INTERNATIONAL SAMARITAN AND SUBSIDIARY

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2022 and 2021

INTERNATIONAL SAMARITAN AND SUBSIDIARY

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of International Samaritan and Subsidiary

Opinion

We have audited the accompanying financial statements of International Samaritan and Subsidiary (an Ohio nonprofit "Organization"), which comprise the statements of financial position as of December 31, 2022, and the related consolidated 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 the Organization as of December 31, 2022, and the results of its operations 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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.

Report on Summarized Comparative Information

We have previously audited International Samaritan and Subsidiary’s 2021 consolidated financial statements and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material aspects, with the audited financial statements for which it has been derived.

UHY LLP

Ann Arbor, Michigan
May 6, 2024

INTERNATIONAL SAMARITAN AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS		
Cash	**$ 501,386**	$ 1,551,377
Prepaid expenses	**27,191**	89,817
Total current assets	**528,577**	1,641,194
Investments	**18,918,214**	23,493,072
Cash surrender value - life insurance policy	**157,095**	138,744
Property and equipment, net	**317,973**	323,331
Total assets	**$ 19,921,859**	$ 25,596,341
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	**$ 42,469**	$ 29,991
Accrued payroll	**21,578**	16,624
Accrued expenses	**2,541**	-
Deposits	**34,625**	37,800
Total liabilities	**101,213**	84,415
Without donor restrictions		
Undesignated	**221,432**	1,759,385
Board-designated for endowment	**18,918,214**	23,493,072
Total net assets without donor restrictions	**19,139,646**	25,252,457
With donor restrictions	**681,000**	259,469
Total net assets	**19,820,646**	25,511,926
Total liabilities and net assets	**$ 19,921,859**	$ 25,596,341

See notes to consolidated financial statements.

INTERNATIONAL SAMARITAN AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

Year ended December 31, 2022 (with comparative totals for year ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Donations				
Public	$ -	$ 1,653,001	$ 1,653,001	$ 1,281,641
Scholarships	-	415,761	415,761	250,197
Non-cash donations	170,252	-	170,252	145,751
Fundraising events	227,929	-	227,929	92,262
Direct education program				
– service immersion income	11,536	-	11,536	-
Miscellaneous income	1,026	-	1,026	44
Total revenues and support	410,743	2,068,762	2,479,505	1,769,895
Net assets released from restrictions	1,647,231	(1,647,231)	-	-
	2,057,974	421,531	2,479,505	1,769,895
EXPENSES				
Program services	3,895,169	-	3,895,169	3,197,976
Fundraising	243,601	-	243,601	214,262
Administrative	307,970	-	307,970	254,469
Total expenses	4,446,740	-	4,446,740	3,666,707
CHANGE IN NET ASSETS FROM OPERATIONS	(2,388,766)	421,531	(1,967,235)	(1,896,812)
OTHER CHANGES IN NET ASSETS				
Net investment return (loss)	(3,724,045)	-	(3,724,045)	2,714,315
CHANGE IN NET ASSETS	(6,112,811)	421,531	(5,691,280)	817,503
Net Assets, beginning of year	25,252,457	259,469	25,511,926	24,694,423
Net Assets, end of year	$ 19,139,646	$ 681,000	$ 19,820,646	$ 25,511,926

INTERNATIONAL SAMARITAN AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
Year ended December 31, 2022 (with comparative totals for year ended December 31, 2021)

