

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

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

December 31, 2023 and 2022





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INDEPENDENT AUDITORS' REPORT

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

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, 2023 and 2022, 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, 2023 and 2022, 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 Auditors' 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.

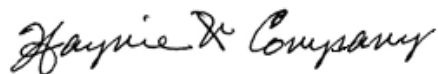
Auditors' Responsibilities for the Audit of the Financial Statements

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

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 24, 2024

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

December 31,

	<u>2023</u>	<u>2022</u>
ASSETS		
<i>Current Assets</i>		
Cash	\$ 960,474	\$ 819,896
Pledges receivable, net	8,930	8,305
Related party receivable	7,622	-
Bequests receivable	783,000	-
Prepaid expense	<u>1,298</u>	<u>1,298</u>
Total Current Assets	<u>1,761,324</u>	<u>829,499</u>
<i>Property and Equipment, net</i>	<u>29,881</u>	<u>33,721</u>
<i>Other Assets</i>		
Investments	70,051	63,918
Security deposits	<u>2,816</u>	<u>2,408</u>
Total Other Assets	<u>72,867</u>	<u>66,326</u>
Total Assets	<u><u>\$ 1,864,072</u></u>	<u><u>\$ 929,546</u></u>
LIABILITIES AND NET ASSETS		
<i>Current Liabilities</i>		
Accounts payable	\$ 26,125	\$ 39,036
Accrued expenses	<u>23,571</u>	<u>22,375</u>
Total Current Liabilities	<u>49,696</u>	<u>61,411</u>
<i>Net Assets</i>		
Without donor restrictions	1,476,865	410,665
With donor restrictions	<u>337,511</u>	<u>457,470</u>
Total Net Assets	<u>1,814,376</u>	<u>868,135</u>
Total Liabilities and Net Assets	<u><u>\$ 1,864,072</u></u>	<u><u>\$ 929,546</u></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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<i>Revenue, Gains, and Other Support</i>			
Gifts-in-kind	\$ 8,859,017	\$ -	\$ 8,859,017
Contributions	713,176	537,965	1,251,141
Bequests	851,246	-	851,246
Investment gain	7,679	-	7,679
Net assets released from restrictions	657,924	(657,924)	-
	<u>11,089,042</u>	<u>(119,959)</u>	<u>10,969,083</u>
<i>Expenses</i>			
Program services	9,519,225	-	9,519,225
Management services	218,537	-	218,537
Fundraising services	285,080	-	285,080
	<u>10,022,842</u>	<u>-</u>	<u>10,022,842</u>
Change in Net Assets	1,066,200	(119,959)	946,241
<i>Net Assets, Beginning of Year</i>	<u>410,665</u>	<u>457,470</u>	<u>868,135</u>
<i>Net Assets, End of Year</i>	<u><u>\$ 1,476,865</u></u>	<u><u>\$ 337,511</u></u>	<u><u>\$ 1,814,376</u></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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<i>Revenue, Gains, and Other Support</i>			
Gifts-in-kind	\$ 36,205,076	\$ -	\$ 36,205,076
Contributions	717,933	1,075,208	1,793,141
Bequests	3,100	-	3,100
Facilitator fees	10,500	-	10,500
Investment loss	(4,513)	-	(4,513)
Net assets released from restrictions	1,050,781	(1,050,781)	-
	<u>37,982,877</u>	<u>24,427</u>	<u>38,007,304</u>
<i>Expenses</i>			
Program services	37,596,646	-	37,596,646
Management services	185,250	-	185,250
Fundraising services	303,762	-	303,762
	<u>38,085,658</u>	<u>-</u>	<u>38,085,658</u>
Change in Net Assets	(102,781)	24,427	(78,354)
<i>Net Assets, Beginning of Year</i>	<u>513,446</u>	<u>433,043</u>	<u>946,489</u>
<i>Net Assets, End of Year</i>	<u><u>\$ 410,665</u></u>	<u><u>\$ 457,470</u></u>	<u><u>\$ 868,135</u></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, 2023

