

WORLDWIDE ORPHANS FOUNDATION
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**WORLDWIDE ORPHANS FOUNDATION
TABLE OF CONTENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9



INDEPENDENT AUDITORS' REPORT

Board of Directors
Worldwide Orphans Foundation
South Orange, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Worldwide Orphans Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Organization, as of December 31, 2022, and the changes in its net assets and its cash flows for the year 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the Organization as of December 31, 2022 were audited by Sobel & Co., LLC, whose shareholders and professional staff joined CliftonLarsonAllen LLP as of February 1, 2023, and has subsequently ceased operations. Sobel & Co., LLC's report dated November 21, 2022, expressed an unmodified opinion on those statements.

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 Organization's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 control. 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 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 the Organization'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 the Organization'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.



CliftonLarsonAllen LLP

Livingston, New Jersey
November 15, 2023

**WORLDWIDE ORPHANS FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,166,379	\$ 815,752
Contributions and Grants Receivable	210,263	71,651
Overseas Deposits	43,274	97,171
Prepaid Expenses	16,555	4,704
Total Current Assets	1,436,471	989,278
PROPERTY AND EQUIPMENT, NET	1,861	2,790
OTHER ASSETS		
Security Deposits	-	4,111
Total Other Assets	-	4,111
 Total Assets	 \$ 1,438,332	 \$ 996,179
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 23,769	\$ 27,967
Deferred Revenue	255,000	-
Total Liabilities	278,769	27,967
NET ASSETS		
Without Donor Restrictions	550,542	478,800
With Donor Restrictions	609,021	489,412
Total Net Assets	1,159,563	968,212
 Total Liabilities and Net Assets	 \$ 1,438,332	 \$ 996,179

See accompanying Notes to Financial Statements.

WORLDWIDE ORPHANS FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 493,924	\$ 666,512	\$ 1,160,436
Gifts In-Kind	11,206	-	11,206
Grants	11,100	-	11,100
Special Events	653,331	-	653,331
Less: Direct Cost of Special Events	(110,610)	-	(110,610)
Interest and Dividend Income	11	-	11
Foreign Currency Losses	(3,046)	-	(3,046)
Net Assets Released from Restrictions	546,903	(546,903)	-
Total Revenue and Support	1,602,819	119,609	1,722,428
EXPENSES			
Program Services:			
Ethiopia	231,186	-	231,186
Vietnam	467,941	-	467,941
Bulgaria	188,782	-	188,782
Haiti	303,220	-	303,220
Ukraine	60,780	-	60,780
U.S.	30,911	-	30,911
Supporting Services:			
Management and General	86,897	-	86,897
Fundraising	161,360	-	161,360
Total Expenses	1,531,077	-	1,531,077
CHANGES IN NET ASSETS	71,742	119,609	191,351
Net Assets - Beginning of Year	478,800	489,412	968,212
NET ASSETS - END OF YEAR	\$ 550,542	\$ 609,021	\$ 1,159,563

See accompanying Notes to Financial Statements.

WORLDWIDE ORPHANS FOUNDATION
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 584,279	\$ 495,122	\$ 1,079,401
Grants	67,512	-	67,512
Special Events	484,099	-	484,099
Less: Direct Cost of Special Events	(50,704)	-	(50,704)
Interest and Dividend Income	504	-	504
Foreign Currency Losses	(2,959)	-	(2,959)
Net Assets Released from Restrictions	544,461	(544,461)	-
Total Revenue and Support	<u>1,627,192</u>	<u>(49,339)</u>	<u>1,577,853</u>
EXPENSES			
Program Services:			
Ethiopia	204,462	-	204,462
Vietnam	452,424	-	452,424
Bulgaria	168,295	-	168,295
Haiti	269,058	-	269,058
U.S.	6,602	-	6,602
Supporting Services:			
Management and General	128,286	-	128,286
Fundraising	134,839	-	134,839
Total Expenses	<u>1,363,966</u>	<u>-</u>	<u>1,363,966</u>
CHANGES IN NET ASSETS	263,226	(49,339)	213,887
Net Assets - Beginning of Year	<u>215,574</u>	<u>538,751</u>	<u>754,325</u>
NET ASSETS - END OF YEAR	<u>\$ 478,800</u>	<u>\$ 489,412</u>	<u>\$ 968,212</u>

See accompanying Notes to Financial Statements.

