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# Caring for Cambodia

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**Financial Report  
December 31, 2021**

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## Independent Auditor's Report

To the Board of Directors  
Caring for Cambodia

### **Opinion**

We have audited the financial statements of Caring for Cambodia (the "Organization"), which comprise the statement of financial position as of December 31, 2021 and 2020 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020 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 (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Organization and to meet our 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 issued or available to be issued.

### **Auditor's Responsibilities for the Audits 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 audits conducted in accordance with GAAS 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.

To the Board of Directors  
Caring for Cambodia

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Plante & Moran, PLLC*

February 14, 2022

Statement of Financial Position

		<b>December 31, 2021 and 2020</b>	
		<u>2021</u>	<u>2020</u>
<b>Assets</b>			
Cash		\$ 714,597	\$ 704,335
Investments (Note 4)		496,889	454,041
Contributions receivable		47,192	-
Prepaid expenses and deposits		8,605	702
Land, school buildings, and equipment (Note 3)		<u>634,627</u>	<u>687,812</u>
Total assets		<u><b>\$ 1,901,910</b></u>	<u><b>\$ 1,846,890</b></u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b> - Accounts payable		\$ 14,414	\$ 5,000
<b>Net Assets</b>			
Without donor restrictions		1,720,160	1,694,512
With donor restrictions (Note 5)		<u>167,336</u>	<u>147,378</u>
Total net assets		<u>1,887,496</u>	<u>1,841,890</u>
Total liabilities and net assets		<u><b>\$ 1,901,910</b></u>	<u><b>\$ 1,846,890</b></u>

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Support</b>						
Contributions of cash and other financial assets	\$ 439,975	\$ 99,561	\$ 539,536	\$ 652,374	\$ 94,827	\$ 747,201
Contributions of nonfinancial assets (Note 9)	188,255	-	188,255	86,763	-	86,763
Fee for services	-	-	-	4,083	-	4,083
Miscellaneous	30	-	30	336	-	336
Special event revenue	512,717	11,235	523,952	25,270	-	25,270
Net realized and unrealized gains on investments	12,229	13,171	25,400	23,393	14,673	38,066
Interest and dividend income - Net of fees	17,741	-	17,741	7,914	-	7,914
Total revenue and support	1,170,947	123,967	1,294,914	800,133	109,500	909,633
<b>Net Assets Released from Restrictions</b>	104,009	(104,009)	-	202,233	(202,233)	-
Total revenue, support, and net assets released from restrictions	1,274,956	19,958	1,294,914	1,002,366	(92,733)	909,633
<b>Expenses</b>						
Program services	669,259	-	669,259	640,554	-	640,554
Support services:						
General and administrative	312,869	-	312,869	133,262	-	133,262
Fundraising	267,180	-	267,180	156,765	-	156,765
Total expenses	1,249,308	-	1,249,308	930,581	-	930,581
<b>Increase (Decrease) in Net Assets</b>	25,648	19,958	45,606	71,785	(92,733)	(20,948)
<b>Net Assets - Beginning of year</b>	1,694,512	147,378	1,841,890	1,622,727	240,111	1,862,838
<b>Net Assets - End of year</b>	<b>1,720,160</b>	<b>167,336</b>	<b>1,887,496</b>	<b>1,694,512</b>	<b>147,378</b>	<b>1,841,890</b>

## Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services	General and Administrative Expenses	Fundraising Expenses	Total
Staff and teacher salaries	\$ 314,797	\$ -	\$ -	\$ 314,797
Services expense	25,000	261,257	79,120	365,377
Events expense	-	-	135,612	135,612
Events expense in kind	-	-	42,355	42,355
Staff and teacher training	11,345	-	-	11,345
Food for Thought	72,982	-	-	72,982
Depreciation	83,542	-	-	83,542
Rent	2,205	-	-	2,205
Educational supplies	26,075	-	-	26,075
Medical and hygiene supplies	9,262	-	-	9,262
Utilities	6,558	-	-	6,558
Property maintenance and cleaning	10,892	-	-	10,892
Charitable activities expense in kind	65,317	-	-	65,317
Printing and copying	-	164	-	164
Technology licenses and support	11,324	15,407	-	26,731
Financial statement audit	-	20,250	-	20,250
Postage	-	2,945	643	3,588
Registration fees	-	886	7,204	8,090
Transportation	8,318	-	-	8,318
Miscellaneous	21,642	2,381	2,246	26,269
Bank charges/Credit card fees	-	8,747	-	8,747
Realized exchange rate loss	-	832	-	832
<b>Total functional expenses</b>	<b>\$ 669,259</b>	<b>\$ 312,869</b>	<b>\$ 267,180</b>	<b>\$ 1,249,308</b>

