

WORLD'S CHILDREN

Financial Statements

For the Year Ended December 31, 2023

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT ACCOUNTANTS' REVIEW REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



Dougall Conradie LLC
Certified Public Accountants

Geoffrey Dougall, CPA
Heather Jackson, CPA
Richard Winkel, CPA
Members of AICPA & OSCP

Independent Accountants' Review Report

To the Board of Directors
World's Children
Sisters, Oregon

We have reviewed the accompanying financial statements of World's Children, which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Dougall Conradie LLC

May 21, 2024

WORLD'S CHILDREN
STATEMENT OF FINANCIAL POSITION

December 31, 2023

	2023
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 466,536
Investments	605,800
Other assets	2,858
Total current assets	1,075,194
Office equipment, net of accumulated depreciation	2,197
Total assets	\$ 1,077,391
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accrued payroll	\$ 34,900
Total liabilities	34,900
NET ASSETS	
With donor restrictions	706,758
Without donor restrictions	335,733
Total net assets	1,042,491
Total liabilities and net assets	\$ 1,077,391

The accompanying notes are an integral part of these financial statements

WORLD'S CHILDREN

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended December 31, 2023

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>2023 Total</u>
Revenues:			
Grants and contributions	\$ 282,604	\$ 571,808	\$ 854,412
Investment income	17,764	15,848	33,612
Net assets released from restriction	<u>699,772</u>	<u>(699,772)</u>	<u>-</u>
Total revenues	1,000,140	(112,116)	888,024
Expenditures:			
Program services	717,064	-	717,064
General and administration	67,966	-	67,966
Fundraising	<u>30,578</u>	<u>-</u>	<u>30,578</u>
Total expenditures	<u>815,608</u>	<u>-</u>	<u>815,608</u>
Change in net assets	184,532	(112,116)	72,416
Net assets, beginning of year	<u>151,201</u>	<u>818,874</u>	<u>970,075</u>
Net assets, end of year	<u>\$ 335,733</u>	<u>\$ 706,758</u>	<u>\$ 1,042,491</u>

The accompanying notes are an integral part of these financial statements

WORLD'S CHILDREN

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

	2023			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 214,755	\$ 47,210	\$ 21,240	\$ 283,205
Payroll taxes and benefits	28,699	6,309	2,838	37,846
Contract labor	6,788	-	-	6,788
Grants and scholarships	368,663	-	-	368,663
Program expenses	32,446	-	-	32,446
Professional services	20,582	4,525	2,036	27,143
Occupancy	12,474	2,742	1,234	16,450
Telephone	1,810	398	179	2,387
Insurance	1,054	232	104	1,390
Office supplies	5,106	1,123	505	6,734
Postage and delivery	4,044	889	400	5,333
Printing and stationery	3,907	859	386	5,152
Bank services	14,375	3,160	1,422	18,957
Dues and subscriptions	753	166	75	994
Travel	265	58	26	349
Depreciation	1,343	295	133	1,771
Total expenses	<u>\$ 717,064</u>	<u>\$ 67,966</u>	<u>\$ 30,578</u>	<u>\$ 815,608</u>

The accompanying notes are an integral part of these financial statements

WORLD'S CHILDREN

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	<u>2023</u>
Cash flows from operating activities:	
Cash received from grants and contributions	\$ 843,302
Cash paid to employees and suppliers	(439,339)
Cash paid for grants	<u>(368,663)</u>
Net cash provided by operating activities	<u>35,300</u>
Cash flows from investing activities:	
Cash paid for purchase of investments	(170,000)
Proceeds from sale of investments	11,132
Cash paid for equipment	<u>(1,450)</u>
Net cash used in investing activities	<u>(160,318)</u>
Net change in cash and cash equivalents	(125,018)
Cash and cash equivalents, beginning of year	<u>591,554</u>
Cash and cash equivalents, end of year	<u><u>\$ 466,536</u></u>

The accompanying notes are an integral part of these financial statements

WORLD'S CHILDREN
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE A – ORGANIZATION

World's Children ("the Organization") is a nonprofit organization founded to provide humanitarian assistance to people living in poverty around the world. Because children are often helpless victims of poverty and disaster, World's Children focuses on helping orphans and vulnerable children. The Organization is funded through grants and contributions.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements follows.

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

Cash and cash equivalents include accounts with financial institutions covered by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. For purposes of the statement of cash flows, the Organization considers all short-term investments purchased with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The Organization cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

WORLD'S CHILDREN
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are reflected on the statement of financial position at fair value with changes in unrealized gains and losses resulting from changes in fair value reflected in the statement of activities. Interest income is reported as earned.

Grants and Contributions

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as unrestricted revenues. Contributions of services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period received. During the year ended December 31, 2023 the Organization received no in-kind contributions.

Office Equipment

Office equipment is recorded at purchase cost. Acquisitions, renovations and repairs which increase the value of assets and have an estimated useful life in excess of one year are capitalized. All expenditures for repairs and maintenance which do not appreciably extend the useful life or increase the value of the assets are expensed in the period in which the cost is incurred. Contributed property is recorded at its fair market value on the date of contribution.