**WORLDWIDE ORPHANS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services						Total Program Services	Management and General	Fundraising	Direct Cost of Special Events	Total Expenses	
	Ethiopia	Vietnam	Bulgaria	Haiti	Ukraine	U.S.						
Salaries	\$ 97,288	\$ 81,188	\$ 102,765	\$ 142,593	\$ 24,284	\$ -	\$ 448,118	\$ 56,379	\$ 84,355	\$ -	\$ 588,852	
Payroll Taxes and Employee Benefits	19,624	22,277	5,086	15,425	2,394	833	65,639	11,088	14,768	-	91,495	
Supplies	35,675	116,290	9,292	43,126	4,335	2,074	210,792	253	304	-	211,349	
Taxes and Fees	13	20,146	11	17	4	2	20,193	23	28	-	20,244	
Telecommunications	1,041	2,028	95	3,507	95	9	6,775	114	137	-	7,026	
Postage and Shipping	523	271	305	65	14	7	1,185	88	384	-	1,657	
Advertising, Marketing, Website Development, Dues, and Subscriptions	75	-	-	-	-	-	75	-	652	-	727	
Occupancy	685	1,411	3,921	901	190	92	7,200	1,224	10,371	-	18,795	
Equipment Rental	7,250	1,816	6,292	10,464	200	-	26,022	-	-	-	26,022	
Printing and Publication	531	1,033	408	1,127	139	67	3,305	896	1,075	-	5,276	
Stipends	1,966	816	-	1,658	-	803	5,243	-	377	-	5,620	
Travel/Auto Expenses	7,852	-	13,178	25,043	10,188	211	56,472	-	-	-	56,472	
Meetings and Conferences	22,090	507	3,205	27,818	5,714	3,416	62,750	4,899	900	-	68,549	
Nonprofit Advisor Fees	-	664	-	222	630	-	1,516	-	-	-	1,516	
Professional Fees	-	249	13,265	-	5,000	22,500	41,014	-	12,411	-	53,425	
Facilities	5,238	10,776	24,384	12,186	2,153	602	55,339	8,014	23,895	-	87,248	
Meals and Entertainment	899	276	291	895	-	-	2,361	-	-	-	2,361	
Staff Development	2,713	3,515	2,812	2,713	2,470	-	14,223	-	-	-	14,223	
School Supplies and Resources	44	90	36	2,094	12	6	2,282	78	94	-	2,454	
Bank Merchant Fees	6,676	30,258	-	-	-	-	36,934	-	-	-	36,934	
Insurance	274	1,312	1,794	1,035	458	28	4,901	373	5,707	-	10,981	
New Program Development	1,495	3,081	1,217	1,966	414	201	8,374	2,673	3,207	-	14,254	
Miscellaneous	14,067	-	64	-	-	-	14,131	-	-	-	14,131	
Training and Mentoring	5,070	714	282	859	96	47	7,068	620	2,486	-	10,174	
Depreciation	-	169,022	-	9,378	1,963	-	180,363	-	-	-	180,363	
Catering and Facility Rental	97	201	79	128	27	13	545	175	209	-	929	
	-	-	-	-	-	-	-	-	-	110,610	110,610	
Total Expenses	\$ 231,186	\$ 467,941	\$ 188,782	\$ 303,220	\$ 60,780	\$ 30,911	\$ 1,282,820	\$ 86,897	\$ 161,360	\$ 110,610	1,641,687	
											Less: Direct Cost of Special Events	(110,610)
											Total Expenses by Function	<u>\$ 1,531,077</u>

See accompanying Notes to Financial Statements.

