

**WORLD EMERGENCY RELIEF  
DBA CHILDREN'S FOOD FUND AND NATIVE  
AMERICAN EMERGENCY RELIEF**

*FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT*

December 31, 2020 and 2019



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1230 West Washington St., Ste. 401  
Tempe, AZ 85281

 602-306-4800

 602-274-1313

 [www.HaynieCPAs.com](http://www.HaynieCPAs.com)

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
World Emergency Relief, dba Children's Food Fund  
and Native American Emergency Relief

### **Opinion**

We have audited the accompanying financial statements of World Emergency Relief, dba Children's Food Fund and Native American Emergency Relief (a California nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, 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 World Emergency Relief, dba Children's Food Fund and Native American Emergency Relief ("the Organization") as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **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.



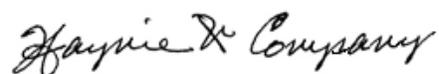
## **Auditor's Responsibilities for the Audit of the Financial Statements**

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.



Haynie & Company  
Tempe, Arizona  
October 7, 2021

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*STATEMENTS OF FINANCIAL POSITION*

December 31,

	2020	2019
<b>ASSETS</b>		
<i>Current Assets</i>		
Cash	\$ 301,201	\$ 199,864
Pledges receivable, net	11,555	11,356
Accounts receivable, net	25,000	-
Bequest receivable	50,000	27,829
Prepaid expense	1,363	6,258
Total Current Assets	389,119	245,307
<i>Property and Equipment, net</i>	6,898	1,438
<i>Other Assets</i>		
Investments	59,153	56,932
Security deposits	2,142	2,142
Total Other Assets	61,295	59,074
Total Assets	\$ 457,312	\$ 305,819
<b>LIABILITIES AND NET ASSETS</b>		
<i>Current Liabilities</i>		
Accounts payable	\$ 30,756	\$ 23,216
Accrued expenses	22,808	21,117
Total Current Liabilities	53,564	44,333
<i>Net Assets</i>		
Without donor restrictions	346,659	232,515
With donor restrictions	57,089	28,971
Total Net Assets	403,748	261,486
Total Liabilities and Net Assets	\$ 457,312	\$ 305,819

*See accompanying notes to financial statements*

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*STATEMENT OF ACTIVITIES*  
For the Year Ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<i><b>Revenue, Gains, and Other Support</b></i>			
Gifts-in-kind	\$ 11,036,814	\$ -	\$ 11,036,814
Contributions	571,566	180,000	751,566
Bequests	51,000	-	51,000
Facilitator fees	15,000	-	15,000
Investment gain	3,400	-	3,400
Net assets released from retribution	151,882	(151,882)	-
	<u>11,829,662</u>	<u>28,118</u>	<u>11,857,780</u>
<i><b>Expenses</b></i>			
Program services	11,328,530	-	11,328,530
Management services	146,549	-	146,549
Fundraising services	240,439	-	240,439
	<u>11,715,518</u>	<u>-</u>	<u>11,715,518</u>
Change in Net Assets	114,144	28,118	142,262
<i><b>Net Assets, Beginning of Year</b></i>	<u>232,515</u>	<u>28,971</u>	<u>261,486</u>
<i><b>Net Assets, End of Year</b></i>	<u>\$ 346,659</u>	<u>\$ 57,089</u>	<u>\$ 403,748</u>

*See accompanying notes to financial statements*

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*STATEMENT OF ACTIVITIES*  
For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<i><b>Revenue, Gains, and Other Support</b></i>			
Gifts-in-kind	\$ 9,619,232	\$ -	\$ 9,619,232
Contributions	408,193	75,402	483,595
Bequests	12,446	-	12,446
Facilitator fees	33,000	-	33,000
Investment gain	14,705	-	14,705
Net assets released from retribution	46,431	(46,431)	-
	<u>10,134,007</u>	<u>28,971</u>	<u>10,162,978</u>
<i><b>Expenses</b></i>			
Program services	9,817,271	-	9,817,271
Management services	147,636	-	147,636
Fundraising services	255,454	-	255,454
	<u>10,220,361</u>	<u>-</u>	<u>10,220,361</u>
Change in Net Assets	(86,354)	28,971	(57,383)
<i><b>Net Assets, Beginning of Year</b></i>	<u>318,869</u>	<u>-</u>	<u>318,869</u>
<i><b>Net Assets, End of Year</b></i>	<u>\$ 232,515</u>	<u>\$ 28,971</u>	<u>\$ 261,486</u>

