

**WORLDWIDE ORPHANS FOUNDATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019



**SOBEL & CO. LLC**

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

# **WORLDWIDE ORPHANS FOUNDATION**

DECEMBER 31, 2020 AND 2019

## CONTENTS

	<b><u>Page</u></b>
Independent Auditors' Report.....	1-2
Financial Statements:	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets .....	4
Statements of Functional Expenses .....	5-6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8-15

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Worldwide Orphans Foundation  
South Orange, New Jersey

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Worldwide Orphans Foundation, a New Jersey and New York nonprofit organization (“Organization”), which comprise the statements of financial position as of December 31, 2020 and 2019, 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.

### ***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.

### ***Auditors’ Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization’s preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020 and 2019, 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.

*Sobel & Co. LLC*

Certified Public Accountants

Livingston, New Jersey  
November 12, 2021

**WORLDWIDE ORPHANS FOUNDATION**  
**STATEMENTS OF FINANCIAL POSITION**

	December 31,	
	2020	2019
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 625,881	\$ 224,487
Contributions and grants receivable	45,812	85,204
Overseas deposits	80,113	115,791
Prepaid expenses	5,230	6,393
Total Current Assets	<u>757,036</u>	<u>431,875</u>
PROPERTY AND EQUIPMENT, NET	<u>3,718</u>	<u>1,298</u>
OTHER ASSETS:		
Security deposits	5,511	5,511
Total Other Assets	<u>5,511</u>	<u>5,511</u>
	<u>\$ 766,265</u>	<u>\$ 438,684</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 11,940	\$ 36,473
Total Liabilities	<u>11,940</u>	<u>36,473</u>
NET (DEFICIT) ASSETS:		
Without donor restrictions	215,574	(250,884)
With donor restrictions	538,751	653,095
Total Net Assets	<u>754,325</u>	<u>402,211</u>
	<u>\$ 766,265</u>	<u>\$ 438,684</u>

## WORLDWIDE ORPHANS FOUNDATION

### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT:</b>						
Contributions, gifts in-kind and grants	\$ 1,160,078	\$ 434,123	\$ 1,594,201	\$ 673,782	\$ 536,067	\$ 1,209,849
Special events	78,264	-	78,264	562,740	-	562,740
Less: Direct cost of special events	(24,469)	-	(24,469)	(218,398)	-	(218,398)
Interest and dividend income	7	-	7	131	-	131
Foreign currency losses	(6,529)	-	(6,529)	(266)	-	(266)
Net assets released from restrictions	548,467	(548,467)	-	462,168	(462,168)	-
Total Revenue and Support	1,755,818	(114,344)	1,641,474	1,480,157	73,899	1,554,056
<b>EXPENSES:</b>						
Program services:						
Ethiopia	234,492	-	234,492	350,843	-	350,843
Vietnam	392,546	-	392,546	502,255	-	502,255
Bulgaria	153,530	-	153,530	150,722	-	150,722
Haiti	245,336	-	245,336	326,699	-	326,699
Serbia	-	-	-	1,078	-	1,078
US	-	-	-	126,219	-	126,219
Supporting services:						
Management and general	116,187	-	116,187	128,417	-	128,417
Fundraising	147,269	-	147,269	208,134	-	208,134
Total Expenses	1,289,360	-	1,289,360	1,794,367	-	1,794,367
CHANGES IN NET ASSETS	466,458	(114,344)	352,114	(314,210)	73,899	(240,311)
NET ASSETS - Beginning of year	(250,884)	653,095	402,211	63,326	579,196	642,522
NET ASSETS - End of year	\$ 215,574	\$ 538,751	\$ 754,325	\$ (250,884)	\$ 653,095	\$ 402,211