	Program Services					Supporting Services				
	Education	Service Immersions	Capital Improvements	Other Programs	Total Program	Administrative Expenses	Fundraising Activities	Total Supporting	2022 Total	2021 Total
Payroll and related	$ 300,301	$ 77,664	$ 134,618	$ 5,178	$ 517,761	$ 98,691	$ 156,325	$ 255,016	$ 772,777	$ 748,161
Grants and special assistance	607,145	713,145	280,801	100,741	1,701,832	-	-	-	1,701,832	1,097,042
Scholarships	1,022,572	-	-	-	1,022,572	-	-	-	1,022,572	960,114
International team/admin/facilities	626,829	-	-	-	626,829	-	-	-	626,829	630,148
Direct education program	24,170	-	-	-	24,170	-	-	-	24,170	-
Marketing	-	-	-	-	-	4,524	26,761	31,285	31,285	24,219
Insurance premiums	-	-	-	-	-	29,389	-	29,389	29,389	19,509
Event Expenses	-	-	-	-	-	1,102	59,578	60,680	60,680	46,610
Occupancy	-	-	-	-	-	60,173	-	60,173	60,173	42,363
Office	-	-	-	-	-	26,140	825	26,965	26,965	25,052
Depreciation and amortization	-	-	-	-	-	20,166	-	20,166	20,166	20,588
Professional services	-	-	-	-	-	48,002	-	48,002	48,002	42,102
Professional development	2,005	-	-	-	2,005	1,894	112	2,006	4,011	7,178
Conference and meetings	-	-	-	-	-	16,204	-	16,204	16,204	2,057
Travel	-	-	-	-	-	-	-	-	-	706
Miscellaneous	-	-	-	-	-	1,153	-	1,153	1,153	762
Taxes	-	-	-	-	-	532	-	532	532	96
Total expenses	$ 2,583,022	$ 790,809	$ 415,419	$ 105,919	$ 3,895,169	$ 307,970	$ 243,601	$ 551,571	$ 4,446,740	$ 3,666,707

See notes to consolidated financial statements.

INTERNATIONAL SAMARITAN AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31, 2022	2021
OPERATING ACTIVITIES		
Change in net assets	**$ (5,691,280)**	$ 817,503
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**20,166**	20,588
Non-cash stock contribution	**(72,517)**	(102,195)
Realized and unrealized (gain) loss on investments	**4,201,341**	(2,094,863)
Increase in cash surrender value - life insurance policy	**(18,351)**	(28,212)
Change in operating assets and liabilities:		
Pledges receivable	**-**	1,000,000
Prepaid expenses	**62,626**	(62,332)
Accounts payable	**12,478**	(3,437)
Accrued payroll	**4,954**	(5,642)
Accrued expenses	**2,541**	-
Deposits	**(3,175)**	-
Net cash used in operating activities	**(1,481,217)**	(458,590)
INVESTING ACTIVITIES		
Purchase of property and equipment	**(14,808)**	(21,052)
Proceeds from sale of investments	**2,445,701**	2,130,873
Purchase of investments	**(1,999,667)**	(1,552,124)
Net cash provided by investing activities	**431,226**	557,697
Net change in cash	**(1,049,991)**	99,107
Cash, Beginning	**1,551,377**	1,452,270
Cash, Ending	**$ 501,386**	$ 1,551,377
NON-CASH INVESTING ACTIVITY		
Stock contributions	**$ 72,517**	$ 102,195

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of the consolidated financial statements for International Samaritan and Subsidiary (the “Organization”). The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Organization

International Samaritan, (“International”), is a not-for-profit Ohio corporation incorporated on May 12, 1995. International’s mission is to provide educational opportunities, improve living conditions, and raise consciousness of the living conditions in areas of severe poverty in foreign countries. International raised funds for an endowment fund to provide these services on a long-term basis.

On December 19, 2013, International established International Samaritan Foundation, LLC (the “Foundation”), a 100% controlled subsidiary. The purpose of the Foundation is to support the International.

The Organization’s support and funding primarily comes from members of the Board of Trustees.

Principles of Consolidation

The accompanying consolidated financial statements reflect the consolidated assets and liabilities, changes in net assets, and cash flows of the International and the Foundation (collectively, the "Organization"). All significant interrelated transactions have been eliminated in consolidation.

Basis of Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the FASB *Accounting Standards Codification (ASC)*.