*See accompanying notes to financial statements*

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*STATEMENT OF FUNCTIONAL EXPENSES*  
For the Year Ended December 31, 2020

	Program Services				Supporting Services		Total
	Domestic Relief	Native American Emergency Relief	International Relief	Total Program Services	Management	Fundraising	
Gifts-in-kind	\$ 8,784,158	\$ 1,248,192	\$ 1,004,464	\$ 11,036,814	\$ -	\$ -	\$ 11,036,814
Domestic freight	135,966	26,770	-	162,736	-	-	162,736
Direct mail expenses	-	-	-	-	-	133,924	133,924
Officer's compensation	9,791	19,386	19,777	48,954	39,501	37,909	126,364
Salaries and wages	1,330	2,633	2,686	6,649	12,628	24,178	43,455
Grants	7,170	27,186	6,310	40,666	-	-	40,666
Professional fees	-	-	-	-	25,000	-	25,000
Accounting	-	-	-	-	24,450	-	24,450
Rent expense	1,580	3,129	623	5,332	4,525	5,193	15,050
List rental	-	-	-	-	-	13,582	13,582
International shipping fees	-	-	12,918	12,918	-	-	12,918
Payroll taxes	614	1,217	1,241	3,072	3,436	4,870	11,378
Insurance	614	1,216	1,241	3,071	3,434	4,867	11,372
Computer expense	601	1,190	1,215	3,006	3,362	4,764	11,132
Licenses and fees	-	-	-	-	9,500	-	9,500
Bank fees	-	-	-	-	7,358	-	7,358
Advertising	-	-	-	-	-	6,140	6,140
Utilities	370	732	746	1,848	1,775	2,037	5,660
Lease expense	283	560	571	1,414	1,582	2,242	5,238
Office expenses	-	-	-	-	2,345	-	2,345
Legal fees	-	-	-	-	2,275	-	2,275
Office postage	-	-	-	-	1,842	-	1,842
Procurement fees	-	-	1,418	1,418	-	-	1,418
Travel	-	-	101	101	1,221	-	1,322
Depreciation	62	123	125	310	346	490	1,146
Dues and subscriptions	-	-	-	-	1,141	-	1,141
Repairs and maintenance	44	88	89	221	212	243	676
Conferences and meetings	-	-	-	-	310	-	310
Contract labor	-	-	-	-	158	-	158
Miscellaneous expense	-	-	-	-	148	-	148
	<u>\$ 8,942,583</u>	<u>\$ 1,332,422</u>	<u>\$ 1,053,525</u>	<u>\$ 11,328,530</u>	<u>\$ 146,549</u>	<u>\$ 240,439</u>	<u>\$ 11,715,518</u>

*See accompanying notes to financial statements*

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*STATEMENT OF FUNCTIONAL EXPENSES*  
For the Year Ended December 31, 2019

	Program Services				Supporting Services		Total
	Domestic Relief	Native American Emergency Relief	International Relief	Total Program Services	Management	Fundraising	
Gifts-in-kind	\$ 797,292	\$ 392,400	\$ 8,429,540	\$ 9,619,232	\$ -	\$ -	\$ 9,619,232
Direct mail expenses	-	-	-	-	-	155,610	155,610
Officer's compensation	9,695	19,197	19,585	48,477	39,117	37,541	125,135
International shipping fees	-	-	54,582	54,582	-	-	54,582
Salaries and wages	1,130	2,237	2,281	5,648	10,728	20,540	36,916
Accounting	-	-	-	-	28,721	-	28,721
Domestic freight	5,550	21,395	-	26,945	-	-	26,945
Professional fees	-	-	-	-	24,000	-	24,000
Grants	-	6,411	21,608	28,019	-	-	28,019
Rent expense	2,032	4,022	3,582	9,636	5,816	6,675	22,127
List rental	-	-	-	-	-	13,329	13,329
Payroll taxes	605	1,198	1,221	3,024	3,383	4,794	11,201
Licenses and fees	-	-	-	-	8,986	-	8,986
Travel	-	-	6,721	6,721	1,625	-	8,346
Insurance	427	845	861	2,133	2,385	3,381	7,899
Office expenses	-	-	-	-	1,988	-	1,988
Procurement fees	-	341	6,775	7,116	-	-	7,116
Computer expense	353	699	712	1,764	1,972	2,795	6,531
Bank fees	-	-	-	-	5,914	-	5,914
Lease expense	311	615	628	1,554	1,738	2,463	5,755
Utilities	363	719	733	1,815	1,743	2,000	5,558
Advertising	-	-	-	-	-	5,474	5,474
Conferences and meetings	-	-	-	-	4,440	-	4,440
Office postage	-	-	-	-	2,399	-	2,399
Miscellaneous expense	-	-	-	-	1,461	-	1,461
Depreciation	48	96	98	242	271	384	897
Repairs and maintenance	44	88	89	221	213	244	678
Dues and subscriptions	-	-	-	-	578	-	578
Employee benefits	28	56	58	142	158	224	524
	<u>\$ 817,878</u>	<u>\$ 450,319</u>	<u>\$ 8,549,074</u>	<u>\$ 9,817,271</u>	<u>\$ 147,636</u>	<u>\$ 255,454</u>	<u>\$ 10,220,361</u>

