
Caring for Cambodia

**Financial Report
December 31, 2023**

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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, 2023 and 2022 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, 2023 and 2022 and the changes in its net assets, functional expenses, and 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 7, 2024

Statement of Financial Position

December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|------------------------------------------------|----------------------------|----------------------------|
| Assets | | |
| Cash | \$ 353,535 | \$ 568,293 |
| Investments (Note 4) | 269,514 | 436,627 |
| Contributions receivable | 76,376 | 41,972 |
| Prepaid expenses, deposits, and other assets | 18,717 | 7,981 |
| Right-of-use operating lease asset (Note 9) | 61,457 | 77,589 |
| Land, school buildings, and equipment (Note 3) | <u>508,273</u> | <u>588,395</u> |
| Total assets | <u>\$ 1,287,872</u> | <u>\$ 1,720,857</u> |
| Liabilities and Net Assets | | |
| Liabilities | | |
| Accounts payable | \$ 22,432 | \$ 10,091 |
| Operating lease liability (Note 9) | 61,457 | 77,589 |
| Net Assets | | |
| Without donor restrictions | 1,036,270 | 1,491,115 |
| With donor restrictions (Note 5) | <u>167,713</u> | <u>142,062</u> |
| Total net assets | <u>1,203,983</u> | <u>1,633,177</u> |
| Total liabilities and net assets | <u>\$ 1,287,872</u> | <u>\$ 1,720,857</u> |

Statement of Activities and Changes in Net Assets

Years Ended December 31, 2023 and 2022

| | 2023 | | | 2022 | | |
|-------------------------------------------------------------------|----------------------------|-------------------------|---------------------|----------------------------|-------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenue and Support | | | | | | |
| Contributions of cash and other financial assets | \$ 254,561 | \$ 108,439 | \$ 363,000 | \$ 375,739 | \$ 65,377 | \$ 441,116 |
| Contributions of nonfinancial assets (Note 8) | 106,085 | - | 106,085 | 126,799 | - | 126,799 |
| Special event revenue | 501,709 | - | 501,709 | 603,343 | - | 603,343 |
| Net realized and unrealized gains (losses) on investments | 33,649 | - | 33,649 | (79,437) | (535) | (79,972) |
| Interest and dividend income - Net of fees | 13,717 | - | 13,717 | 15,379 | - | 15,379 |
| Total revenue and support | 909,721 | 108,439 | 1,018,160 | 1,041,823 | 64,842 | 1,106,665 |
| Net Assets Released from Restrictions | 82,788 | (82,788) | - | 90,116 | (90,116) | - |
| Total revenue, support, and net assets released from restrictions | 992,509 | 25,651 | 1,018,160 | 1,131,939 | (25,274) | 1,106,665 |
| Expenses | | | | | | |
| Program services | 774,446 | - | 774,446 | 747,469 | - | 747,469 |
| Support services: | | | | | | |
| General and administrative | 265,395 | - | 265,395 | 239,911 | - | 239,911 |
| Fundraising | 407,513 | - | 407,513 | 373,604 | - | 373,604 |
| Total expenses | 1,447,354 | - | 1,447,354 | 1,360,984 | - | 1,360,984 |
| (Decrease) Increase in Net Assets | (454,845) | 25,651 | (429,194) | (229,045) | (25,274) | (254,319) |
| Net Assets - Beginning of year | 1,491,115 | 142,062 | 1,633,177 | 1,720,160 | 167,336 | 1,887,496 |
| Net Assets - End of year | <u>\$ 1,036,270</u> | <u>\$ 167,713</u> | <u>\$ 1,203,983</u> | <u>\$ 1,491,115</u> | <u>\$ 142,062</u> | <u>\$ 1,633,177</u> |