The financial statements of the Association have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Association 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 Trustees.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

> **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.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that can affect certain reported amounts and disclosures. Actual results could differ from these estimates.

Concentrations and Credit Risk

The Organization occasionally maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions. Management has deemed this as a normal business risk.

The Organization's investments are held in a diversified portfolio with no concentrations of market risk. No other financial instruments expose the Organization to concentrations of credit risk or market risk.

The Organization receives a substantial portion of its revenue from a select number of individuals who are also members of the Organization. The Organization is aware that it will need to adjust its programs if a significant reduction of the current level of revenues occurs.

Cash equivalents

The Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Investments

The Organization records its investments in marketable equity securities in accordance with ASC topic *Not-for-Profit Entities Investments*. Investments are stated at fair values based upon quoted market prices using prevailing financial market information. Realized gains and losses represent the difference between the proceeds received and the cost of investments sold. Unrealized gains and losses represent the change in the market value of the investments during the year.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Accounts and Pledges Receivable and Allowance

Accounts and pledges receivable are stated net of an allowance for doubtful accounts. Management believes all receivables are collectible as the majority of the amounts due come from the board members. The Organization does not require collateral for its accounts or pledges receivable. There was no allowance for doubtful accounts for accounts and pledges receivable at December 31, 2022 and 2021.

Property and Equipment

Property and equipment purchased by the Organization is carried on its books at cost. Property and equipment donated to the Organization has been recorded at its estimated value at the date of receipt by the Organization. Expenditures for major betterments and additions are charged to the property accounts, while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred. Depreciation and amortization are computed on the straight-line basis over the estimated useful lives of three to thirty-nine years.

Gains or losses from the sale of property and equipment are recorded in the consolidated statement of activities.

Long-Lived Assets

The Organization evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Deposits

Deposits consist of monies received related to program events (mission trips to other countries) that will occur in the subsequent fiscal year.

Revenue Recognition

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as revenue and support with donor restrictions. Investment income that is limited to specific uses by donor restrictions is reported as increases in net assets without donor restrictions if the restrictions are met in the same reporting period as the income is recognized.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Pledges receivable in the accompanying consolidated statement of financial position consist of unconditional promises to give, which are recorded at their net realizable value at the time the promises are received. These promises to give are reflected as either current or long-term pledges receivable on the consolidated statement of financial position.

Revenue Recognition for Contracts with Customers

The Organization's revenue stream under contracts with customer is comprised of service immersion income received in conjunction with education program trips from the schools that partner with the Organization. The Organization performs an analysis to determine if service immersion income constitute separate performance obligations. The Organization's revenue is recognized when a given performance obligation is satisfied. The revenue is recognized at a given point in time when the control of the goods or service is transferred to the customer. The transaction price is calculated as the amount of consideration to which the Organization expects to be entitled (such as price of trips). The following explains the performance obligations related to the revenue stream and how it is recognized.

Service immersion income – The Organization recognizes the service income at the time that the trip occurs.

Functional Expenses

The costs of providing program and support services are reported on a functional basis in the statements of functional expense. Direct identifiable expenses are charged to programs and supporting services accordingly. Common costs are allocated among program and supporting service activities on the basis of planned resource usage established by management. Certain expenses have been allocated between programs on various bases and estimates. Although methods of allocation used are considered appropriate, other methods could be used that would produce different results.

Comparative Consolidated Financial Statements

The consolidated financial statements include certain prior year summarized comparative information in total, but not by net assets class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2021, from which the summarized information was derived.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Income Taxes

International Samaritan and Subsidiary is a non-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and therefore, is not subject to tax under Federal income tax laws.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold an income tax position is required to meet before being recognized in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the consolidated financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2022 and 2021, there were no uncertain tax positions that require accrual.

The Organization believes that it has been operating within its tax-exempt status and has no unrelated business income.