*See accompanying notes to financial statements*

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
**STATEMENTS OF CASH FLOWS**  
For the Years Ended December 31,

	<b>2020</b>	<b>2019</b>
<b><i>Cash Flows from Operating Activities:</i></b>		
Cash received from donors and grantors	\$ 770,196	\$ 551,521
Cash paid to suppliers, grantees and employees	(663,432)	(626,416)
Interest income	17	170
Dividend income	1,162	1,189
	107,943	(73,536)
<b><i>Net Cash Provided By (Used In) Operating Activities</i></b>		
<b><i>Cash Flows from Investing Activities:</i></b>		
Security deposit	-	(102)
Purchase of property & equipment	(6,606)	-
	(6,606)	(102)
<b><i>Net Cash (Used In) Investing Activities</i></b>		
Net Increase (Decrease) in Cash	101,337	(73,638)
<b><i>Beginning Cash</i></b>	<b>199,864</b>	<b>273,502</b>
<b><i>Ending Cash</i></b>	<b>\$ 301,201</b>	<b>\$ 199,864</b>
<b><i>Reconciliation of Changes in Net Assets to Net Cash Provided By (Used In) Operating Activities:</i></b>		
Increase (Decrease) in net assets	\$ 142,262	\$ (57,383)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,146	897
Unrealized (gain) on investments	(2,221)	(14,922)
(Increase) Decrease in operating assets		
Pledges receivable	(199)	4,698
Accounts receivable	(25,000)	16,611
Bequest receivable	(22,171)	1,171
Prepaid expenses	4,895	34
Increase (Decrease) in operating liabilities		
Accounts payable	7,540	(19,356)
Accrued expenses	1,691	(5,286)
	107,943	(73,536)
<b><i>Net Cash Provided By (Used In) Operating Activities</i></b>		
<b><i>Supplemental Disclosures</i></b>		
Noncash Operating transactions:		
Gifts-in-kind - received	\$ 11,036,814	\$ 9,619,232
Gifts-in-kind - donated	\$ (11,036,814)	\$ (9,619,232)
Bequested securities - received	\$ -	\$ 24,402

*See accompanying notes to financial statements*

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*NOTES TO FINANCIAL STATEMENTS*

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Activities*

World Emergency Relief, dba Children's Food Fund and Native American Emergency Relief, the "Organization," is a nonprofit international organization incorporated December 14, 1985, in the State of California. The Organization is dedicated to alleviating the suffering of human beings by providing humanitarian relief and developmental aid to people marginalized by geography, harmed by natural disaster, war, armed conflict, exploitation, physical or mental abuse, or economic deprivation. To that end, the Organization is committed to address children's critical needs of water, food, healthcare, education, and child safety, as well as the requirements of their families and communities, "giving children a living chance."

The Organization's current relief programs consist of:

*US Relief:*

*Domestic Relief* - provides financial assistance as well as food, medicine and other essential goods to those that would otherwise do without.

*Native American Emergency Relief* - provides financial and gifts-in-kind relief to Native American populations where poverty and third-world conditions are often overlooked.

*International Relief:*

*Humanitarian Aid/Children's Food Fund* - provides safe water to strengthen public health and welfare, food to starving children and vulnerable populations, medicines to hospitals and clinics, and mixed relief supplies to poor, orphaned and refugee populations as well as for disaster response worldwide.