**WORLDWIDE ORPHANS FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services					Total Program Services	Management and General	Fundraising	Direct Cost of Special Events	Total Expenses
	Ethiopia	Vietnam	Bulgaria	Haiti	U.S.					
Salaries	\$ 102,070	\$ 69,606	\$ 96,753	\$ 105,934	\$ -	\$ 374,363	\$ 86,735	\$ 86,130	\$ -	\$ 547,228
Payroll Taxes and Employee Benefits	15,130	24,813	5,080	15,330	199	60,552	13,909	-	-	74,461
Supplies	33,722	88,070	4,490	34,436	2	160,720	113	120	-	160,953
Taxes and Fees	-	24,590	-	-	-	24,590	-	-	-	24,590
Telecommunications	1,236	1,681	153	3,519	6	6,595	419	442	-	7,456
Postage and Shipping	67	265	301	88	2	723	151	160	-	1,034
Advertising, Marketing, Website Development, Dues, and Subscriptions	774	-	1,405	-	-	2,179	-	-	-	2,179
Occupancy	904	2,000	1,179	1,189	29	5,301	2,037	6,553	-	13,891
Equipment Rental	16,014	-	5,088	11,075	-	32,177	-	-	-	32,177
Printing and Publication	134	-	-	-	-	134	-	-	-	134
Stipends	30	805	654	1,657	1	3,147	69	73	-	3,289
Travel/Auto Expenses	3,047	-	13,822	33,975	-	50,844	-	-	-	50,844
Meetings and Conferences	2,710	-	1,985	19,265	-	23,960	-	-	-	23,960
Nonprofit Advisor Fees	-	-	-	-	-	-	-	-	-	-
Professional Fees	6,434	10,901	5,782	7,598	6,119	36,834	8,302	8,764	-	53,900
Facilities	5,248	12,140	17,186	15,159	150	49,883	10,442	25,704	-	86,029
Meals and Entertainment	906	2,116	2,568	705	17	6,312	787	1,274	-	8,373
Staff Development	285	1,176	2,351	285	-	4,097	-	-	-	4,097
School Supplies and Resources	89	1,263	73	4,973	3	6,401	200	211	-	6,812
Bank Merchant Fees	7,465	52,818	-	-	-	60,283	-	-	-	60,283
Insurance	643	1,613	807	1,876	21	4,960	1,449	1,530	-	7,939
New Program Development	1,537	3,401	1,265	2,023	50	8,276	3,464	3,657	-	15,397
Miscellaneous	5,156	-	-	-	-	5,156	-	-	-	5,156
Training and Mentoring	432	960	413	3,029	-	4,834	-	-	-	4,834
Depreciation	336	154,001	6,864	6,820	-	168,021	-	-	-	168,021
Catering and Facility Rental	93	205	76	122	3	499	209	221	-	929
	-	-	-	-	-	-	-	-	50,704	50,704
Total Expenses	\$ 204,462	\$ 452,424	\$ 168,295	\$ 269,058	\$ 6,602	\$ 1,100,841	\$ 128,286	\$ 134,839	\$ 50,704	1,414,670
										Less: Direct Cost of Special Events
										<u>(50,704)</u>
										Total Expenses by Function
										\$ 1,363,966

See accompanying Notes to Financial Statements.

**WORLDWIDE ORPHANS FOUNDATION
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 191,351	\$ 213,887
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	929	929
Changes in Operating Assets and Liabilities:		
Contributions and Grants Receivable	(138,612)	(25,839)
Overseas Deposits	53,897	(17,058)
Prepaid Expenses	(11,851)	526
Security Deposits	4,111	1,400
Accounts Payable and Accrued Expenses	(4,198)	16,026
Deferred Revenue	255,000	-
Net Cash Provided by Operating Activities	350,627	189,871
 NET CHANGE IN CASH	 350,627	 189,871
Cash - Beginning of Year	815,752	625,881
 CASH - END OF YEAR	 \$ 1,166,379	 \$ 815,752

See accompanying Notes to Financial Statements.

**WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Worldwide Orphans Foundation (the Organization) is Worldwide Orphans Foundation (the Organization) is a nonprofit organization founded and registered under the laws of the state of New York on September 11, 1997. In 2007, the Organization also registered under the laws of the state of New Jersey. The Organization was organized exclusively for charitable and educational purposes. The mission of the Organization is to educate, heal, and empower children, by embedding trauma-informed, play-based programs in vulnerable communities. The Organization believes that all children should have access to quality, play-based early childhood education, and, to that end, the Organization has created our signature program, Element of Play.