	Program Services				Supporting Services		Total
	Domestic Relief	Native American Emergency Relief	International Relief	Total Program Services	Management	Fundraising	
Gifts-in-kind	\$ 2,907,232	\$ 2,020,945	\$ 3,930,840	\$ 8,859,017	\$ -	\$ -	\$ 8,859,017
International shipping fees	157,291	52,471	-	209,762	-	-	209,762
Domestic freight	-	-	203,710	203,710	-	-	203,710
Direct mail expenses	-	-	-	-	-	143,926	143,926
Officer's compensation	17,259	11,997	23,335	52,591	42,437	40,726	135,754
Grants	9,895	56,286	48,100	114,281	-	-	114,281
Salaries and wages	2,941	2,045	3,977	8,963	17,022	32,592	58,577
Computer expense	3,810	2,648	5,151	11,609	12,985	18,402	42,996
Professional fees	-	-	-	-	41,907	-	41,907
Accounting	-	-	-	-	39,550	-	39,550
Rent and storage expense	1,708	5,114	4,379	11,201	8,136	11,173	30,510
Procurement fees	-	-	23,440	23,440	-	-	23,440
Licenses and fees	-	-	-	-	19,373	-	19,373
Payroll taxes	1,708	1,187	2,309	5,204	5,820	8,249	19,273
List rental	-	-	-	-	-	15,694	15,694
Travel	-	-	9,744	9,744	3,783	-	13,527
Bank fees	-	-	-	-	9,538	-	9,538
Depreciation	768	534	1,039	2,341	2,619	3,711	8,671
Insurance	753	524	1,019	2,296	2,568	3,640	8,504
Lease expense	555	386	751	1,692	1,894	2,684	6,270
Employee benefits	508	353	688	1,549	1,733	2,456	5,738
Utilities	578	401	781	1,760	1,278	1,755	4,793
Office expenses	-	-	-	-	2,904	-	2,904
Office postage	-	-	-	-	1,902	-	1,902
Dues and subscriptions	-	-	-	-	1,061	-	1,061
Contract labor	-	-	-	-	1,000	-	1,000
Conferences and meetings	-	-	-	-	836	-	836
Repairs and maintenance	21	15	29	65	63	72	200
Equipment rental	-	-	-	-	128	-	128
	<u>\$ 3,105,027</u>	<u>\$ 2,154,906</u>	<u>\$ 4,259,292</u>	<u>\$ 9,519,225</u>	<u>\$ 218,537</u>	<u>\$ 285,080</u>	<u>\$ 10,022,842</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, 2022

	Program Services				Supporting Services		Total
	Domestic Relief	Native American Emergency Relief	International Relief	Total Program Services	Management	Fundraising	
Gifts-in-kind	\$23,607,018	\$ 2,718,894	\$ 9,879,164	\$ 36,205,076	\$ -	\$ -	\$ 36,205,076
Domestic freight	634,108	64,826	-	698,934	-	-	698,934
International shipping fees	-	-	457,717	457,717	-	-	457,717
Direct mail expenses	-	-	-	-	-	175,008	175,008
Officer's compensation	32,844	3,783	13,744	50,371	40,645	39,007	130,023
Grants	40,102	48,023	27,200	115,325	-	-	115,325
Salaries and wages	6,058	698	2,535	9,291	17,648	33,789	60,728
Accounting	-	-	-	-	40,425	-	40,425
Rent and storage expense	6,922	797	10,953	18,672	5,208	5,976	29,856
Professional fees	-	-	-	-	29,789	-	29,789
Travel	-	-	21,550	21,550	1,665	-	23,215
Computer expense	3,743	431	1,567	5,741	6,421	9,100	21,262
List rental	-	-	-	-	-	15,420	15,420
Payroll taxes	2,587	298	1,082	3,967	4,438	6,289	14,694
Bank fees	-	-	-	-	11,393	-	11,393
Licenses and fees	-	-	-	-	9,444	-	9,444
Insurance	1,617	186	677	2,480	2,773	3,930	9,183
Depreciation	1,545	178	647	2,370	2,652	3,758	8,780
Lease expense	1,131	130	474	1,735	1,940	2,750	6,425
Advertising	-	-	-	-	-	5,250	5,250
Utilities	1,047	121	438	1,606	1,542	1,770	4,918
Office expenses	-	-	-	-	4,164	-	4,164
Repairs and maintenance	494	57	206	757	728	835	2,320
Employee benefits	361	42	151	554	621	880	2,055
Dues and subscriptions	-	-	-	-	1,835	-	1,835
Contract labor	-	-	-	-	1,000	-	1,000
Office postage	-	-	-	-	808	-	808
Procurement fees	-	-	500	500	-	-	500
Conferences and meetings	-	-	-	-	111	-	111
	<u>\$24,339,577</u>	<u>\$ 2,838,464</u>	<u>\$ 10,418,605</u>	<u>\$ 37,596,646</u>	<u>\$ 185,250</u>	<u>\$ 303,762</u>	<u>\$ 38,085,658</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,