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

**WORLDWIDE ORPHANS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services				Total Program Services	Management and General	Fundraising	Direct Cost of Special Events	Total
	Ethiopia	Vietnam	Bulgaria	Haiti					
Salaries	\$ 105,656	\$ 60,263	\$ 97,734	\$ 93,590	\$ 357,243	\$ 76,150	\$ 83,129	\$ -	\$ 516,522
Payroll taxes and employee benefits	26,437	14,807	4,004	13,912	59,160	12,072	12,072	-	83,304
Supplies	50,047	14,411	3,542	52,042	120,042	389	389	-	120,820
Taxes and fees	924	26,455	5,282	34	32,695	-	-	-	32,695
Telecommunications	1,858	3,804	297	3,085	9,044	897	897	-	10,838
Postage and shipping	1,401	399	276	1	2,077	-	-	-	2,077
Development/Dues and Subscriptions	233	390	584	153	1,360	177	4,218	-	5,755
Occupancy	18,201	12,100	5,233	16,598	52,132	1,995	1,995	-	56,122
Equipment rental	3,655	4,111	762	1,205	9,733	2,297	2,297	-	14,327
Printing and publication	683	682	328	1,392	3,085	-	-	-	3,085
Stipends	1,932	-	460	19,517	21,909	-	-	-	21,909
Travel/Auto Expenses	2,161	488	696	10,608	13,953	103	572	-	14,628
Meetings and conferences	129	-	-	8	137	-	-	-	137
Nonprofit advisor fees	4,052	3,502	3,114	3,680	14,348	-	16,413	-	30,761
Professional fees	7,601	13,954	16,098	11,024	48,677	14,688	14,688	-	78,053
Facilities	737	1,453	1,338	549	4,077	-	-	-	4,077
Meals and entertainment	-	458	6,073	-	6,531	-	-	-	6,531
Staff development	-	-	-	606	606	-	-	-	606
School supplies and resources	3,408	56,329	-	-	59,737	-	-	-	59,737
Bank merchant fees	2,308	3,434	1,466	3,015	10,223	3,871	7,051	-	21,145
Insurance	1,530	2,560	1,002	1,584	6,676	3,020	3,020	-	12,716
Miscellaneous	16	2,111	4,715	9,698	16,540	-	-	-	16,540
New program development	1,255	44,956	-	-	46,211	-	-	-	46,211
Training and mentoring	-	125,431	351	2,758	128,540	-	-	-	128,540
Depreciation	268	448	175	277	1,168	528	528	-	2,224
Catering and facility rental	-	-	-	-	-	-	-	24,469	24,469
<b>Total Expenses</b>	<b>\$ 234,492</b>	<b>\$ 392,546</b>	<b>\$ 153,530</b>	<b>\$ 245,336</b>	<b>\$ 1,025,904</b>	<b>\$ 116,187</b>	<b>\$ 147,269</b>	<b>\$ 24,469</b>	<b>\$ 1,313,829</b>
								Less: Direct cost of special events	(24,469)
								<b>Total Functional Expenses</b>	<b>\$ 1,289,360</b>

**WORLDWIDE ORPHANS FOUNDATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2019**

	Program Services						Total Program Services	Management and General	Fundraising	Direct Cost of Special Events	Total
	Ethiopia	Vietnam	Bulgaria	Haiti	Serbia	U.S.					
Salaries	\$ 172,275	\$ 104,155	\$ 100,166	\$ 149,920	\$ 972	\$ 31,214	\$ 558,702	\$ 84,123	\$ 138,816	\$ -	\$ 781,641
Payroll taxes and employee benefits	25,823	27,620	4,096	47,819	30	3,493	108,881	18,909	32,524	-	160,314
Supplies	65,580	38,678	919	17,951	1	10,775	133,904	419	721	-	135,044
Taxes and fees	-	32,160	1,034	-	-	-	33,194	-	-	-	33,194
Telecommunications	1,796	3,238	175	4,397	1	149	9,756	806	1,386	-	11,948
Postage and shipping	-	267	55	-	-	-	322	118	-	-	440
Development/Dues and Subscriptions	-	-	419	-	-	-	419	153	5,565	-	6,137
Occupancy	24,363	27,874	4,471	10,023	2	291	67,024	1,573	2,705	-	71,302
Equipment rental	266	-	-	-	-	-	266	910	-	-	1,176
Printing and publication	1,273	1,124	283	833	-	116	3,629	-	-	-	3,629
Stipends	17,466	-	5,051	22,707	-	1,350	46,574	-	-	-	46,574
Travel/Auto Expenses	11,084	11,043	2,571	47,483	8	953	73,142	2,288	1,622	-	77,052
Meetings and conferences	-	1,093	2,340	-	-	-	3,433	14	-	-	3,447
Nonprofit advisor fees	9,199	35,346	5,068	9,148	25	66,789	125,575	7,482	5,303	-	138,360
Professional fees	8,666	12,726	10,359	7,293	24	2,848	41,916	7,248	5,137	-	54,301
Facilities	-	28,361	-	37	-	-	28,398	-	-	-	28,398
Meals and entertainment	-	-	236	-	-	6,000	6,236	-	-	-	6,236
Staff development	949	-	-	-	-	-	949	-	-	-	949
School supplies and resources	3,748	102,109	-	-	-	-	105,857	-	-	-	105,857
Bank merchant fees	1,012	1,559	687	2,201	3	299	5,761	762	11,713	-	18,236
Insurance	2,813	3,778	1,125	2,456	8	959	11,139	2,441	1,730	-	15,310
Miscellaneous	3,388	3,947	7,101	682	-	-	15,118	-	-	-	15,118
Bad debt expense	1,103	1,686	502	1,096	4	428	4,819	1,089	772	-	6,680
Training and mentoring	-	65,432	4,046	2,614	-	540	72,632	-	-	-	72,632
Depreciation	39	59	18	39	-	15	170	82	140	-	392
Catering and facility rental	-	-	-	-	-	-	-	-	-	218,398	218,398
<b>Total Expenses</b>	<b>\$ 350,843</b>	<b>\$ 502,255</b>	<b>\$ 150,722</b>	<b>\$ 326,699</b>	<b>\$ 1,078</b>	<b>\$ 126,219</b>	<b>\$ 1,457,816</b>	<b>\$ 128,417</b>	<b>\$ 208,134</b>	<b>\$ 218,398</b>	<b>\$ 2,012,765</b>
										Less: Direct cost of special events	<u>(218,398)</u>
										<b>Total Functional Expenses</b>	<b><u>\$ 1,794,367</u></b>