The Organization served over 15,000 children and adults across six countries in 2022, including Bulgaria, Ethiopia, Haiti, Ukraine, the United States, and Vietnam. In Bulgaria, Ukraine, and Vietnam, a partnership network has been developed of professionals trained to implement Element of Play with young children. The Organization provides training and program support to staff from community-based organizations, hospitals, schools, and institutional care settings. The Organization's programs in Ethiopia focus on early intervention, psychosocial support, and positive youth development. The Organization works with ten government preschools, training teachers and implementing play-based learning (Element of Play) for children ages three to six years old. In Haiti, programs focus on community and preschool-based early intervention programs for children from birth to age 8. Youth from the community are trained to deliver the Organization's Element of Play programs, creating opportunities for play, social connection, and educational support. Camp programs in Ethiopia, Haiti, and Vietnam bring opportunities for youth living with serious illnesses to develop skills and build a positive social network. In Vietnam, the Organization implements Element of Play programs in all of its projects and sites to address the pressing psychosocial needs of children through access to play, increasing communication and independence through play, therapy centered on play, and parental interactions and involvement with play. The Organization's Future Skills program reaches vulnerable youth with opportunities to build the necessary skills to move from institutional care to independent living. The Organization is supported through service-learning projects that provide opportunities for those interested in volunteering to donate their time and talent to support each of the country's programs. Partnerships are key to the success of the Organization in each of the countries in which we work. The Organization's primary sources of revenue are contributions and special events.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. Also, other net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

Allowance for Doubtful Accounts

The Organization determines whether an allowance for uncollectible accounts should be provided for contributions and grants receivable. Such estimates are based on management's assessment of the aged basis of its contributions and other sources, current economic conditions, and historical information. Contributions and grants receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. At December 31, 2022 and 2021, management has determined that no allowance for doubtful accounts is necessary.

Property and Equipment

Purchased property and equipment is capitalized at cost. The costs of additions and betterments are capitalized when they exceed \$1,000 and have a useful life of over one year, and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Gifts-in-kind are recorded at estimated fair value at the time of the donation. Leasehold improvements are amortized over the shorter of the remaining term of the lease or the useful life of the improvement utilizing the straight-line method.

Depreciation of equipment, furniture, vehicle and leasehold improvements is provided utilizing the straight-line method over the estimated useful lives of the assets ranging from five to seven years.

Deferred Revenue

In 2022 the Organization received a conditional challenge grant, in which the Organization must fund and match at least the same amount as the grant for purposes described in the contract.

**WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

The remaining unmatched portion shall be deferred revenue until the requirement is met. Once it is matched revenue can be recognized. The balance as of December 31, 2022 and 2021 is \$255,000 and \$-0-, respectively.

Contributions, Gifts, and Grants

The Organization primarily derives its revenue from contributions. Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. When a donor 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 and changes in net assets as net assets released from restrictions. Conditional contributions are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Income Taxes

The Organization is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is not liable for federal and state income taxes.

The Organization follows standards that provide clarification on accounting for uncertainty in income taxes recognized in the Organization's financial statements. The guidance prescribes a recognition threshold and measurement attribute for the recognition and measurement of a tax position taken, or expected to be taken, in a tax return, and also provides guidance on derecognition, classification, interest and penalties, disclosure and transition. The Organization's policy is to recognize interest and penalties on unrecognized tax benefits in income tax expense. No interest and penalties were recorded during 2022 and 2021. At December 31, 2022 and 2021, there are no significant income tax uncertainties.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adoption of New Accounting Standards – Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases.

**WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard – Leases (Continued)

Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, with certain practical expedients available. The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The standard did not have a material impact on the financial statements.

Adoption of New Accounting Standard

In July 2020, the Financial Accounting Standards Board (FASB) issued an accounting standard update (ASU), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. This ASU required organizations to present contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets apart from contributions of cash or other financial assets. Additional disclosure is required regarding the valuation techniques used, as well as any donor restrictions for the contributed nonfinancial assets. The Organization adopted this ASU on January 1, 2022.

Subsequent Events

Subsequent events have been evaluated through November 15, 2023, which is the date the financial statements were available to be issued.

**WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment is as follows:

	<u>2022</u>	<u>2021</u>
Equipment, Furniture and Vehicle	\$ 81,068	\$ 81,068
Leasehold Improvements	269,518	269,518
Total	350,586	350,586
Less: Accumulated Depreciation	(348,725)	(347,796)
Property and Equipment, Net	<u>\$ 1,861</u>	<u>\$ 2,790</u>

NOTE 3 DONATED MATERIALS

The Organization received in-kind contributions of time and pro bono services from members of the community and volunteers related to program operations, special events, and fundraising campaigns. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of donation. All gifts-in-kind received by the Organization were considered without donor restrictions and able to be used by the Organization as determined by management.

During the fiscal years ended December 31, 2022 and 2021 the Organization received the following donated services for professional services.

	<u>2022</u>	<u>2021</u>
Donated Professional Services	<u>\$ 11,206</u>	<u>\$ -</u>

Valuation techniques and inputs utilized in valuing these contributed nonfinancial assets are as follows:

<u>Contributed Nonfinancial Asset</u>	<u>Valuation Techniques and Inputs</u>
Professional services	Estimated based on current rates paid by the Organization for similar services

**WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

The following net assets with donor restrictions were available to support the Organization's specific programs in:

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Ethiopia	\$ 401,854	\$ 380,837
Haiti	104	404
Bulgaria	60,853	22,399
Vietnam	8,951	85,756
Ukraine	128,943	-
Other	8,316	16
Total Net Assets With Donor Restrictions	<u>\$ 609,021</u>	<u>\$ 489,412</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors:

	<u>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions:		
Ethiopia	\$ 159,215	\$ 181,893
Haiti	95,896	92,669
Bulgaria	26,049	20,985
Vietnam	179,728	248,914
Ukraine	59,315	-
Other	26,700	-
Total Net Assets Released from Donor Restrictions	<u>\$ 546,903</u>	<u>\$ 544,461</u>

NOTE 5 CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances in several federally insured financial institutions. From time to time, the Organization's balances may exceed insured limits.

NOTE 6 PENSION PLAN

The Organization entered into a Safe Harbor 401(k) Plan for all eligible employees in January 2011. The Organization matches contributions at 4% based on employee contributions to the plan. Pension expense for the years ended December 31, 2022 and 2021, was \$6,750 and \$3,680, respectively.

**WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 7 FUNCTIONAL EXPENSES

The financial statements contain certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The majority of expenses are allocated based on direct costs, such as salaries, taxes and fees, advertising, printing, and stipends. General and administration allocations for depreciation, rent, supplies, telecommunications, postage, subscriptions and memberships, equipment rental, and benefits are allocated based on the number of employees within a specific program, fundraising, and administration. General and administration allocations for bank fees, insurance, nonprofit advisor fees, meetings/conferences, travel, professional fees, and miscellaneous are allocated based on the percentage of total expenses per program, fundraising, and administration.

NOTE 8 LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations. The Organization's goal is generally to maintain financial assets to meet 30 days of operating expenses.

	<u>2022</u>	<u>2021</u>
Cash	\$ 1,166,379	\$ 815,752
Contributions and Grants Receivable	210,263	71,651
Total Financial Assets	<u>1,376,642</u>	<u>887,403</u>
Less Amounts Not Available to Be Used Within One Year:		
Net Assets With Donor Restrictions	<u>(609,021)</u>	<u>(489,412)</u>
Financial Assets Available to Meet General Expenditures Over The Next 12 Months	<u>\$ 767,621</u>	<u>\$ 397,991</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To alleviate the liquidity deficiency, results of prior operations and net deficit, management intends to increase revenues through fundraising events and donor contributions, review programs for profitability, and continue to manage expenses.

NOTE 9 PAYCHECK PROTECTION PROGRAM

The Organization obtained a Paycheck Protection Program (PPP) loan under the CARES Act in February 2021 for \$67,512. The Organization recorded the PPP funds received as a conditional government grant and recognized revenue when the conditions set forth by the U.S. Small Business Administration (SBA) were satisfied. The Organization received formal forgiveness for the in March 2022. All amounts received under the PPP were recognized as revenue from government grants on the statements of activities and changes in net assets. The SBA reserves the right to audit loan forgiveness six years from the date loan forgiveness was awarded.