Statement of Functional Expenses

Year Ended December 31, 2020

	Program Services	General and Administrative Expenses	Fundraising Expenses	Total
Staff and teacher salaries	\$ 308,943	\$ -	\$ -	\$ 308,943
Services expense	-	89,044	126,151	215,195
Events expense	-	-	8,570	8,570
Events expense in kind	-	-	903	903
Staff and teacher training	15,457	-	-	15,457
Food for Thought	58,141	-	-	58,141
Depreciation	81,688	-	-	81,688
Rent	2,190	-	-	2,190
Educational supplies	31,640	-	-	31,640
Medical and hygiene supplies	12,541	-	-	12,541
Utilities	10,911	-	-	10,911
Property maintenance and cleaning	14,199	-	-	14,199
Volunteer trip expenses	2,030	-	-	2,030
Charitable activities expense in kind	85,857	-	-	85,857
Technology licenses and support	5,619	13,556	-	19,175
Financial statement audit	-	17,250	-	17,250
Postage	-	85	1,921	2,006
Registration fees	-	2,080	6,113	8,193
Transportation	6,727	-	-	6,727
Miscellaneous	4,611	78	13,107	17,796
Bank charges/Credit card fees	-	10,606	-	10,606
Realized exchange rate loss	-	563	-	563
<b>Total functional expenses</b>	<b>\$ 640,554</b>	<b>\$ 133,262</b>	<b>\$ 156,765</b>	<b>\$ 930,581</b>



**Statement of Cash Flows**

**Years Ended December 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Increase (decrease) in net assets	\$ 45,606	\$ (20,948)
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	83,542	81,688
Net realized and unrealized gains on investments	(25,400)	(38,066)
Donated stock	-	(5,160)
Changes in operating assets and liabilities that (used) provided cash:		
Contributions receivable	(47,192)	18,000
Prepaid expenses and deposits	(7,903)	-
Accounts payable	9,414	5,000
	<u>58,067</u>	<u>40,514</u>
<b>Net cash provided by operating activities</b>	<b>58,067</b>	<b>40,514</b>
<b>Cash Flows from Investing Activities</b>		
Capital expenditures	(30,357)	(40,030)
Proceeds from sale of investments	194,647	244,934
Purchases of investments	(212,095)	(212,568)
	<u>(47,805)</u>	<u>(7,664)</u>
<b>Net cash used in investing activities</b>	<b>(47,805)</b>	<b>(7,664)</b>
<b>Net Increase in Cash</b>	<b>10,262</b>	<b>32,850</b>
<b>Cash - Beginning of year</b>	<u>704,335</u>	<u>671,485</u>
<b>Cash - End of year</b>	<u><b>\$ 714,597</b></u>	<u><b>\$ 704,335</b></u>

December 31, 2021 and 2020

**Note 1 - Nature of Organization**

Caring for Cambodia (the "Organization") is a nongovernmental United States 501(c)(3) public charity whose mission is to create and sustain safe, modern, technologically equipped schools; mentor and professionally train teachers; and fund supplies and other tools needed to teach those who want to learn. The Organization provides educational opportunities for over 7,000 Cambodian children in 21 schools so they may reach their highest potential and make valuable contributions to their communities.

Assets held abroad include two bank accounts, petty cash held by the schools in Cambodia, and all of the school buildings and equipment. Assets held abroad totaled \$682,946 and \$749,599 as of December 31, 2021 and 2020, respectively.

**Note 2 - Significant Accounting Policies**

***Basis of Presentation***

The financial statements of Caring for Cambodia have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require Caring for Cambodia 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 that 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.

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, where 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 statement of activities and changes in net assets.

***Nonfinancial Contributions***

Certain donated goods and services are recognized as support in the statement of activities and changes in net assets. Donated auction items are monetized through special events in which contributions are solicited in exchange for the auction items. The value of these goods and services is determined based on estimated fair value.

***Investments***

Investments in mutual funds are recorded at fair value based on quoted market prices. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

***Contributions***

Contributions received, including special event income, 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. 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 statement of activities and changes in net assets as net assets released from restrictions. Conditional promises to give (those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met.

December 31, 2021 and 2020

**Note 2 - Significant Accounting Policies (Continued)**

Contributions to be received after one year are initially recorded at fair value by the Organization as contributions receivable. They are subsequently valued at the present value of future cash flows. Other restricted gifts are reported as net assets with donor restrictions. All contributions receivable as of December 31, 2021 and 2020 are due in less than one year. Management determines allowances for doubtful pledges by reviewing and identifying receivable balances as needed. Recoveries of any written-off amounts would be recorded when received. Management believes the receivables to be fully collectible, and, therefore, no allowance was recorded as of December 31, 2021 and 2020.