	<u>2023</u>	<u>2022</u>
<i>Cash Flows from Operating Activities:</i>		
Cash received from donors and grantors	\$ 1,311,140	\$ 1,809,800
Cash paid to suppliers, grantees and employees	(1,166,869)	(1,987,731)
Interest income	10	10
Dividend income	1,536	1,367
	<u>145,817</u>	<u>(176,554)</u>
Net Cash Provided By (Used In) Operating Activities		
<i>Cash Flows from Investing Activities:</i>		
Security deposit	(408)	(202)
Purchase of property & equipment	(4,831)	(1,102)
	<u>(5,239)</u>	<u>(1,304)</u>
Net Cash (Used in) Investing Activities		
Net Increase (Decrease) in Cash	140,578	(177,858)
<i>Beginning Cash</i>	<u>819,896</u>	<u>997,754</u>
<i>Ending Cash</i>	<u><u>\$ 960,474</u></u>	<u><u>\$ 819,896</u></u>
<i>Reconciliation of Changes in Net Assets to Net Cash</i>		
<i>Provided By (Used In) Operating Activities:</i>		
Increase (Decrease) in net assets	\$ 946,241	\$ (78,354)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	8,671	8,781
Unrealized (gain) loss on investments	(6,133)	5,890
(Increase) Decrease in operating assets		
Pledges receivable	(625)	735
Accounts receivable	(7,622)	2,324
Bequests receivable	(783,000)	-
Prepaid expenses	-	(124)
Increase (Decrease) in operating liabilities		
Accounts payable	(12,911)	(114,333)
Accrued expenses	1,196	(1,473)
	<u>145,817</u>	<u>(176,554)</u>
<i>Net Cash Provided By (Used In) Operating Activities</i>	<u><u>\$ 145,817</u></u>	<u><u>\$ (176,554)</u></u>
<i>Supplemental Disclosures</i>		
Noncash Operating transactions:		
Gifts-in-kind - received	\$ 8,859,017	\$ 36,205,076
Gifts-in-kind - donated	\$ (8,859,017)	\$ (36,205,076)

See accompanying notes to financial statements

WORLD EMERGENCY RELIEF
DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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
DECEMBER 31, 2023 AND 2022

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 J 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.

The Organization has cash balances in a bank in excess of amounts federally insured. The uninsured balances totaled approximately \$605,000 at December 31, 2023. The Organization maintains its cash with a high quality financial institution which the Organization believes limits these risks.

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

WORLD EMERGENCY RELIEF
DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Contributions (Cont'd)

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.

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 credit losses 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 allowance for credit losses and a credit to account receivable. There were no accounts receivable as of December 31, 2023 and 2022.

Related Party Receivable

Related party receivables consist of amounts between the President of the board of directors and World Emergency Relief for reimbursement costs to be repaid to the Organization. As of the year ended December 31, 2023 and 2022, related party receivables were \$7,622 and \$-0-, respectively. The related party receivable was repaid as of May 31, 2024.

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. For the years ended December 31, 2023 and 2022, bequests receivable were \$783,000 and \$-0-, respectively. On May 23, 2024, the Organization received an initial disbursement of \$633,000 to reduce the receivable balance subsequent to year end.

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 are 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.

WORLD EMERGENCY RELIEF
DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

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 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.

WORLD EMERGENCY RELIEF
DBA CHILDREN'S FOOD FUND AND NATIVE AMERICAN EMERGENCY RELIEF
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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

Fair Value Measurements (Cont'd)

- 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.

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:

- 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.

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

Gifts-in-Kind (Cont'd)

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, 2023 and 2022.

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, 2023, and 2022, were \$31,500 and \$10,500, respectively.