Recently Adopted Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board issued accounting standards update ("ASU") 2016-02 "Leases (Topic 842)". Under this guidance, an entity is required to recognize right-of-use ("ROU") assets and lease liabilities on its statement of financial position and disclose key information about leasing arrangements.

The Organization adopted the new standard effective January 1, 2022, using the modified retrospective approach. This approach allows the Organization to initially apply the new accounting standards at the adoption date and recognize a cumulative adjustment to the opening balance of net assets in the period of adoption. The adoption of the new standard had no impact on the opening balance of net assets on the adoption date. Management determined the adoption of the standard was immaterial to the financial statements as a whole.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement (Continued)

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on an entity's policies on contributed nonfinancial assets about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021. The Organization adopted the ASU 2020-07 effective January 1, 2022. Management performed an assessment of the Organization's contributed nonfinancial assets and determined the adoption of the standard had no impact for the Organization for the year ended December 31, 2022.

Marketing

The cost of marketing are expensed as incurred. Marketing expense was $31,285 and $24,219 for the years ended December 31, 2022 and 2021, respectively.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

	December 31, 2022	December 31, 2021
Financial assets		
Cash and cash equivalents	$ 501,386	$ 1,551,377
Board designated endowment	18,008,334	22,308,022
	18,509,720	23,859,399
Amounts not available for general use		
Net assets with donor restrictions	(681,000)	(259,469)
Financial assets available to meet general expenditures within one year	$ 17,828,720	$ 23,599,930

The Organization's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the statement of financial position date and amounts set aside for long-term investing in endowments.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – INVESTMENTS

Investments were comprised of the following:

	December 31, 2022	December 31, 2021
Equity funds	$ 11,800,466	$ 14,673,334
Bond funds	6,207,868	7,634,688
Catholic Foundation of Michigan Endowment	879,784	1,157,990
Asdurbal Barroso Medical Scholarship Endowment	30,096	27,060
	$ 18,918,214	$ 23,493,072

The following schedule summarizes the net investment earnings (losses) included in the consolidated statement of activities:

	December 31, 2022	December 31, 2021
Dividend and interest income	$ 425,414	$ 760,400
Investment fees	(129,225)	(140,948)
Realized and unrealized gains (losses)	(4,020,234)	2,094,863
Investment return, net	$ (3,724,045)	$ 2,714,315

NOTE 4 – FAIR VALUE MEASUREMENTS

ASC topic *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the abilities to access.

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Equity funds: Valued at the net asset value of shares held by the Organization at year end.

Bond funds: Valued at the net asset value of shares held by the Organization at year end.

Catholic Foundation of Michigan and Asdurbal Barroso Medical Scholarship Endowments:
Valued at accumulated unit value of units held by the Organization at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity funds	$ 19,883	$ -	$ -	$ 19,883
Bond funds	-	17,988,451	-	17,988,451
Catholic Foundation of Michigan Endowment	-		879,784	879,784
Asdurbal Barroso Medical Scholarship Endowment	-		30,096	30,096
Net assets at fair value	$ 19,883	$ 17,988,451	$ 909,880	$ 18,918,214

	December 31, 2021			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity funds	$ 14,673,334	$ -	$ -	$ 14,673,334
Bond funds	-	7,634,688	-	7,634,688
Catholic Foundation of Michigan Endowment	-		1,157,990	1,157,990
Asdurbal Barroso Medical Scholarship Endowment	-		27,060	27,060
Net assets at fair value	$ 14,673,334	$ 7,634,688	$ 1,185,050	$ 23,493,072

NOTE 5 – BOARD-DESIGNATED ENDOWMENTS

The Organization's endowment consists of individual funds established to fulfill its mission statement. Its endowment includes funds designated by the Board of Trustees to function as endowments. As required by accounting principles generally accepted in the United States of America, 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.

