INTERNATIONAL SAMARITAN AND SUBSIDIARY

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2023 and 2022

INTERNATIONAL SAMARITAN AND SUBSIDIARY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
International Samaritan and Subsidiary

Opinion

We have audited the accompanying consolidated financial statements of International Samaritan and Subsidiary (an Ohio nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 audit. 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 2022 consolidated financial statements and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 6, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material aspects, with the audited consolidated financial statements from which it has been derived.

UHY LLP

Farmington Hills, Michigan
February 3, 2025

INTERNATIONAL SAMARITAN AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	**$ 383,157**	$ 455,889
Prepaid expenses	**22,266**	27,191
Total current assets	**405,423**	483,080
PROPERTY AND EQUIPMENT, NET	**301,417**	317,973
OTHER ASSETS		
Investments, at fair value	**20,052,813**	18,053,831
Beneficial interest in assets held by community foundation	**898,681**	909,880
Cash surrender value of life insurance	**179,418**	157,095
Total other assets	**21,130,912**	19,120,806
Total assets	**$ 21,837,752**	$ 19,921,859
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	**$ 84,600**	$ 42,469
Accrued expenses and other	**57,747**	58,744
Total current liabilities	**142,347**	101,213
NET ASSETS		
Without donor restrictions		
Undesignated	**723,744**	175,935
Designated by the Board for endowment	**20,918,293**	18,930,510
	21,642,037	19,106,445
With donor restrictions		
Purpose restrictions	**53,368**	714,201
Total net assets	**21,695,405**	19,820,646
Total liabilities and net assets	**$ 21,837,752**	$ 19,921,859

See notes to consolidated financial statements.

INTERNATIONAL SAMARITAN AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
Year ended December 31, 2023 (with summarized financial information for the year ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Contributions				
Public	$ 2,765,392	$ 205,905	$ 2,971,297	$ 1,750,736
Scholarships	-	454,005	454,005	415,761
In-kind contributions	217,082	-	217,082	72,517
Special events	1,742	-	1,742	227,929
Direct education program – service immersion income	131,992	-	131,992	11,536
Miscellaneous income	5,006	-	5,006	1,026
Total revenues and support	3,121,214	659,910	3,781,124	2,479,505
Net assets released from restrictions	1,320,743	(1,320,743)	-	-
	4,441,957	(660,833)	3,781,124	2,479,505
EXPENSES				
Program services	4,118,888	-	4,118,888	3,895,169
Fundraising	292,148	-	292,148	243,601
Administrative	428,904	-	428,904	307,970
Total expenses	4,839,940	-	4,839,940	4,446,740
CHANGE IN NET ASSETS FROM OPERATIONS	(397,983)	(660,833)	(1,058,816)	(1,967,235)
OTHER INCOME (EXPENSE)				
Net investment return	2,743,196	-	2,743,196	(3,724,045)
Employee retention credit income	190,379	-	190,379	-
Total other income (expense)	2,933,575	-	2,933,575	(3,724,045)
CHANGE IN NET ASSETS	2,535,592	(660,833)	1,874,759	(5,691,280)
NET ASSETS, Beginning of year	19,106,445	714,201	19,820,646	25,511,926
NET ASSETS, End of year	$ 21,642,037	$ 53,368	$ 21,695,405	$ 19,820,646

See notes to consolidated financial statements.

INTERNATIONAL SAMARITAN AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2023 (with summarized financial information for year ended December 31, 2022)