***Land, School Buildings, and Equipment***

Land, school buildings, and equipment are recorded at cost when purchased or at fair value at the date of donation. School buildings and equipment are being depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

***Federal Income Taxes***

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

***Foreign Currency Exchange***

The expression of assets and liabilities in a foreign currency amount gives rise to exchange gains and losses when such obligations are paid in United States dollars. Foreign currency exchange rate adjustments (i.e., differences between amounts recorded and actual amounts owed or paid) are reported in the statement of activities and changes in net assets as the foreign currency fluctuations occur. Foreign currency exchange rate adjustments are reported in the statement of cash flows using the exchange rates in effect at the time of the cash flows. The effect of the foreign currency fluctuations was immaterial in 2021 and 2020.

***Functional Allocation of Expenses***

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. All expenses are directly charged to their respective account, and no allocations are performed.

***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.

***Adoption of New Accounting Pronouncement***

As of January 1, 2021, the Organization adopted Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The standard was applied retrospectively and did not result in a restatement of prior year amounts.

**Note 2 - Significant Accounting Policies (Continued)**

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including February 14, 2022, which is the date the financial statements were available to be issued.

***Reclassification***

Certain 2020 amounts have been reclassified to conform to the 2021 presentation.

**Note 3 - Land, School Buildings, and Equipment**

Land, school buildings, and equipment are summarized as follows:

	2021	2020	Depreciable Life - Years
Land	\$ 30,258	\$ 30,258	-
School buildings	1,210,407	1,210,407	3-20
Building improvements	55,389	26,756	5-20
Equipment	79,090	77,370	3-6
Computers and software	265,849	265,849	3-5
Total cost	1,640,993	1,610,640	
Accumulated depreciation	1,006,366	922,828	
Net land, school buildings, and equipment	<u>\$ 634,627</u>	<u>\$ 687,812</u>	

Depreciation expense was \$83,542 for 2021 and \$81,688 for 2020.

**Note 4 - Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at December 31, 2021 and 2020 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

## Notes to Financial Statements

December 31, 2021 and 2020

## Note 4 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2021				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2021
<b>Assets - Investments - Mutual funds</b>				
Low duration	\$ 29,324	\$ -	\$ -	\$ 29,324
Total return	39,603	-	-	39,603
International	102,720	-	-	102,720
Large cap	19,823	-	-	19,823
Small cap	10,174	-	-	10,174
Institutional	46,671	-	-	46,671
Income fund	107,070	-	-	107,070
Multialternative	29,392	-	-	29,392
Mid cap	20,137	-	-	20,137
Managed	9,738	-	-	9,738
Short term	14,743	-	-	14,743
Absolute return	9,789	-	-	9,789
Emerging markets	29,011	-	-	29,011
Commodity	10,284	-	-	10,284
Real estate	15,023	-	-	15,023
Total investments	<u>\$ 493,502</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 493,502</u>

Assets Measured at Fair Value on a Recurring Basis at December 31, 2020				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2020
<b>Assets - Investments - Mutual funds</b>				
Low duration	\$ 48,832	\$ -	\$ -	\$ 48,832
Total return	24,452	-	-	24,452
International	103,970	-	-	103,970
Large cap	21,098	-	-	21,098
Small cap	10,060	-	-	10,060
Institutional	49,581	-	-	49,581
Income fund	48,908	-	-	48,908
Multialternative	16,308	-	-	16,308
Mid cap	33,706	-	-	33,706
Managed	8,116	-	-	8,116
Short term	12,228	-	-	12,228
Absolute return	8,138	-	-	8,138
Emerging markets	42,822	-	-	42,822
Commodity	6,539	-	-	6,539
Real estate	16,679	-	-	16,679
Total investments	<u>\$ 451,437</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 451,437</u>

Not included in the tables above are cash and money market accounts of \$3,387 and \$2,604 as of December 31, 2021 and 2020, respectively.

**Note 5 - Net Assets**

Net assets with donor restrictions as of December 31 are available for the following purposes:

	2021	2020
Purpose restrictions - Bricks and mortar, health projects, and teacher scholarships	\$ 164,028	\$ 143,227
Time restrictions - Term endowment	3,308	4,151
Total net assets with donor restrictions	<u>\$ 167,336</u>	<u>\$ 147,378</u>

**Note 6 - Endowments**

As of December 31, 2021 and 2020, the Organization's endowment consisted of a donor-restricted fund established for general operations. During 2012, the donor-restricted endowment was approved by the donor to be released from being held in perpetuity and transferred to a term endowment. Subsequent to 2012, various other donors contributed to the term endowment fund. The term endowment includes a stipulation that it will be held for five years to earn income, and then it will be released to net assets without donor restrictions for general operating expenses should the board of directors deem it necessary. Each year, the funds that have been held for five years are released per the stipulation.

