

LOVE WITHOUT BOUNDARIES FOUNDATION

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

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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, 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 financial statements referred to above present fairly, in all material respects, the financial position of Love Without Boundaries Foundation 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 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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Emphasis of Matter

As discussed in Note 1 to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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.

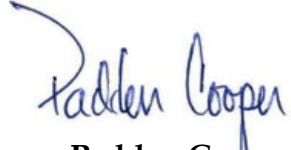
In performing an audit in accordance with generally accepted auditing standards, we:

- 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
August 9, 2024


Padden Cooper
Certified Public Accountants

Love Without Boundaries Foundation

Statements of Financial Position

As of December 31,

Assets	2023	2022 *
Cash and cash equivalents	\$ 1,396,001	\$ 1,629,536
Advances	71,165	-
Prepaid expenses	30,916	-
Investments, short term	1,129,956	701,996
Total current assets	<u>2,628,038</u>	<u>2,331,532</u>
Fixed assets, net	388,023	290,467
Investments, long term	196,090	585,277
Total noncurrent	<u>584,113</u>	<u>875,744</u>
Total assets	<u>\$ 3,212,151</u>	<u>\$ 3,207,276</u>
Liabilities		
Due to other organizations	\$ 2,710	\$ -
Total liabilities	<u>2,710</u>	<u>-</u>
Net Assets		
Without donor restriction	\$ 1,482,664	\$ 1,452,363
With donor restriction	1,726,777	1,754,913
Total net assets	<u>3,209,441</u>	<u>3,207,276</u>
Total liabilities and net assets	<u>\$ 3,212,151</u>	<u>\$ 3,207,276</u>

* Restated, see Note 1

Love Without Boundaries Foundation
 Statements of Activities and Changes in Net Assets
 For The Year Ended December 31, 2023

Revenues	Without Donor Restriction	With Donor Restriction	Total
Support:			
Contributions	\$ 1,332,581	\$ 1,739,372	\$ 3,071,953
In-kind contributions	1,628	573	2,201
Grants	50,000	291,415	341,415
Fundraising	2,779	72,286	75,065
Investment return	111,630	-	111,630
Net assets released from restrictions	2,131,782	(2,131,782)	-
Total revenue	<u>3,630,400</u>	<u>(28,136)</u>	<u>3,602,264</u>
Operating Expenses			
Program services:			
Medical	992,736	-	992,736
Education	615,001	-	615,001
Healing homes	477,922	-	477,922
Foster care	545,115	-	545,115
Nutrition	483,862	-	483,862
Total program services	<u>3,114,636</u>	<u>-</u>	<u>3,114,636</u>
Supporting activities:			
Administration	248,179	-	248,179
Fundraising	237,284	-	237,284
Total supporting activities	<u>485,463</u>	<u>-</u>	<u>485,463</u>
Total operating expenses	<u>3,600,099</u>	<u>-</u>	<u>3,600,099</u>
Change in Net Assets	<u>30,301</u>	<u>(28,136)</u>	<u>2,165</u>
Net assets, beginning of year	<u>1,452,363</u>	<u>1,754,913</u>	<u>3,207,276</u>
Net assets, end of year	<u>\$ 1,482,664</u>	<u>\$ 1,726,777</u>	<u>\$ 3,209,441</u>

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

Revenues	Without Donor Restriction	With Donor Restriction	Total
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	2,079,617	(2,079,617)	-
Total revenue	<u>3,357,396</u>	<u>(35,969)</u>	<u>3,321,427</u>
Operating Expenses			
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>
Change in Net Assets	<u>202,323</u>	<u>(35,969)</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>\$ 1,452,363</u>	<u>\$ 1,754,913</u>	<u>\$ 3,207,276</u>