NOTE 5 – BOARD-DESIGNATED ENDOWMENTS (Continued)

Interpretation of Relevant Law

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. There are no such donor-restricted endowment funds. As a result of this interpretation, the Organization would retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

The Board of Trustees has determined that the majority of the Organization's contributions are subject to the terms of its governing documents. Certain contributions are received subject to other gift instruments or are subject to specific agreements with the Organization. Under the terms of the Organization's governing documents, the Board of Trustees has the ability to distribute as much of the original principal of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. As a result of the ability to distribute the original principal, all contributions not classified as without donor restrictions are classified as net assets with donor restrictions for financial statement purposes.

NOTE 5 – BOARD-DESIGNATED ENDOWMENTS (Continued)

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Trustees, 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, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and bond securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5%, while growing the funds if possible. Therefore, the Organization expects its endowment assets, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy

The Organization has a policy establishing a predisposition toward reinvesting income of the endowment fund, subject to the needs of the Organization for additional general operational funds from time to time. The Organization's spending policy currently does not have a provision allowing for any distribution from donor-restricted endowment funds.

Changes in endowment net assets are as follows:

	Year ended December 31,	
	2022	2021
Board-designated net assets, beginning of year	$ 23,493,072	$ 21,874,763
Net investment return	(3,724,499)	2,714,100
Contributions	80,542	102,195
Expenditures	(930,901)	(1,197,986)
Board-designated net assets, end of year	$ 18,918,214	$ 23,493,072

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 2022	December 31, 2021
Buildings and improvements	$ 354,554	$ 351,742
Furniture and equipment	138,072	126,076
	492,626	477,818
Less: accumulated depreciation and amortization	174,653	154,487
	$ 317,973	$ 323,331

Depreciation and amortization expense was $20,166 and $20,588 for the years ended December 31, 2022 and 2021, respectively.

NOTE 7 – NET ASSETS – WITH DONOR RESTRICTIONS:

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

	December 31, 2022	December 31, 2021
Education	$ 665,833	$ 232,469
Other	15,167	27,000
	$ 681,000	$ 259,469

Net assets with donor restrictions were released from restricted for the following purposes:

	December 31, 2022	December 31, 2021
Education	$ 1,629,848	$ 1,268,091
Other	17,383	1,713
	$ 1,647,231	$ 1,269,804

NOTE 8 – CASH SURRENDER VALUE OF LIFE INSURANCE

During the year ended December 31, 2015, the Organization purchased insurance on the life of an unrelated party. The unrelated party donated the funds to pay the policy premiums, and will continue to do so, on an ongoing basis. As beneficiary, the Organization receives the cash surrender value if the policy is terminated and, upon death of the insured, receives all benefits payable. Cash value of life insurance is reported in the financial statements net of policy loans and surrender charges. Cash surrender value was $157,095 and $138,744 as of December 31, 2022 and 2021, respectively, and was recorded as assets on the statement of financial position.

NOTE 9 – OPERATING LEASES

The Organization leases certain equipment through lease agreements. The remaining leases expire March 2023 and August 2024 with monthly payments of $346 and $373. Total lease expense for the years ended December 31, 2022 and 2021 was $14,807 and $11,241, respectively.

NOTE 10 – RELATED PARTY TRANSACTIONS

The Organization receives a substantial amount of its support from various members of the Board. Contribution revenue from the related parties was $1,493,825 and $904,806 for the years ended December 31, 2022 and 2021, respectively.

A board member is the owner of SJS investments, which manages the Organization's investments. The Organization paid SJS investments $115,039 and $124,706 for investment services for the fiscal years of 2022 and 2021, respectively.

NOTE 12 – SUBSEQUENT EVENTS

The Organization has performed a review of events subsequent to the consolidated statement of financial position through May 6, 2024, the date the consolidated statements were available to be issued.

Subsequent to year end, the financial markets have experienced significant levels of volatility that caused a decline in the market value of the investments. While such declines may be temporary, investment values are subject to market fluctuations and the timing of any recovery is unknown at the present time.