent events and transactions through September 6, 2024, the date these financial statements were available for issue, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

3. COMMITMENTS AND CONTINGENCIES

Concentration of Revenue

For the years ended December 31, 2023 and 2022, the Institute received \$3,495,366 and \$320,169, respectively, of its total revenue from government sources. These amounts represent approximately 73% and 77% of total revenue received during December 31, 2023 and 2022, respectively. The revenue from government sources is primarily from the Department of Health and Human Services.

Grants

Reimbursed costs under the Institute government awards are subject to final determination of allowability by the government agency. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.