	Program Services					Supporting Services				
	Education	Service Immersions	Capital Improvements	Other Programs	Total Program	Administrative Expenses	Fundraising Activities	Total Supporting	2023 Total	2022 Total
Payroll and related	$ 317,607	$ 82,140	$ 142,375	$ 5,476	$ 547,598	$ 101,664	$ 172,078	$ 273,742	$ 821,340	$ 772,777
Grants and special assistance	389,403	347,468	452,516	-	1,189,387	-	-	-	1,189,387	1,610,973
Office	-	-	-	-	-	36,883	4,914	41,797	41,797	26,965
Direct education program – service immersion	211,538	-	-	-	211,538	-	-	-	211,538	39,004
Scholarships and school support	1,281,590	-	-	-	1,281,590	-	-	-	1,281,590	1,066,572
International team/admin/facilites	521,033	268,007	89,336	8,934	887,310	-	-	-	887,310	658,854
Fundraising		-	-	-	-	1,071	61,523	62,594	62,594	60,680
Property taxes		-	-	-	-	17,640	-	17,640	17,640	532
Marketing		-	-	-	-	9,274	53,633	62,907	62,907	31,285
Professional services		-	-	-	-	136,950	-	136,950	136,950	48,002
Insurance premiums		-	-	-	-	26,001	-	26,001	26,001	29,389
Professional development	1,465	-	-	-	1,465	1,465	-	1,465	2,930	4,011
Depreciation and amortization	-	-	-	-	-	20,305	-	20,305	20,305	20,166
Conference and meetings	-	-	-	-	-	7,957	-	7,957	7,957	16,204
Occupancy	-	-	-	-	-	65,475	-	65,475	65,475	60,173
Miscellaneous	-	-	-	-	-	4,219	-	4,219	4,219	1,153
Total Expense	$ 2,722,636	$ 697,615	$ 684,227	$ 14,410	$ 4,118,888	$ 428,904	$ 292,148	$ 721,052	$ 4,839,940	$ 4,446,740

See notes to consolidated financial statements.

INTERNATIONAL SAMARITAN AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years ended December 31, 2023	2022
OPERATING ACTIVITIES		
Change in net assets	**$ 1,874,759**	$ (5,691,280)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	**20,305**	20,166
Donated stock	**(217,082)**	(72,517)
Realized and unrealized (gain) loss on investments	**(2,250,804)**	3,926,171
Change in beneficial interest in assets held by community foundation	**11,199**	275,170
Cash surrender value of life insurance	**(22,323)**	(18,351)
Change in operating assets and liabilities:		
Prepaid expenses	**4,925**	62,626
Accounts payable	**42,131**	12,478
Accrued expenses and other	**(997)**	4,320
Net cash used in operating activities	**(537,887)**	(1,481,217)
INVESTING ACTIVITIES		
Purchases of property and equipment	**(3,749)**	(14,808)
Proceeds from sale of investments	**8,144,260**	2,459,887
Purchase of investments	**(7,675,356)**	(1,987,526)
Net cash provided by investing activities	**465,155**	457,553
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(72,732)**	(1,023,664)
CASH AND CASH EQUIVALENTS, Beginning	**455,889**	1,479,553
CASH AND CASH EQUIVALENTS, Ending	**$ 383,157**	$ 455,889

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

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% owned subsidiary. The purpose of the Foundation is to support International.

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

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of the consolidated financial statements. 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.

Principles of Consolidation

The consolidated financial statements include the accounts of International and the Foundation (collectively, the "Organization"). All material intercompany transactions have been eliminated in consolidation.

Comparative Consolidated Financial Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's audited consolidated financial statements for the year ended December 31, 2022, from which the summarized information was derived.

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)*.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

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 consolidated financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of 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.

Approximately 58% of the Organization’s revenue is derived from one major contributor. It is always considered reasonably possible that contributors might be lost in the near term.

Cash and Cash Equivalents

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

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment purchased by the Organization are stated at cost. Donated property and equipment are recorded at approximate fair value on the date of donation. Expenditures for major betterments and additions are capitalized, while replacements, maintenance and repairs which do not improve or extend the life of the respective assets are expensed as incurred. Depreciation and amortization of property and equipment is computed on a straight-line basis over the estimated useful lives of the assets, which range from three to thirty-nine years.

Long-Lived Assets

The Organization evaluates long-lived assets including property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used are measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flow expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flow, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset.

