

WORLDWIDE ORPHANS FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020



SobelCo

Certified Public Accountants & Advisors

WORLDWIDE ORPHANS FOUNDATION

DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Worldwide Orphans Foundation, which comprise the statement of financial position as of December 31, 2021 and 2020, 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 Worldwide Orphans Foundation, as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Worldwide Orphans Foundation, 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 opinions.

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 Worldwide Orphans Foundation's ability to continue as a going concern within one year after the date that 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 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, 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.



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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 Worldwide Orphans 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 Worldwide Orphans 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.



Certified Public Accountants

Livingston, New Jersey
November 21, 2022

WORLDWIDE ORPHANS FOUNDATION
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash	\$ 815,752	\$ 625,881
Contributions and grants receivable	71,651	45,812
Overseas deposits	97,171	80,113
Prepaid expenses	4,704	5,230
Total Current Assets	989,278	757,036
PROPERTY AND EQUIPMENT, NET	2,790	3,718
OTHER ASSETS:		
Security deposits	4,111	5,511
Total Other Assets	4,111	5,511
	\$ 996,179	\$ 766,265
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable and accrued expenses	\$ 27,967	\$ 11,940
Total Liabilities	27,967	11,940
NET ASSETS:		
Without donor restrictions	478,800	215,574
With donor restrictions	489,412	538,751
Total Net Assets	968,212	754,325
	\$ 996,179	\$ 766,265

WORLDWIDE ORPHANS FOUNDATION
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Contributions and gifts in-kind	\$ 584,279	\$ 495,122	\$ 1,079,401	\$ 1,067,516	\$ 434,123	\$ 1,501,639
Grants	67,512	-	67,512	92,562	-	92,562
Special events	484,099	-	484,099	78,264	-	78,264
Less: Direct cost of special events	(50,704)	-	(50,704)	(24,469)	-	(24,469)
Interest and dividend income	504	-	504	7	-	7
Foreign currency losses	(2,959)	-	(2,959)	(6,529)	-	(6,529)
Net assets released from restrictions	544,461	(544,461)	-	548,467	(548,467)	-
Total Revenue and Support	1,627,192	(49,339)	1,577,853	1,755,818	(114,344)	1,641,474
EXPENSES:						
Program services:						
Ethiopia	204,462	-	204,462	234,492	-	234,492
Vietnam	452,424	-	452,424	392,546	-	392,546
Bulgaria	168,295	-	168,295	153,530	-	153,530
Haiti	269,058	-	269,058	245,336	-	245,336
US	6,602	-	6,602	-	-	-
Supporting services:						
Management and general	128,286	-	128,286	116,187	-	116,187
Fundraising	134,839	-	134,839	147,269	-	147,269
Total Expenses	1,363,966	-	1,363,966	1,289,360	-	1,289,360
CHANGES IN NET ASSETS	263,226	(49,339)	213,887	466,458	(114,344)	352,114
NET ASSETS - Beginning of year	215,574	538,751	754,325	(250,884)	653,095	402,211
NET ASSETS - End of year	\$ 478,800	\$ 489,412	\$ 968,212	\$ 215,574	\$ 538,751	\$ 754,325

The accompanying notes are an integral part of these 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	Total
	Ethiopia	Vietnam	Bulgaria	Haiti	US						
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	774	-	1,405	-	-	2,179	-	-	-	2,179	
Development/Dues and subscriptions	904	2,000	1,179	1,189	29	5,301	2,037	6,553	-	13,891	
Occupancy	16,014	-	5,088	11,075	-	32,177	-	-	-	32,177	
Equipment rental	134	-	-	-	-	134	-	-	-	134	
Printing and publication	30	805	654	1,657	1	3,147	69	73	-	3,289	
Slipends	3,047	-	13,822	33,975	-	50,844	-	-	-	50,844	
Travel/Auto expenses	2,710	-	1,985	19,265	-	23,960	-	-	-	23,960	
Nonprofit advisor fees	6,434	10,901	5,782	7,598	6,119	36,834	8,302	8,764	-	53,900	
Professional fees	5,248	12,140	17,186	15,159	150	49,883	10,442	25,704	-	86,029	
Facilities	906	2,116	2,568	705	17	6,312	787	1,274	-	8,373	
Meals and entertainment	285	1,176	2,351	285	-	4,097	-	-	-	4,097	
Staff development	89	1,263	73	4,973	3	6,401	200	211	-	6,812	
School supplies and resources	7,465	52,818	-	-	-	60,283	-	-	-	60,283	
Bank merchant fees	643	1,613	807	1,876	21	4,960	1,449	1,530	-	7,939	
Insurance	1,537	3,401	1,265	2,023	50	8,276	3,464	3,657	-	15,397	
New program development	5,156	-	-	-	-	5,156	-	-	-	5,156	
Miscellaneous	432	960	413	3,029	-	4,834	-	-	-	4,834	
Training and mentoring	336	154,001	6,864	6,820	-	168,021	-	-	-	168,021	
Depreciation	93	205	76	122	3	499	209	221	-	929	
Catering and facility rental	-	-	-	-	-	-	-	-	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 (50,704)
Total Functional Expenses \$ 1,363,966

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	Services					
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	
Total Expenses	\$ 234,492	\$ 392,546	\$ 153,530	\$ 245,336	\$ 1,025,904	\$ 116,187	\$ 147,269	\$ 24,469	\$ 1,313,829	

Less: Direct cost of special events (24,469)