**WORLDWIDE ORPHANS FOUNDATION**  
**STATEMENTS OF CASH FLOWS**

---

	<b>Year Ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS PROVIDED BY (USED FOR):</b>		
<b><u>OPERATING ACTIVITIES:</u></b>		
Changes in net assets	\$ 352,114	\$ (240,311)
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation	2,224	392
Changes in assets and liabilities:		
Contributions and grants receivable	39,392	65,575
Overseas deposits	35,678	(42,061)
Prepaid expenses	1,163	22,588
Security deposits	-	1,400
Accounts payable and accrued expenses	(24,533)	17,744
Net Cash Provided by (Used for) Operating Activities	<u>406,038</u>	<u>(174,673)</u>
<b><u>INVESTING ACTIVITIES:</u></b>		
Purchases of property and equipment	(4,644)	-
Net Cash Used for Investing Activities	<u>(4,644)</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>401,394</b>	<b>(174,673)</b>
<b>CASH:</b>		
Beginning of year	<u>224,487</u>	<u>399,160</u>
End of year	<u><u>\$ 625,881</u></u>	<u><u>\$ 224,487</u></u>

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

---

---

**NOTE 1 - NATURE OF ORGANIZATION:**

---

Worldwide Orphans Foundation (“Organization” or “WWO”) is a not-for-profit 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 education purposes. The mission of the Organization is to transform the lives of orphaned children and help them to become healthy, independent, productive members of their communities and the world. The Organization believes that institutionalized children must be integrated into their own communities and cultures and, to that end, all of the Organization’s programs include orphans and children from the local areas.

The Organization served over 10,000 children and adults across four countries in 2020, including Bulgaria, Ethiopia, Haiti, and Vietnam. In Bulgaria, a partnership network across the country has been developed. WWO provides training and program support to staff from government-run orphanages, group homes, centers for children with disabilities and community-based staff working in vulnerable/marginalized communities. The Organization’s programs in Ethiopia focus on early intervention, psychosocial support, and positive youth development. WWO works with government preschools, training teachers and implementing play-based learning for children ages 3 to 6 years old. In Haiti, programs focus on community and preschool-based early intervention programs for children from birth to age 7. Youth from the community are trained to deliver WWO’s Element of Play programs, creating opportunity for play, social connection, and educational support. Camp programs bring opportunity for youth living with serious illness to develop skills and build a positive social network. In Vietnam, WWO 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. WWO’s Future Skills program reaches vulnerable youth with opportunities to build necessary skills to move from institutional care to independent living. WWO is supported through service-learning projects that provide opportunity 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 WWO in each of the countries in which we work and include a mixture of government-level (Ministry of Education and Social Services), other nonprofit organizations, schools, and hospitals. The Organization’s primary sources of revenue are contributions and special events.

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

---

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

---

***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.

***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, 2020 and 2019, 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.

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

---

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

---

***Property and Equipment: (continued)***

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 5 to 7 years.

***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 change 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 not-for-profit 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 2020 and 2019. At December 31, 2020 and 2019, 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.

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

---

---

---

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

---

***Recent Accounting Pronouncements:***

The FASB issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach is required, and the new standard is applied to all leases existing at the date of initial application. The standard is effective for annual periods beginning after December 15, 2022. The Organization is currently evaluating the effect the new standard will have on the financial statements.