Investments

Investments are stated at fair value 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. Investment returns are presented net of investment fees.

Revenue Recognition

Unconditional contributions are recognized when pledged and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give, that is those with a measurable performance or other barrier, and a right of return or release, are not recognized until the conditions on which they depend have been substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction.

Functional Allocation of Expenses

The costs of providing program and support services are reported on a functional basis in the consolidated 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.

Marketing

The cost of marketing is expensed as incurred. Marketing expense was $62,907 and $31,285 for the years ended December 31, 2023 and 2022, respectively.

Income Taxes

The Organization is a non-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and accordingly, no provision has been made for such taxes.

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, 2023 and 2022, there were no uncertain tax positions that require accrual.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Coronavirus Aid Relief and Economic Securities Act ("CARES ACT")

The CARES Act contains a business relief provision, known as the employee retention payroll tax credit, to encourage businesses to keep employees on their payroll. This refundable tax credit was 50% of up to $10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19 through December 31, 2020. Effective January 1, 2021, this refundable payroll tax credit was 70% of up to $10,000 in wages paid by an eligible employer whose business has been financially impacted by COVID-19 for each quarter.

The Organization recognized total employee retention tax credits of $190,379 for the year ended December 31, 2023.

Reclassifications

Certain reclassifications were made to the 2022 consolidated financial statements to conform to the 2023 presentation. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Organization has performed a review of events subsequent to December 31, 2023 through February 3, 2025, the date the consolidated financial statements were available to be issued.

NOTE 3 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Financial assts available for general expenditures, that is, without donor restrictions limiting their use, within one year of the date of the consolidated statements of financial position, comprise the following at December 31:

	2023	2022
Cash and cash equivalents	$ 383,157	$ 455,889
Endowment	20,052,813	18,053,831
	$ 20,435,970	$ 18,509,720

Income from donor-restricted endowments and funds is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term and intermediate-term fixed income instruments and equity instruments.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 2023	December 31, 2022
Buildings and improvements	$ 357,791	$ 354,554
Furniture and equipment	138,584	138,072
	496,375	492,626
Less: accumulated depreciation and amortization	(194,958)	(174,653)
	$ 301,417	$ 317,973

Depreciation and amortization expense was $20,305 and $20,166 for the years ended December 31, 2023 and 2022, respectively.

NOTE 5 – BENEFICIAL INTREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Organization has established “The Asdrubal Barroso Medical Scholarship Endowment Fund” with the Catholic Foundation of Michigan (the “Catholic Foundation”). International Samaritan is the beneficiary of this fund. Distributions will be made from the fund as scholarships meeting the requirements are granted. The fair market value of the assets held in the fund at December 31, 2023 and 2022 were $32,487 and $30,096, respectively. In accordance with generally accepted accounting principles for transfers of assets to a not-for-profit organization that raises or holds contributions, $33,201 of the assets have been recorded as a component of net assets with donor restrictions within the consolidated statements of financial position at December 31, 2023 and 2022, as the donations were made directly to the Organization and later transferred to the Catholic Foundation.

The Organization has also established a general endowment, the “International Samaritan Endowment Fund” with the Catholic Foundation. The Catholic Foundation holds and invests funds contributed on behalf of the Organization in perpetuity, distributing a percentage of funds it holds in the Organization annually if it so chooses. The fair market value of the assets held in the fund at December 31, 2023 and 2022 were $866,194 and $879,784, respectively.

NOTE 5 – BENEFICIAL INTREST IN ASSETS HELD BY COMMUNITY FOUNDATION (Continued)

The Organization has transferred assets to the Catholic Foundation which is holding them as an endowed component fund for the benefit of the Organization. Distributions from the fund shall be made to support the Organization's work in developing nations helping people to break out of poverty. The Fund is subject to the Catholic Foundation's investment and spending policies. The Catholic Foundation's Board of Directors shall determine the percentage of the assets of the fund that may be distributed each year, which may change from year to year. In addition to the annual distribution noted above, the Catholic Foundation may distribute each year up to an additional 5% of the fund.