Advertising Costs

Advertising costs are expensed as incurred. For the years ended December 31, 2023 and 2022, advertising costs were \$0 and \$5,250, 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.

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

Functional Expenses (Cont'd)

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, 2023 and 2022, were \$23,440 and \$500, 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, 2023 and 2022, shipping costs were \$413,472 and \$1,146,151, respectively.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations. Facilitator fees were reclassified to offset an expense account rather than income to more accurately match the nature of the inflows and outflows of facilitator fees.

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 24, 2024, the date the financial statements were available for issuance.

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NOTE B – AVAILABILITY AND LIQUIDITY

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

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$ 960,474	\$ 819,896
Pledges receivable, net	8,930	8,305
Related party receivable	7,622	-
Bequests receivable	<u>783,000</u>	<u>-</u>
Total Financial Assets	1,760,026	828,201
Less amounts not available to be used within one year:		
Net assets with donor restrictions	<u>377,511</u>	<u>457,470</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,382,515</u>	<u>\$ 370,731</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 \$582,000). The Organization strives to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE C - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at December 31,:

	<u>2023</u>	<u>2022</u>
Federated Campaign Pledges	\$ 13,738	\$ 12,777
Less: 35% shrinkage	<u>(4,808)</u>	<u>(4,472)</u>
Pledges receivable, net	<u>\$ 8,930</u>	<u>\$ 8,305</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, 2023 and 2022, 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.

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NOTE E - PROPERTY AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Property, plant and equipment	\$ 57,566	\$ 58,320
Furniture and fixtures	<u>14,594</u>	<u>14,594</u>
Total property and equipment, gross	72,160	72,914
Less: accumulated depreciation	<u>(42,279)</u>	<u>(39,193)</u>
Total property and equipment, net	<u>\$ 29,881</u>	<u>\$ 33,721</u>

Depreciation expense, for the years ended December 31, 2023 and 2022, was \$8,671 and \$8,780, respectively.

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. 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,:

	<u>2023</u>	<u>2022</u>
Publicly traded stock	\$ 70,051	\$ 63,918

The Organization's investments (including dividends, interest, realized gains and losses on investments bought and sold, as well as held during the year) appreciated / (depreciated) by \$7,679 and \$(4,513) during the years ended December 31, 2023 and 2022, respectively.

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NOTE G - ACCRUED EXPENSES

Accrued expenses consisted of the following at December 31,:

	<u>2023</u>	<u>2022</u>
Accrued vacation	\$ 21,754	\$ 20,517
Accrued payroll	<u>1,817</u>	<u>1,858</u>
Total accrued expenses	<u>\$ 23,571</u>	<u>\$ 22,375</u>

NOTE H - 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-month periods with the current year lease period expiring in July 2024 and monthly rent expense of \$1,377 per month, with remaining lease payments of \$9,642 due over the remaining lease term. The Organization also leases a warehouse and storage unit on a month-to-month basis. Total rent expense, for the office and the warehouse and storage unit, for the years ended December 31, 2023 and 2022, was \$18,070 and \$16,604, respectively.

The Organization entered into a lease agreement in 2019 for a copier with an expiration date in March 2024. The monthly lease expense for the lease is \$378, with remaining lease payments of \$1,133 due over the remaining lease term. Total lease expense, for the years ended December 31, 2023 and 2022, was \$6,270 and \$6,425, respectively.

Future minimum lease payments under operating leases as of December 31, 2023, are:

<u>Years ending December 31,:</u>	<u>Payments</u>
2024	<u>\$ 10,775</u>
Total future minimum lease payments	<u>\$ 10,775</u>

NOTE I - GIFTS-IN-KIND

Gifts-in-kind consisted of the following for the year ended December 31, 2023:

	<u>Humanitarian</u>		<u>Food</u>	<u>Hygiene</u>	
	<u>Aid</u>	<u>Medicines</u>	<u>Items</u>	<u>Items</u>	<u>Total</u>
Undistributed					
Gifts-in-kind					
Inventory,					
Beginning of year	\$ -	\$ -	\$ -	\$ -	\$ -
Gifts-in-kind:					
Donations	4,727,779	57,430	3,453,163	620,645	8,859,017

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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 - GIFTS-IN-KIND (CONT'D)