***Subsequent Events:***

The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2020, through November 12, 2021, the date that the financial statements were available to be issued.

---

**NOTE 3 - PROPERTY AND EQUIPMENT:**

---

Property and equipment are as follows:

	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Equipment, furniture and vehicle	\$ 81,068	\$ 80,173
Leasehold improvements	269,518	269,518
	350,586	349,691
Less: Accumulated depreciation	(346,868)	(348,393)
Property and Equipment, Net	<u>\$ 3,718</u>	<u>\$ 1,298</u>

---

**NOTE 4 - LINE OF CREDIT:**

---

During 2017, the Organization entered a demand line of credit with a bank up to the amount of \$600,000. Bank advances on the credit line are payable on demand and carry a variable interest rate which is 2.50% over LIBOR. The credit line requires pledged collateral of the Organization's investment account. The amount available to borrow is equal to the loan value of the pledged collateral, which includes cash, less outstanding loan balance and accrued interest and fees. On October 7, 2020, the line of credit has been closed with the security interest released for the accounts pledged as collateral for the Liquidity Access Line.

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

---

**NOTE 5 - DONATED MATERIALS:**

---

Included in contributions and gifts-in-kind on the statements of activities and changes in net assets are donated materials in the amounts of \$18,301 and \$21,235 for the years ended December 31, 2020 and 2019, respectively.

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS:**

---

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

	<b>Years Ended</b>	
	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Ethiopia	\$ 395,284	\$ 437,547
Haiti	404	404
Bulgaria	31,703	19,751
Vietnam	111,332	190,365
Other	28	5,028
Total Net Assets With Donor Restrictions	<u>\$ 538,751</u>	<u>\$ 653,095</u>

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

	<b>Years Ended</b>	
	<b>December 31,</b>	
	<b>2020</b>	<b>2019</b>
Ethiopia	\$ 207,224	\$ 182,810
Haiti	31,868	22,880
Bulgaria	13,885	9,304
Vietnam	290,490	150,550
Other	5,000	96,624
Total Net Assets Released from Donor Restrictions	<u>\$ 548,467</u>	<u>\$ 462,168</u>

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

---

---

---

**NOTE 7 - 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 8 - PENSION PLAN:**

---

The Organization entered into a Safe Harbor 401(k) Plan for all eligible employees in January 2011. The Organization matches contributions at 3% to 5% based on employee contributions to the plan. Pension expense for the years ended December 31, 2020 and 2019, was \$3,688 and \$11,407, respectively.

---

**NOTE 9 - COMMITMENTS:**

---

***Leases:***

On February 1, 2019, the Organization entered into a new lease for its New Jersey office that expires on January 31, 2021. The Organization leases space in Vietnam under a three year lease that expired on December 31, 2020. The Organization leases a space in Ethiopia under a noncancellable lease agreement that expired August 13, 2020. The Organization leases space in Haiti that expired April 15, 2020.

At December 31, 2020, future minimum lease payments on these leases are as follows:

<b><u>Year Ending</u></b>	
<b><u>December 31,</u></b>	
2021	<u>\$ 2,575</u>

Occupancy expense, including utilities and miscellaneous charges, was \$42,223 and \$61,628 for the years ended December 31, 2020 and 2019, respectively.

**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

---

---

---

**NOTE 10 - 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 11 - SIGNIFICANT RISKS AND UNCERTAINTIES:**

---

The Organization is actively monitoring the COVID-19 outbreak and its potential impact on the employees, volunteers, donors, clients, and operations. It is not known at this time how much effect the virus will have on operations and/ or financial results. The potential impact of COVID-19 is not foreseeable due to various uncertainties, including the severity of the disease, the duration of the outbreak, and actions that may be taken by governmental authorities.

---

**NOTE 12 - LIQUIDITY AND AVAILABILITY:**

---

The following represents the Organization's financial assets as of December 31, 2020 and 2019, 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 (approximately \$162,000).

	<b>2020</b>	<b>2019</b>
Cash	\$ 625,881	\$ 244,487
Contributions and grants receivable	45,812	85,204
Total financial assets	671,693	329,691
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(538,751)	(653,095)
Financial assets available to meet general expenditures over the next 12 months	\$ 132,942	\$ (323,404)

---

---



**WORLDWIDE ORPHANS FOUNDATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

---

---

---

**NOTE 12 - LIQUIDITY AND AVAILABILITY: (Continued)**

---

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.