The Organization has granted variance power to the Catholic Foundation, which allows the Catholic Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Catholic Foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The funds held with the Catholic Foundation are reported at fair value in the consolidated statements of financial position, with distributions and changes in fair value recognized in the consolidated statements of activities.

NOTE 6 – ENDOWMENT

The Organization's endowment consists of an individual fund and investment securities established for the purpose to fulfill its mission statement. Its net assets are Board designated assets. As required by accounting principles generally accepted in the United States of America, net assets are classified and reported based on the existence or absence of donor-imposed restrictions.

Changes in endowment net assets are as follows:

	Years ended December 31,	
	2023	2022
Board-designated endowment net assets, beginning of year	$ 18,053,831	$ 22,379,846
Net investment return	2,762,818	(3,410,976)
Contributions	2,368,082	1,600,000
Distributions	(3,020,000)	(2,400,000)
Expenditures	(111,918)	(115,039)
Board-designated endowment net assets, end of year	$ 20,052,813	$ 18,053,831

NOTE 6 – ENDOWMENT (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 6 – ENDOWMENT (Continued)

Investment and Spending Policies

The Organization has adopted investment and spending policies, approved by the Board of Trustees, for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment funds while seeking to maintain the purchasing power of those endowment assets. Endowment assets include those assets that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the market indices while assuming a moderate level of investment mix. The Organization expects its endowment fund, over time, to produce an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

The Organization uses a spending-rate formula for US operations only to determine the maximum amount to spend form the Endowment, including those endowments deemed to be underwater, each year. The rate, determined and adjusted from time to time by the Board of Trustees, is applied to the average fair value of the Endowment investments for the prior 12 quarters each year to determine the US spending amount for the upcoming year.

NOTE 7 – FAIR VALUE MEASUREMENTS

ASC topic *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy, which 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) and the lowest priority to unobservable inputs (Level 3). 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 7 – 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.

The following table presents the Organization's assets measured at fair value on a recurring basis:

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Endowment investments				
Cash and cash equivalents	$ 229,313	$ -	$ -	$ 229,313
Mutual funds	19,823,500	-	-	19,823,500
	$ 20,052,813	$ -	$ -	$ 20,052,813
Beneficial interest in community foundation	$ -	$ -	$ 898,681	$ 898,681

NOTE 7 – FAIR VALUE MEASUREMENTS (Continued)

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Endowment investments				
Cash and cash equivalents	$ 45,497	$ -	$ -	$ 45,497
Mutual funds	18,008,334	-	-	18,008,334
	$ 18,053,831	$ -	$ -	$ 18,053,831
Beneficial interest in community foundation	$ -	$ -	$ 909,880	$ 909,880

The beneficial interest in assets held at the Foundation has been valued, as a practical expedient, at the fair value of the Organization's share of the Foundation's investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the Foundation are determined by the management of the Foundation and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a readily market existed for these investments.

The following table represents a reconciliation of the activities for Level 3 assets:

	2023
Balance at January 1	$ 909,880
Contributions	-
Change in value of investment	1,236
Fees paid	(12,435)
	$ 898,681

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

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

	December 31,	
	2023	2022
Education	$ 38,201	$ 699,034
Other	15,167	15,167
	$ 53,368	$ 714,201

Net assets released from restrictions by incurring expenses satisfying the restricted purpose specified by the donors for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Education	$ 1,262,083	$ 1,629,848
Other	58,660	17,383
	$ 1,320,743	$ 1,647,231

NOTE 9 – 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 $2,424,670 and $1,493,825 for the years ended December 31, 2023 and 2022, respectively.

The Secretary of the Board is the owner of SJS investments, which manages the Organization’s investments. The Organization paid SJS investments $111,915 and $115,039 for investment services for the years ended December 31, 2023 and 2022, respectively.