Gifts-in-kind distributed:

Distributed to other
organizations:

Contributions (4,727,779) (57,430) (3,453,163) (620,645) (8,859,017)

Undistributed Gifts-in-kind

Inventory, End of year \$ - \$ - \$ - \$ - \$ -

The donations were received from the following sources for the year ended December 31, 2023:

<u>Sources</u>	<u>Total</u>	<u>Contribution</u>
Non-profit organizations	\$ 4,273,562	\$ 4,273,562
Non-governmental organizations	115,036	115,036
Private corporations	4,470,419	4,470,419
Total Donations	<u>\$ 8,859,017</u>	<u>\$ 8,859,017</u>

Gifts-in-kind consisted of the following for the year ended December 31, 2022:

	<u>Humanitarian Aid</u>	<u>Food Items</u>	<u>Hygiene Items</u>	<u>Total</u>
Undistributed Gifts-in-kind Inventory, Beginning of year	\$ -	\$ -	\$ -	\$ -
Gifts-in-kind: Donations	16,947,249	2,854,974	16,402,853	36,205,076
Gifts-in-kind distributed: Distributed to other organizations: Contributions	<u>(16,947,249)</u>	<u>(2,854,974)</u>	<u>(16,402,853)</u>	<u>(36,205,076)</u>
Undistributed Gifts-in-kind Inventory, End of year	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

The donations were received from the following sources for the year ended December 31, 2022:

<u>Sources</u>	<u>Total</u>	<u>Contribution</u>
Non-profit organizations	\$ 3,209,958	\$ 3,209,958
Private corporations	32,995,118	32,995,118
Total Donations	<u>\$ 36,205,076</u>	<u>\$ 36,205,076</u>

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NOTE I - GIFTS-IN-KIND (CONT'D)

Gifts-in-kind descriptions and valuations consisted of the following for the years ended December 31, 2023 and 2022:

Cargo Type	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques & Input
Humanitarian Aid	Domestic & International: Disaster Relief & Long-term assistance to underserved populations	No associated donor restrictions except in the case of donor specified disaster relief.	Estimates values based on donor valuation and 3 rd party wholesale validation for specific items where verifiable. If no reasonable source of valuation is available, WER recognizes the items at a \$0 value.
Medicines	International: Medical Support, Long- term Relief & Disaster Relief	No associated donor restrictions except in the case of donor specified disaster relief.	Estimates are based on donor valuation; and 3 rd party WAC, SMAC, or Medicare price validation.
Food Items	Domestic & International: Nutritional Support, Long-term Relief & Disaster Relief	No associated donor restrictions except in the case of donor specified disaster relief.	Estimates are based on 3 rd party wholesale validation; average foodbank valuation based on weight; and/or donor valuation
Hygiene Items	Domestic & International: Disaster Relief & Long-term assistance to underserved populations.	No associated donor restrictions except in the case of donor specified disaster relief.	Estimates are based on donor valuation and 3 rd party wholesale validation.

NOTE J – RESTRICTIONS ON NET ASSETS

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

	<u>2023</u>	<u>2022</u>
Specific Purpose		
Shipping costs for gifts-in-kind shipments	\$ 337,511	\$ 457,470

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

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions		
Shipping and Transportation	\$ 575,886	\$ 1,009,057
Ukraine Relief	34,472	39,304
Turkey Relief	29,245	-
Native American Emergency Relief	6,000	-
Maui Relief	12,322	-
KY Flood Relief	<u>-</u>	<u>2,420</u>
Total	<u>\$ 657,925</u>	<u>\$ 1,050,781</u>

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NOTE K - CONCENTRATIONS

The Organization received 72% of its gifts-in-kind, for the year ended December 31, 2023, from one corporation and one non-profit organization. Total gifts-in-kind received from these organizations was \$6,403,666.

The Organization received 89% of its gifts-in-kind, for the year ended December 31, 2022, from one corporation. Total gifts-in-kind received from this corporation was \$32,287,533.

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

NOTE L – RELATED PARTY TRANSACTIONS

For the years ended December 31, 2023, the Organization received payments of \$68,205 from organizations that have common control due to mutual members of the Organization's board of directors. The Organization paid for administrative expenses that were utilized by the related party and the Organization was ultimately reimbursed.