* Restated, see Note 1

Love Without Boundaries Foundation

Statement of Functional Expenses

For The Year Ended December 31, 2023

	Program Services						Supporting Activities		
	Medical Care	Education	Healing Homes	Foster Care	Nutrition	Total Program	Administrative	Fundraising	Total
Countries staff salary	\$ 115,955	\$ 222,224	\$ 237,979	\$ 117,016	\$ 25,807	\$ 718,981	\$ -	\$ -	\$ 718,981
Salaries	144,687	72,267	58,574	68,317	32,734	376,579	81,465	148,530	606,574
Medical care	484,964	145	579	3,506	1,280	490,474	-	-	490,474
Nutrition	19,548	90,837	6,882	72,055	85,456	274,778	-	-	274,778
Transportation & travel	105,957	22,028	17,495	55,248	9,631	210,359	23,196	921	234,476
Special projects	-	2,911	296	294	166,950	170,451	-	-	170,451
Program	250	-	28,500	117,894	-	146,644	-	-	146,644
Building & utilities	6,158	39,566	46,524	2,900	42,238	137,386	5,329	-	142,715
Education	-	56,552	-	8,106	26,573	91,231	-	-	91,231
Tuition, books & training	1,080	45,853	7,126	21,546	12,646	88,251	2,965	-	91,216
Supplies/ clothing	28,276	15,370	9,540	12,114	18,663	83,963	1,363	-	85,326
Child living	10,649	4,400	2,213	23,306	42,609	83,177	59	-	83,236
Professional fees	12,595	6,291	5,099	5,947	2,849	32,781	29,013	3,122	64,916
Bank & credit card fees	16,582	8,281	6,709	7,951	3,749	43,272	18,612	20	61,904
Depreciation	-	6,335	-	-	-	6,335	41,569	-	47,904
Office expense	6,642	3,136	2,666	8,986	1,338	22,768	9,497	14,728	46,993
Meals	1,144	1,696	35,750	2,438	609	41,637	1,770	-	43,407
Payroll taxes	9,709	4,849	3,931	4,584	2,197	25,270	5,842	11,981	43,093
Insurance	10,181	5,085	4,122	4,807	2,303	26,498	14,839	-	41,337
Printing & postage	1,037	342	120	202	73	1,774	950	26,404	29,128
Website & computer	2,030	1,014	821	958	459	5,282	5,282	10,565	21,129
Advertising & events	-	-	-	-	-	-	-	18,866	18,866
Telephone & internet	2,734	3,171	871	4,092	641	11,509	1,878	-	13,387
Retirement contribution	3,042	1,520	1,231	1,436	688	7,917	2,279	2,147	12,343
Caregiver	5,404	-	-	305	-	5,709	-	-	5,709
Foreign exchange	2,956	505	428	478	264	4,631	878	-	5,509
Miscellaneous	1,156	623	466	629	427	3,301	1,393	-	4,694
Adoption support	-	-	-	-	3,678	3,678	-	-	3,678
	\$ 992,736	\$ 615,001	\$ 477,922	\$ 545,115	\$ 483,862	\$ 3,114,636	\$ 248,179	\$ 237,284	\$ 3,600,099

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

Statements of Cash Flows
For The Years Ended December 31,

	<u>2023</u>	<u>2022</u>
Operating activities		
Change in net assets	\$ 2,165	\$ 166,354
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	47,903	26,759
Unrealized losses	8,841	14,738
Increase in:		
Advances	(71,165)	-
Prepaid expenses	(30,916)	-
Increase in:		
Accounts payable	2,710	-
Net cash (used in) provided by operating operating activities	<u>(40,462)</u>	<u>207,851</u>
Investing Activities		
Purchase and reinvestment of investments	(477,593)	(1,302,012)
Proceeds from investments	429,980	1,055,828
Purchase of fixed assets	(145,460)	-
Net cash used in investing activities	<u>(193,073)</u>	<u>(246,184)</u>
Net decrease in cash and cash equivalents	(233,535)	(38,333)
Cash and cash equivalents as of beginning of year	1,629,536	1,667,869
Cash and cash equivalents as of end of year	<u>\$ 1,396,001</u>	<u>\$ 1,629,536</u>

LOVE WITHOUT BOUNDARIES FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2023 and 2022

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, Guatemala, 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 Florida 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 2023 or 2022. LWB's tax returns are no longer subject to examination by federal taxing authorities for years beginning before 2020.