Statement of Functional Expenses

Year Ended December 31, 2023

| | Program Services | General and Administrative Expenses | Fundraising Expenses | Total |
|---------------------------------------|---------------------|-------------------------------------------|-------------------------|---------------------|
| Staff and teacher salaries | \$ 306,790 | \$ - | \$ - | \$ 306,790 |
| Services expense | 59,656 | 215,204 | 127,839 | 402,699 |
| Events expense | - | - | 241,873 | 241,873 |
| Events expense in kind | - | - | 23,300 | 23,300 |
| Staff and teacher training | 7,930 | - | - | 7,930 |
| Food for Thought | 69,079 | - | - | 69,079 |
| Depreciation | 80,122 | - | - | 80,122 |
| Educational supplies | 36,481 | - | - | 36,481 |
| Operating lease expense | 18,000 | - | - | 18,000 |
| Medical and hygiene supplies | 19,376 | - | - | 19,376 |
| Utilities | 30,080 | - | - | 30,080 |
| Property maintenance and cleaning | 14,667 | - | - | 14,667 |
| Charitable activities expense in kind | 82,786 | - | - | 82,786 |
| Printing and copying | 17,192 | - | - | 17,192 |
| Technology licenses and support | 6,088 | 15,137 | - | 21,225 |
| Financial statement audit | - | 28,000 | - | 28,000 |
| Postage | - | 29 | 100 | 129 |
| Registration fees | - | - | 5,901 | 5,901 |
| Transportation | 6,591 | - | - | 6,591 |
| Miscellaneous | 19,608 | 1,805 | 8,500 | 29,913 |
| Bank charges/Credit card fees | - | 5,220 | - | 5,220 |
| Total functional expenses | \$ 774,446 | \$ 265,395 | \$ 407,513 | \$ 1,447,354 |

Statement of Functional Expenses

Year Ended December 31, 2022

| | Program Services | General and Administrative Expenses | Fundraising Expenses | Total |
|---------------------------------------|---------------------|-------------------------------------------|-------------------------|---------------------|
| Staff and teacher salaries | \$ 320,240 | \$ - | \$ - | \$ 320,240 |
| Services expense | 35,000 | 187,821 | 113,155 | 335,976 |
| Events expense | - | - | 215,536 | 215,536 |
| Events expense in-kind | - | - | 28,379 | 28,379 |
| Staff and teacher training | 7,979 | - | - | 7,979 |
| Food for Thought | 68,260 | - | - | 68,260 |
| Depreciation | 86,295 | - | - | 86,295 |
| Rent | 2,289 | - | - | 2,289 |
| Educational supplies | 72,396 | - | - | 72,396 |
| Operating lease expense | 7,575 | - | - | 7,575 |
| Medical and hygiene supplies | 12,796 | - | - | 12,796 |
| Utilities | 31,664 | - | - | 31,664 |
| Property maintenance and cleaning | 11,505 | - | - | 11,505 |
| Charitable activities expense in kind | 65,317 | - | - | 65,317 |
| Printing and copying | 6,544 | 584 | - | 7,128 |
| Technology licenses and support | 4,420 | 17,094 | - | 21,514 |
| Financial statement audit | - | 23,000 | - | 23,000 |
| Postage | - | 294 | 1,131 | 1,425 |
| Registration fees | - | - | 5,958 | 5,958 |
| Transportation | 6,479 | - | - | 6,479 |
| Miscellaneous | 8,710 | 3,887 | 9,445 | 22,042 |
| Bank charges/Credit card fees | - | 7,201 | - | 7,201 |
| Realized exchange rate loss | - | 30 | - | 30 |
| Total functional expenses | \$ 747,469 | \$ 239,911 | \$ 373,604 | \$ 1,360,984 |

Statement of Cash Flows

Years Ended December 31, 2023 and 2022

| | 2023 | 2022 |
|------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Cash Flows from Operating Activities | | |
| Decrease in net assets | \$ (429,194) | \$ (254,319) |
| Adjustments to reconcile decrease in net assets to net cash from operating activities: | | |
| Depreciation | 80,122 | 86,295 |
| Net realized and unrealized (gains) losses on investments | (33,649) | 79,972 |
| Bad debt expense | 3,000 | - |
| Change in operating lease asset | 16,132 | 6,596 |
| Donation of computer equipment | - | (7,932) |
| Contributions of stock | (12,250) | (10,200) |
| Changes in operating assets and liabilities that (used) provided cash: | | |
| Contributions receivable | (34,404) | 5,220 |
| Prepaid expenses, deposits, and other assets | (13,736) | 624 |
| Accounts payable | 12,341 | (4,323) |
| Right-of-use operating lease liability | (16,132) | (6,596) |
| Net cash used in operating activities | (427,770) | (104,663) |
| Cash Flows from Investing Activities | | |
| Capital expenditures | - | (32,131) |
| Proceeds from sale of investments | 598,894 | 127,325 |
| Purchases of investments | (385,882) | (136,835) |
| Net cash provided by (used in) investing activities | 213,012 | (41,641) |
| Net Decrease in Cash | (214,758) | (146,304) |
| Cash - Beginning of year | 568,293 | 714,597 |
| Cash - End of year | \$ 353,535 | \$ 568,293 |
| Supplemental Cash Flow Information - Right-of-use operating assets obtained in exchange for operating lease liability | | |
| | \$ - | \$ 84,185 |