*Financial Assistance* – supports various international organizations and projects to provide critical needs of water, food, healthcare, education, and child safety.

*Basis of Presentation*

The 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 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 directors.

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*NOTES TO FINANCIAL STATEMENTS*

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Basis of Presentation (Cont'd)*

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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

See Note K for more information on the composition of net assets with donor restrictions.

*Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

*Donated Assets*

Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

*Cash and Cash Equivalents*

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

*Contributions*

Contributions received 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*NOTES TO FINANCIAL STATEMENTS*

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to account receivable. Accounts receivable as of December 31, 2020 and 2019, were \$25,000 and \$10,000, respectively. Amounts estimated to be uncollectible as of December 31, 2020 and 2019, were \$0 and \$10,000, respectively.

*Bequests Receivable*

Direct gifts of assets are recorded at their estimated fair value as public support (bequest or contribution revenue) when the Organization has received an unconditional promise to give. Subsequent adjustments to the fair value are recognized as public support consistent with the initial recording of the gift. The Organization considers a bequest unconditional when the probate court declares the testamentary instrument valid and the amount to be received can be reasonably estimated and the payments probable. Bequests receivable as of December 31, 2020 and 2019, were \$50,000 and \$27,829, respectively.

*Property and Equipment*

The Organization capitalizes all expenditures for property and equipment that materially prolong the useful life of an asset in excess of \$500. Property and equipment is carried at cost or fair value at the date of donation. Depreciation is recognized using the straight-line method over the assets' estimated five-to-seven-year useful lives.

*Investments*

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

*Income Taxes*

The Organization is a public charity, nonprofit organization as defined in the Internal Revenue Code Section 501(c)(3) and is therefore exempt from federal and state income taxes. It is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*NOTES TO FINANCIAL STATEMENTS*

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Income Taxes (Cont'd)*

in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The Organization has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

*Use of Estimates*

The preparation of financial statements in conformity 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Fair Value Measurements*

Fair value is defined as the price the Organization would receive upon selling an asset in an orderly transaction to an independent buyer in the principal market of the asset. A three-tier hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Observable inputs are those that reflect assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are those that reflect the reporting entity's own assumptions in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
  - Quoted prices for similar assets/liabilities in active markets;
  - Quoted prices for identical or similar assets in non-active markets;
  - Inputs other than quoted prices that are observable for the asset/liability; and,
  - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data. Inputs that are unobservable, including the Organization's own assumptions in determining the fair value of assets such as published catalogs, vendors, independent appraisals, and other sources. Methods such as estimates, averages, or computational approximations, such as average value per pound or subsequent sales can be used.

In some cases, inputs used to measure fair value might fall in different levels of the fair value hierarchy. In such cases, the level within which the asset falls is determined based on the lowest level input that is significant to the asset in its entirety.

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*NOTES TO FINANCIAL STATEMENTS*

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Gifts-in-Kind*

The Organization receives gifts-in-kind, such as humanitarian aid, medicines, food and hygiene items, and clothing for use in its programs. Gifts-in-kind revenue is recognized in circumstances in which the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with FASB ASC 958, Not-For-Profit Entities: Revenue Recognition - Contributions. Accordingly, the recognition of gifts-in-kind revenue is limited to circumstances in which the Organization takes constructive possession of the gifts-in-kind and the Organization is the recipient of the gift, rather than as an agent or intermediary.

Gifts-in-kind received through donations are valued and recorded as revenue at their fair value at the time the contribution is received. Fair value is based on the marketplace use of the asset, and thus for measurement purposes, the highest and best use of a gift-in-kind takes into account the uses of the asset. Typically, gifts-in-kind have a base utility or use that has future economic benefit or service potential.

The following methods were used for valuing gifts-in-kind:

- Medicines – medication contributions legally permissible for sale in the United States are valued using a hierarchy of pricing inputs that approximates wholesale prices in the United States, level 2 inputs.
- Humanitarian aid, Food items, Hygiene items and Clothing – independent studies were performed to determine the fair market value of humanitarian aid, food items, hygiene and clothing using level 3 inputs. The studies were based on the type of items received and distributed, weight, and value using websites or other resources due to lack of observable market data.

In circumstances in which the Organization is functioning as an agent or intermediary with respect to the gifts-in-kind, the Organization reports an asset and corresponding liability measured at the fair value at the earlier of the time the goods are promised or received from the resource provider, and until the Organization remits the gifts-in-kind to the ultimate beneficiary.