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). LWB does 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 fair value at the date of donation.

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

Prior Period Adjustment and Restated Financial Statements

The accompanying financial statements for 2022 have been restated to correct an error in the calculation of net assets with donor restriction and net assets without donor restriction. Net assets released from restriction were overstated by \$286,142 in 2022. The effect of the restatement decreased net assets without donor restriction and increased net assets with donor restriction by \$286,142.

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:

	2023	2022
Performance obligations satisfied at a point in time	\$ -	\$ 19
Total merchandise sales revenue	\$ -	\$ 19

NOTE 2: REVENUE RECOGNITION (Continued)

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, 2023 and 2022 consisted of the following:

	2023	2022
Computers and technology	\$ 40,709	\$ 33,709
Buildings and improvements	160,618	160,618
Land	113,200	113,200
Vehicles	198,474	60,015
Total	<u>513,001</u>	<u>367,542</u>
Less: accumulated depreciation	<u>(124,978)</u>	<u>(77,075)</u>
Fixed assets, net	<u>\$ 388,023</u>	<u>\$ 290,467</u>

NOTE 4: NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Foster care	\$ 696,736	\$ 721,653
Education	434,166	487,611
Medical care	387,234	305,169
Healing homes	208,641	240,480
Net assets with donor restrictions	<u>\$ 1,726,777</u>	<u>\$ 1,754,913</u>

Current year contributed donor restricted funds were restricted as follows:

	2023	2022
Medical care	\$ 792,855	\$ 718,905
Education	408,496	300,053
Foster care	386,167	453,657
Healing homes	331,098	380,862
Nutrition and special projects	185,030	190,171
Total donor restricted contributions	<u>\$ 2,103,646</u>	<u>\$ 2,043,648</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>2023</u>	<u>2022</u>
Medical care	\$ 710,790	\$ 657,977
Healing homes	362,937	334,057
Nutrition and special projects	185,031	291,890
Education	461,941	426,754
Foster care	411,083	368,839
Other projects	-	100
Total net assets released from restrictions	<u>\$ 2,131,782</u>	<u>\$ 2,079,617</u>

NOTE 5: IN-KIND CONTRIBUTIONS

For the years ended December 31, 2023 and 2022, contributed nonfinancial assets recognized within the statement of activities and changes in net assets included the following:

	<u>2023</u>	<u>2022</u>
Medical care services	\$ -	\$ 84,043
Transportation and travel	1,385	8,408
Postage	816	-
Consulting services	-	6,250
Supplies and toys	-	2,883
Gifts	-	436
Books	-	168
Net assets with donor restrictions	<u>\$ 2,201</u>	<u>\$ 102,188</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, postage 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 and postage 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, 2023:

	Fair Value Measurements Using		
	(Level 1)	(Level 2)	(Level 3)
Assets:			
Certificates of Deposit	\$ 1,041,171	\$ -	\$ -
Mutual Fund	284,875		
Total	\$ 1,326,046	\$ -	\$ -

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	\$ -	\$ -

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 \$12,343 and \$11,988 in 2023 and 2022, respectively. Beginning in 2024, the SIMPLE IRA plan is being replaced with a 401(k) retirement plan. LWB will increase the match to up to 6% of earnings for plan participants.

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>2023</u>	<u>2022</u>
Financial assets at year end	\$ 2,722,047	\$ 2,916,809
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>(1,726,777)</u>	<u>(1,754,913)</u>
Financial assets available to meet cash needs for General expenditures within one year	<u>\$ 995,270</u>	<u>\$ 1,161,896</u>

As part of 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 4.46% annual percentage yield, an investment account earning interest at .8% annual percentage yield and certificate of deposits earning interest between 3.1% and 5.6% 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 \$680,243 and \$848,383 as of December 31, 2023 and 2022, 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 estimated time and effort.

NOTE 11: SUBSEQUENT EVENTS

LWB did not have any other subsequent events through August 9, 2024, 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, 2023.