**Interpretation of Relevant Law**

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of the Organization had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

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

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

December 31, 2021 and 2020

**Note 6 - Endowments (Continued)**

Endowment Net Asset Composition by Type of Fund as of December 31, 2021			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,308	\$ 3,308
Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2021			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ -	\$ 4,151	\$ 4,151
Investment return - Net appreciation (realized and unrealized)	-	285	285
Appropriation of endowment assets for expenditure	-	(1,128)	(1,128)
Endowment net assets - End of year	\$ -	\$ 3,308	\$ 3,308
Endowment Net Asset Composition by Type of Fund as of December 31, 2020			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 4,151	\$ 4,151
Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2020			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ -	\$ 35,081	\$ 35,081
Investment return - Net appreciation (realized and unrealized)	-	413	413
Contributions	-	657	657
Appropriation of endowment assets for expenditure	-	(32,000)	(32,000)
Endowment net assets - End of year	\$ -	\$ 4,151	\$ 4,151

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. As of December 31, 2021 and 2020, there were no such deficiencies in the donor-restricted endowment fund.

**Return Objectives and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets that attempt to maximize earnings while the donor-restricted time period is in place. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s).

Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index while assuming a limited level of investment risk to limit the chance of loss.

**Note 6 - Endowments (Continued)**

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

The Organization has a policy to appropriate assets once the donor-restricted time period has expired. In establishing this policy, the Organization considered the long-term expected return on its endowment. This is consistent with the Organization's objective to provide additional real growth through new gifts and investment return.

**Note 7 - Related Party Transactions**

The Organization received \$69,058 and \$111,098 in contributions from its board in 2021 and 2020, respectively. Of this amount, \$15,000 was not received in cash as of December 31, 2021 and has been recognized as a contribution receivable on the statement of financial position.

**Note 8 - Liquidity and Availability of Resources**

The Organization has \$1,258,678 and \$1,158,376 of financial assets available, of which \$1,255,371 and \$1,154,225 is available to be used in operations in the next year as of December 31, 2021 and 2020, respectively. The assets available for use in operations consist of cash of \$714,597 and \$704,335, contributions receivable of \$47,192 and \$0, and investments of \$493,582 and \$449,890 at December 31, 2021 and 2020, respectively. The Organization has an additional \$3,307 and \$4,151 as of December 31, 2021 and 2020, respectively, of investments that are subject to donor restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The contributions receivable are not subject to any restriction and were collected within 45 days of year end. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 12 months of normal operating expenses, which are, on average, approximately \$80,000 per month. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Organization's endowment fund consists of endowments with donor restrictions. Income from donor-restricted endowments is restricted for a specific time period and, therefore, is not available for general expenditure until that time period has expired.

**Note 9 - Contributed Nonfinancial Assets**

Contributed nonfinancial assets recognized within the statement of activities and changes in net assets consisted of the following for December 31:

	2021	2020
Food	\$ 65,317	\$ 65,318
Services	75,800	-
School and health supplies	4,782	20,542
Auction items for events	42,356	903
	<u>188,255</u>	<u>86,763</u>
Total	<u>\$ 188,255</u>	<u>\$ 86,763</u>

Contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed food was utilized for the Organization's Food for Thought program, which assists in feeding students and other community stakeholders. In valuing food donations, the Organization estimated the fair value based on stated prices used for the sale of these products in a nondonation transaction.

Contributed services were utilized for general and administrative activities, along with development and fundraising services. Contributed services are valued and reported at the estimated fair value in the financial statements based on current rates for similar general and administrative services.



**December 31, 2021 and 2020**

**Note 9 - Contributed Nonfinancial Assets (Continued)**

Contributed school and health supplies are utilized for the Organization's programmatic activities, including providing materials such as backpacks, pencils, and toothbrushes for students of the Organization. In valuing school and health donations, the Organization estimated the fair value based on stated prices used for the sale of these products in a nondonation transaction. These supplies are recorded to prepaid expense until they are used. As of December 31, 2021, \$4,782 was recorded to prepaid expenses due to logistical delays causing postponements in supplies being delivered to Cambodia.

Donated items are auctioned to raise contributions at the Organization's special events. The donated items are valued on the date of donation based on the selling price of similar products in the United States.