Gifts-in-kind expense is recorded when the goods are distributed for program use. While it is the Organization's policy to distribute gifts-in-kind as promptly as possible, undistributed gifts-in-kind is recorded as inventory. The inventory is valued using the same methodologies discussed above. The Organization believes that this approximates the lower of cost or net realizable value.

The Organization had no inventory at December 31, 2020 and 2019.

*Facilitator Fees*

Facilitator fees consist of charges to other international organizations to assist with coordinating logistics, communication and gathering international shipping documentation for gifts-in-kind projects. Facilitator fees collected for the years ended December 31, 2020, and 2019, were \$15,000 and \$33,000, respectively.

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*NOTES TO FINANCIAL STATEMENTS*

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Advertising Costs

Advertising costs are expensed as incurred. For the years ended December 31, 2020 and 2019, advertising costs were \$6,140 and \$5,474, respectively.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salaries, employee benefits, and taxes	Time and effort
Rent	Square footage
Lease expenses	Time and effort
Computer expense	Time and effort
Insurance	Time and effort
Utilities	Square footage
Depreciation	Time and effort
Repairs and maintenance	Square footage

Procurement Fees

Procurement fees consist of the costs to administer and coordinate the shipping of the Organization's gifts-in-kind projects. The Organization expenses procurement fees as they are incurred. Procurement fees, for the years ended December 31, 2020 and 2019, were \$1,418 and \$7,116, respectively.

Domestic and International Shipping Costs

Shipping and freight costs for the domestic and international transportation of gifts-in-kind are expensed as incurred. For the years ended December 31, 2020 and 2019, shipping costs were \$175,654 and \$81,527, respectively.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**WORLD EMERGENCY RELIEF**  
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*NOTES TO FINANCIAL STATEMENTS*

**NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*New Accounting Pronouncement*

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 which is a comprehensive revenue recognition standard that superseded nearly all existing revenue recognition guidance under prior U.S. GAAP and replaced it with a principles-based approach for determining revenue recognition. The Organization adopted this new revenue recognition standard along with its related amendments in the prior year, with retro-active application, and has updated their accounting policy for revenue recognition. As expected, the adoption of this new standard did not impact their consolidated financial position, operating results, or their net assets.

*Date of Management's Review*

In preparing the financial statements, the Organization's management has evaluated events and transactions for potential recognition or disclosure through October 7, 2021, the date the financial statements were available for issuance.

**NOTE B – AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at December 31,:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 301,201	\$ 199,864
Pledges receivable, net	11,555	11,356
Accounts receivable, net	25,000	-
Bequest receivable	<u>50,000</u>	<u>27,829</u>
Total Financial Assets	\$ 387,756	\$ 239,049
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>\$ 57,089</u>	<u>\$ 28,971</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 330,667</u>	<u>\$ 210,078</u>

The Organization has no formal liquidity policy but strives to maintain financial assets to meet six months of normal operating expenses (excluding gifts-in-kind) (approximately \$340,000). The Organization strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*NOTES TO FINANCIAL STATEMENTS*

**NOTE C - PLEDGES RECEIVABLE**

Pledges receivable consisted of the following at December 31,:

	<u>2020</u>	<u>2019</u>
Federated Campaign Pledges	\$ 19,258	\$ 18,927
Less: 35% shrinkage	<u>(7,703)</u>	<u>(7,571)</u>
	<u>\$ 11,555</u>	<u>\$ 11,356</u>

The allowance for shrinkage is an estimate based on historical performance, federation estimates, and projection of trends.

**NOTE D - SIGNIFICANT ACCOUNTING ESTIMATES**

The Organization participates in the Combined Federal Campaign (CFC) in which federal employees are eligible to participate by selecting one or more charitable organizations to receive donations as a payroll deduction from the employee's compensation. The amount of pledges to eventually be collected is an estimate. Management estimates shrinkage of approximately 35% for the years ended December 31, 2020 and 2019, from what was pledged to what is eventually collected. Based on the history of the Organization and CFC, management believes this reasonably states the true net value of what it will receive. While it is at least reasonably possible that the estimate will change materially in the near term, no estimate can be made of the range of additional adjustments that is possible.