Total Functional Expenses \$ 1,289,360

WORLDWIDE ORPHANS FOUNDATION**STATEMENTS OF CASH FLOWS**

	Year Ended December 31,	
	2021	2020
CASH FLOWS PROVIDED BY:		
OPERATING ACTIVITIES:		
Changes in net assets	\$ 213,887	\$ 352,114
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation	929	2,224
Changes in assets and liabilities:		
Contributions and grants receivable	(25,839)	39,392
Overseas deposits	(17,058)	35,678
Prepaid expenses	526	1,163
Security deposits	1,400	-
Accounts payable and accrued expenses	16,026	(24,533)
Net Cash Provided by Operating Activities	<u>189,871</u>	<u>406,038</u>
INVESTING ACTIVITIES:		
Purchases of property and equipment	-	(4,644)
Net Cash Used for Investing Activities	<u>-</u>	<u>(4,644)</u>
NET INCREASE IN CASH	189,871	401,394
CASH:		
Beginning of year	<u>625,881</u>	<u>224,487</u>
End of year	<u>\$ 815,752</u>	<u>\$ 625,881</u>

WORLDWIDE ORPHANS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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 orphans and vulnerable children and help them to become healthy, independent, productive members of their communities and the world. The Organization believes that all children should have access to quality, play-based early childhood education and, to that end, WWO has created our signature program, Element of Play.

The Organization served over 12,000 children and adults across four countries in 2021, including Bulgaria, Ethiopia, Haiti, and Vietnam. In Bulgaria and Vietnam, a partnership network has been developed of professionals trained to implement Element of Play with young children. WWO 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. WWO works with government preschools, training teachers and implementing play-based learning (Element of Play) 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 8. 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 in Ethiopia, Haiti and Vietnam 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. The Organization’s primary sources of revenue are contributions and special events.

WORLDWIDE ORPHANS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, 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 5 to 7 years.

WORLDWIDE ORPHANS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

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

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 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 2021 and 2020. At December 31, 2021 and 2020, 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.

Recent Accounting Pronouncements:

The Financial Accounting Standards Board issued an accounting pronouncement, *Leases*, which requires lessees to recognize a right-of-use asset and lease liability on the statement of financial position for all leases with a term longer than 12 months. Under this new pronouncement, a modified retrospective transition approach or a cumulative-effect adjustment transition approach may be used, and the new standard is applied to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date, or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The standard is effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the effect the new standard will have on the financial statements.

WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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

Subsequent Events:

The Organization has evaluated events subsequent to the statement of financial position date as of December 31, 2021, through November 21, 2022, the date that the financial statements were available to be issued.

Reclassification:

Certain amounts have been reclassified in the 2020 financial statements to conform to the 2021 presentation. This has no effect on the change in net assets.

NOTE 3 - PROPERTY AND EQUIPMENT:

Property and equipment is as follows:

	December 31,	
	2021	2020
Equipment, furniture and vehicle	\$ 81,068	\$ 81,068
Leasehold improvements	269,518	269,518
	<u>350,586</u>	<u>350,586</u>
Less: Accumulated depreciation	(347,796)	(346,868)
Property and Equipment, Net	<u>\$ 2,790</u>	<u>\$ 3,718</u>

NOTE 4 - 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 fund-raising 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, 2021 and 2020, the Organization received the following donated services for professional services.

	December 31,	
	2021	2020
Donated professional services	\$ -	\$ 18,301

WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS:

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

	Year Ended	
	December 31,	
	2021	2020
Ethiopia	\$ 380,837	\$ 395,284
Haiti	404	404
Bulgaria	22,399	31,703
Vietnam	85,756	111,332
Other	16	28
Total Net Assets		
With Donor Restrictions	<u>\$ 489,412</u>	<u>\$ 538,751</u>

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

	Year Ended	
	December 31,	
	2021	2020
Ethiopia	\$ 181,893	\$ 207,224
Haiti	92,669	31,868
Bulgaria	20,985	13,885
Vietnam	248,914	290,490
Other	-	5,000
Total Net Assets Released		
from Donor Restrictions	<u>\$ 544,461</u>	<u>\$ 548,467</u>

NOTE 6 - 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.

WORLDWIDE ORPHANS FOUNDATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE 7 - 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, 2021 and 2020, was \$3,680 and \$3,688, respectively.

NOTE 8 - COMMITMENTS:

Leases:

On February 1, 2019, the Organization entered into a new lease for its New Jersey office that expired 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, 2022. The Organization leases space in Haiti that expires April 15, 2022. The Organization leases a space in Bulgaria that expires December 31, 2021.

At December 31, 2022, future minimum lease payments on these leases are as follows:

<u>December 31,</u>	
2022	<u>\$ 10,083</u>

Occupancy expense, including utilities and miscellaneous charges, was \$24,559 and \$42,223 for the years ended December 31, 2021 and 2020, respectively.

NOTE 9 - 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.

WORLDWIDE ORPHANS FOUNDATION
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

NOTE 10 - 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 11 - LIQUIDITY AND AVAILABILITY:

The following represents the Organization’s financial assets as of December 31, 2021 and 2020, 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>2021</u>	<u>2020</u>
Cash	\$ 815,752	\$ 625,881
Contributions and grants receivable	71,651	45,812
Total financial assets	887,403	671,693
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>(489,412)</u>	<u>(538,751)</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 397,991</u>	<u>\$ 132,942</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 12 - PAYCHECK PROTECTION PROGRAM:

The Organization obtained a Paycheck Protection Program (“PPP”) loan under the CARES Act in May 2020 for \$92,562 and 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 first loan in March 2021, and forgiveness for the second loan 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.