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 petty cash held by the schools in Cambodia and all of the school buildings and equipment. Assets held abroad totaled \$551,870 and \$646,824 as of December 31, 2023 and 2022, respectively.

Note 2 - Significant Accounting Policies

Basis of Presentation

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

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.

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.

Cash Equivalents

The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Contributions of Nonfinancial Assets

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.

Note 2 - Significant Accounting Policies (Continued)

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. 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. As of December 31, 2023 and 2022, there were no conditional contributions.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Other restricted gifts are reported as net assets with donor restrictions. All contributions receivable as of December 31, 2023 and 2022 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, 2023 and 2022.

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.

Leases

The Organization has an operating lease for a building used for classroom space. The Organization recognizes expense for operating leases on the straight-line basis over the lease term. The Organization has made a policy election not to separate lease and nonlease components for its operating leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Organization has operating leases for storage space with month-to-month lease terms that the Organization has elected to account for as short-term leases. The Organization does not recognize a right-of-use asset or lease liability for short-term leases.

The Organization elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate. The risk-free rate is determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization applied the risk-free rate option to the building used for classroom space.

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 2023 and 2022.

Note 2 - Significant Accounting Policies (Continued)

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, except for the executive director's compensation, which is allocated among program, general and administrative, and fundraising, based on estimates of time and effort within each functional class. No other 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.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including February 7, 2024, which is the date the financial statements were available to be issued.

Note 3 - Land, School Buildings, and Equipment

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

| | 2023 | 2022 | Depreciable Life - Years |
|-------------------------------------------|-------------------|-------------------|-----------------------------|
| Land | \$ 30,258 | \$ 30,258 | - |
| School buildings | 1,208,812 | 1,208,812 | 3-20 |
| Building improvements | 57,109 | 57,109 | 5-20 |
| Equipment | 77,370 | 77,370 | 3-6 |
| Computers and software | 292,401 | 292,401 | 3-5 |
| Leasehold improvements | 15,105 | 15,105 | 5 |
| Total cost | 1,681,055 | 1,681,055 | |
| Accumulated depreciation | 1,172,782 | 1,092,660 | |
| Net land, school buildings, and equipment | <u>\$ 508,273</u> | <u>\$ 588,395</u> | |

Depreciation expense was \$80,122 for 2023 and \$86,295 for 2022.

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, 2023 and 2022 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.

Note 4 - Fair Value Measurements (Continued)

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.

Assets Measured at Fair Value on a Recurring Basis
at December 31, 2023

| | 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, 2023 |
|------------------------------------|----------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|------------------------------------|
| Assets - Investments - ETFs | | | | |
| Treasury bills | \$ 24,547 | \$ - | \$ - | \$ 24,547 |
| Index funds | 171,004 | - | - | 171,004 |
| Energy | 2,347 | - | - | 2,347 |
| Core bond fund | 45,517 | - | - | 45,517 |
| Infrastructure | 2,738 | - | - | 2,738 |
| Technology | 8,470 | - | - | 8,470 |
| Corporate bonds | 10,750 | - | - | 10,750 |
| | <u>\$ 265,373</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 265,373</u> |
| Total investments | <u>\$ 265,373</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 265,373</u> |