The Organization depreciates furnishings and equipment over its estimated useful life using the double declining balance method for financial reporting purposes, which is generally between 5 and 7 years.

Advertising Costs

Advertising is expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WORLD'S CHILDREN
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization received a tax determination letter indicating that it qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under section 509(a)(1). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization's federal and state information returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those returns. In general, the federal and state information returns have a three year statute of limitations.

Fair Value of Financial Instruments

Due to the short-term nature of cash equivalents, prepaid expenses and other assets, accounts payable and accrued liabilities, their fair value approximates carrying value.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional expense basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that were allocated include the following:

Salaries, taxes and benefits	Time and effort
Occupancy	Square footage
Professional services	Time and effort
Office expenses	Time and effort
Insurance	Time and effort

Concentrations of Economic Risk

The Organization is dependent upon donations for much of its income, which can be affected by economic downturns. The Organization also operates and provides funding to various parts of the World, including certain key countries. If political unrest was to occur in any or all of these key countries the Organization's ongoing operations could be severely impacted in those affected areas.

NOTE C – AVAILABILITY AND LIQUIDITY

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization's cash needs are expected to be met on a monthly basis from regular revenue sources. In general, the Organization maintains sufficient financial assets on hand to meet normal operating expenditures and to reserve for future needs.

WORLD'S CHILDREN
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE C – AVAILABILITY AND LIQUIDITY (Continued)

The following represents the Organization's financial assets at December 31, 2023:

Financial assets at year end:		
Cash and cash equivalents	\$	466,536
Investments		<u>605,800</u>
Total financial assets		1,072,336
Less amounts not available to be used within one year:		
Net assets with donor restrictions for purpose		<u>(877,653)</u>
Financial assets available to meet general expenditures over the next twelve months	\$	<u><u>194,683</u></u>

NOTE D – CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following at December 31, 2023:

Petty Cash	\$	333
Checking accounts		244,643
Money market and savings accounts		<u>221,560</u>
	\$	<u><u>466,536</u></u>

NOTE E – OFFICE EQUIPMENT

Major classes of office furnishings and equipment consist of the following at December 31, 2023:

Office equipment	\$	12,273
Less accumulated depreciation		<u>(10,076)</u>
	\$	<u><u>2,197</u></u>

Depreciation expense was \$1,771 for the year ended December 31, 2023.

NOTE F – INVESTMENTS

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, maximizes the use of observable inputs, and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent resources while unobservable inputs reflect estimates about market data.

WORLD'S CHILDREN
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE F – INVESTMENTS (Continued)

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level I: Observable inputs such as quoted prices in active markets for identical assets or liabilities.
- Level II: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; these include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.
- Level III: Unobservable inputs in which there is little or no market data available, which require the reporting entity to develop its own assumptions.

The following table sets forth carrying amounts and estimated fair values for financial instruments at December 31, 2023:

	Level I	Level II	Level III	Total
Cash	\$ 3,438	\$ -	\$ -	\$ 3,438
Stock investments	34,176	-	-	34,176
Fixed income bonds	471,023	-	-	471,023
Exchange traded funds	<u>74,403</u>	<u>-</u>	<u>-</u>	<u>74,403</u>
	<u>\$ 605,800</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,800</u>

The following table summarizes the change in Level I investments for the year ended December 31, 2023:

	Total
Balance, December 31, 2022	\$ <u>51,470</u>
Interest and dividends	10,289
Gains and losses	<u>21,660</u>
Change in value	31,949
Deposits	170,000
Donations of stock	11,110
Distributions	(11,132)
Transfers from restricted cash	<u>352,403</u>
Balance, December 31, 2023	\$ <u>605,800</u>

WORLD'S CHILDREN
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE G – RESTRICTED ENDOWMENT INVESTMENTS

The Organization follows the guidance in FASB ASC 958-205 in accounting for its endowment investments. The standard provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization.

The Organization's endowment was established to provide funds for child sponsorship and scholarships. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions. All endowment investments are restricted as of December 31, 2023.

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

Balance, December 31, 2022	\$	402,209
Interest and dividends		11,036
Gains and losses		<u>21,660</u>
Investment income		<u>32,696</u>
Balance, December 31, 2023	\$	<u><u>434,905</u></u>

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation. All interest and dividends from the investments are available for use by the Organization.

The endowment has a stock investment with an original value of \$60,000 and based on the fair value of \$34,176 at December 31, 2023 is underwater by \$25,824.

NOTE H – RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

Net assets with donor restrictions were as follows at December 31, 2023:

Specific purpose		
Child sponsorship	\$	271,853
Passage of time		
Endowment investment		<u>434,905</u>
	\$	<u><u>706,758</u></u>

WORLD'S CHILDREN
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

NOTE I – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 21, 2024, which is the date the financial statements were available to be issued, noting no events requiring recording or disclosure in the financial statements for the year ended December 31, 2023.