**NOTE E - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31,:

	<u>2020</u>	<u>2019</u>
Property, plant and equipment	\$ 20,585	\$ 13,979
Furniture and fixtures	<u>18,378</u>	<u>18,378</u>
	38,963	32,357
Accumulated depreciation	<u>(32,065)</u>	<u>(30,919)</u>
	<u>\$ 6,898</u>	<u>\$ 1,438</u>

Depreciation expense, for the years ended December 31, 2020 and 2019, was \$1,146 and \$897, respectively.

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*NOTES TO FINANCIAL STATEMENTS*

**NOTE F – INVESTMENTS**

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, see Note A – *Fair Value Measurements*.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available. Level 3 inputs would only be used if Level 1 or Level 2 inputs were not available. There are no assets requiring the use of Levels 2 or 3 inputs for the periods presented.

The investments are held in a brokerage account with a major investment management firm. The investments are all valued as level 1 hierarchy. Within the account, the funds are invested in various securities and as noted below. The investments are carried at fair market which is the value at which they are actively traded.

The following is a summary of investments at December 31,:

	<b>2020</b>	<b>2019</b>
Publicly traded stock	\$ 59,153	\$ 56,932

The Organization’s investments (including dividends, interest, realized gains and losses on investments bought and sold, as well as held during the year) appreciated by \$3,400 and \$14,705 during the years ended December 31, 2020 and 2019, respectively.

**NOTE G - ACCRUED EXPENSES**

Accrued expenses consisted of the following at December 31,:

	<b>2020</b>	<b>2019</b>
Accrued vacation	\$ 21,597	\$ 21,117
Accrued payroll	1,211	-
	\$ 22,808	\$ 21,117

**NOTE H – PAYCHECK PROTECTION PROGRAM**

In response to the COVID-19 pandemic in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In May 2020, the Organization was granted a PPP loan for \$28,157. The PPP loan contained conditions to maintain employment levels and use the funds for certain payroll, rent and utility expenses. The Organization initially recorded the loan as a note payable. The note had an interest rate of 1%, with the first six months of interest deferred. The Organization believes it used all of the loan proceeds for qualifying expenses and in May 2021 received approval of its application for the loan to be forgiven. As such, the Organization recognized the loan as contribution revenue in the year ended December 31, 2020.

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**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*NOTES TO FINANCIAL STATEMENTS*

**NOTE I - COMMITMENTS**

In July 2013, the Organization entered into a lease agreement for office space under a twenty-four month operating lease, expiring in July 2015. The Organization has since renewed the lease annually for twelve months with a current expiring of July 2022. Monthly rent expense for the office has increased and is currently \$1,103. The Organization also leases a warehouse and storage unit on a month-to-month basis. Total rent expense, for the warehouse and storage unit, for the years ended December 31, 2020 and 2019, was \$14,427 and \$18,545, respectively.

The Organization entered into a lease agreement for office equipment for a term of sixty-three months, expiring June 2019. A new lease was executed in 2019 with an expiration date in March 2024. Basic monthly lease expense for these leases ranges from \$378 to \$898. Total lease expense, for the years ended December 31, 2020 and 2019, was \$5,238 and \$5,755, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2020, are:

<u>Years ending December 31.:</u>	<u>Payments</u>
2021	\$ 18,465
2022	12,753
2023	4,532
2024	1,133
2025	-
	<u>\$ 36,883</u>

**NOTE J - GIFTS-IN-KIND**

Gifts-in-kind consisted of the following for the year ended December 31, 2020:

	<u>Humanitarian</u>		<u>Medicines</u>		<u>Food Items</u>		<u>Hygiene</u>		<u>Total</u>
	<u>Aid</u>						<u>Items</u>		
Undistributed Gifts-in-kind Inventory, Beginning of year	\$ -		\$ -		\$ -		\$ -		\$ -
Gifts-in-kind: Donations		-		-	1,351,492		9,685,322		11,036,814
Gifts-in-kind distributed: Distributed to other organizations: Contributions	-		-		(1,351,492)		(9,685,322)		(11,036,814)
Undistributed Gifts-in-kind Inventory, End of year	<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>		<u>\$ -</u>

**WORLD EMERGENCY RELIEF**  
**DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF**  
*NOTES TO FINANCIAL STATEMENTS*

**NOTE J - GIFTS-IN-KIND (CONT'D)**

The donations were received from the following sources for the year ended December 31, 2020:

<u>Sources</u>	<u>Total</u>	<u>Contribution</u>	<u>Agency Transactions</u>
Non-profit organizations	\$ 1,351,492	\$ 1,351,492	\$ -
Private corporations	9,685,322	9,685,322	-
Total Donations	<u>\$ 11,036,814</u>	<u>\$ 11,036,814</u>	<u>\$ -</u>

Gifts-in-kind consisted of the following for the year ended December 31, 2019:

	<u>Humanitarian Aid</u>	<u>Medicines</u>	<u>Food Items</u>	<u>Hygiene Items</u>	<u>Total</u>
Undistributed Gifts-in-kind Inventory, Beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -
Gifts-in-kind: Donations	2,811,325	4,063,637	1,623,803	1,120,465	9,619,230
Gifts-in-kind distributed: Distributed to other organizations: Contributions	<u>(2,811,325)</u>	<u>(4,063,637)</u>	<u>(1,623,803)</u>	<u>(1,120,465)</u>	<u>(9,619,230)</u>
Undistributed Gifts-in-kind Inventory, End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The donations were received from the following sources for the year ended December 31, 2019:

<u>Sources</u>	<u>Total</u>	<u>Contribution</u>	<u>Agency Transactions</u>
Non-profit organizations	\$ 6,565,965	\$ 6,565,965	\$ -
Private corporations	3,053,265	3,053,265	-
Total Donations	<u>\$ 9,619,230</u>	<u>\$ 9,619,230</u>	<u>\$ -</u>

**WORLD EMERGENCY RELIEF**  
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*NOTES TO FINANCIAL STATEMENTS*

**NOTE J - GIFTS-IN-KIND (CONT'D)**

Gifts-in-kind descriptions and valuations consisted of the following for the years ended December 31, 2020 and 2019:

<b>Cargo Type</b>	<b>Utilization in Programs/Activities</b>	<b>Donor Restrictions</b>	<b>Valuation Techniques &amp; Input</b>
Humanitarian Aid: Mixed Category Including, Medical Supplies, and Clothing	Domestic & International: Disaster Relief & Long-term assistance to underserved populations	No associated donor restrictions except in the case of donor specified disaster relief.	The Organization estimates values based on third party, wholesale validation for specific items where verifiable for humanitarian aid. Third party, wholesale validation by weight for medical supplies. Third party, wholesale validation for new clothing and thrift store valuation by weight for used. If no reasonable source of valuation is available, WER will recognize the items at a \$0 value.
Medicines	International: Medical Support, Long- term Relief & Disaster Relief	Restricted to use outside the United States.	The Organization estimates are based on Wholesale Acquisition Cost price validation.
Food	Domestic & International: Nutritional Support, Long-term Relief & Disaster Relief	No associated donor restrictions except in the case of donor specified disaster relief.	The Organization estimates are based on 3rd party wholesale validation and/or average foodbank valuation based on weight.
Hygiene and Health	Domestic & International: Disaster Relief & Long-term assistance to underserved populations.	No associated donor restrictions except in the case of donor specified disaster relief.	The Organization estimates are based on 3rd party wholesale validation.

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**NOTE K – RESTRICTIONS ON NET ASSETS**

Net assets with donor restrictions are available for the following purposes or periods for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Specific Purpose		
Shipping costs for gifts-in-kind shipments	\$ 57,089	\$ 28,971

Net assets released from net assets with donor restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Satisfaction of Purpose Restrictions		
Shipping	95,156	21,029
Covid-19 Relief	50,000	-
Hurricane Dorian	5,000	24,402
NAER School Project	1,727	-
Malawi Cyclone	-	1,000
Total	<u>\$ 151,882</u>	<u>\$ 46,431</u>

**NOTE L - CONCENTRATIONS**

The Organization received 88% of its gifts-in-kind, for the year ended December 31, 2020, from one corporation. Total gifts-in-kind received from this corporation was \$9,685,322.

The Organization received 75% of its gifts-in-kind, for the year ended December 31, 2019, from three corporations. Total gifts-in-kind received from these corporations were \$7,245,605.

Management believes this support will continue in the future, and if not, the support can be replaced from other sources.

**NOTE M – RISKS AND UNCERTAINTIES**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. The long-term effects of this global pandemic are unknown but may have significant consequences to the Organization’s fundraising efforts and the ability to fund its programs in the future.