December 31, 2023 and 2022

Note 4 - Fair Value Measurements (Continued)

| | Assets Measured at Fair Value on a Recurring Basis at December 31, 2022 | | | |
|-----------------------------|----------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|------------------------------------|
| | 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, 2022 |
| Assets - Investments | | | | |
| Mutual funds: | | | | |
| Low duration | \$ 25,767 | \$ - | \$ - | \$ 25,767 |
| Total return | 23,502 | - | - | 23,502 |
| International | 82,482 | - | - | 82,482 |
| Large cap | 17,228 | - | - | 17,228 |
| Small cap | 8,491 | - | - | 8,491 |
| Institutional | 33,813 | - | - | 33,813 |
| Income fund | 71,365 | - | - | 71,365 |
| Multialternative | 30,566 | - | - | 30,566 |
| Mid cap | 8,479 | - | - | 8,479 |
| Managed | 8,494 | - | - | 8,494 |
| Short term | 46,527 | - | - | 46,527 |
| Absolute return | 8,471 | - | - | 8,471 |
| Emerging markets | 24,774 | - | - | 24,774 |
| Commodity | 8,491 | - | - | 8,491 |
| Real estate | 8,079 | - | - | 8,079 |
| Total mutual funds | 406,529 | - | - | 406,529 |
| Common stock | 7,524 | - | - | 7,524 |
| ETFs | 16,726 | - | - | 16,726 |
| Total investments | \$ 430,779 | \$ - | \$ - | \$ 430,779 |

Not included in the tables above are cash and money market accounts of \$4,141 and \$5,848 as of December 31, 2023 and 2022, respectively.

Note 5 - Net Assets

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

| | 2023 | 2022 |
|------------------------------------------|------------|------------|
| Purpose restrictions: | | |
| Student programs | \$ 23,370 | \$ 20,844 |
| Health projects | 29,520 | 61,334 |
| Teacher trainings | 113,373 | 58,434 |
| Total purpose restrictions | 166,263 | 140,612 |
| Time restrictions - Term endowment | 1,450 | 1,450 |
| Total net assets with donor restrictions | \$ 167,713 | \$ 142,062 |

Note 6 - Related Party Transactions

The Organization received \$129,444 and \$107,951 in contributions from its board in 2023 and 2022, respectively. Of this amount, \$50,000 and \$20,000 was not received in cash as of December 31, 2023 and 2022, respectively, and has been recognized as a contribution receivable on the statement of financial position.

Note 7 - Liquidity and Availability of Resources

The Organization has \$705,425 and \$1,047,642 of financial assets available, of which \$700,975 and \$1,047,642 is available to be used in operations in the next year as of December 31, 2023 and 2022, respectively. The assets available for use in operations consist of cash of \$353,535 and \$568,293, contributions receivable of \$76,376 and \$41,972, net loans receivable of \$3,000 and \$2,200, and investments of \$268,064 and \$435,177 at December 31, 2023 and 2022, respectively. The Organization has additional investments of \$1,450 as of December 31, 2023 and 2022, that are subject to donor restrictions making 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 are typically 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 \$120,000 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 8 - Contributed Nonfinancial Assets

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

| | 2023 | 2022 |
|----------------------------|-------------------|-------------------|
| Food | \$ 78,926 | \$ 65,317 |
| Services | - | 7,150 |
| School and health supplies | 3,859 | 18,021 |
| Auction items for events | 23,300 | 28,379 |
| Computer equipment | - | 7,932 |
| Total | <u>\$ 106,085</u> | <u>\$ 126,799</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 based on current rates for similar general and administrative services.

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.

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.

Contributed computer equipment consists of tablets that were capitalized by the Organization and will be used in programmatic activities over their useful lives. The Organization estimated the fair value based on stated prices used for the sale of these products in a nondonation transaction.

Note 9 - Leases

The Organization is obligated under an operating lease for an educational building in Siem Reap, Cambodia, expiring in August 2027. The right-of-use asset and related lease liability have been calculated using the applicable risk-free rate at lease inception of 2.66 percent. The lease requires the Organization to pay utilities. Total rent expense under this lease was \$18,000 and \$7,575 for 2023 and 2022, respectively.

Future minimum annual commitments under this operating lease are as follows:

| <u>Years Ending December 31</u> | <u>Amount</u> |
|------------------------------------------------------|------------------|
| 2024 | \$ 18,000 |
| 2025 | 18,000 |
| 2026 | 18,000 |
| 2027 | <u>10,500</u> |
| Total | 64,500 |
| Less amount representing interest | <u>3,043</u> |
| Present value of future minimum lease payments | <u>\$ 61,457</u> |