JohnsonLambert LLP
cpas + consultants

SOS Children's Villages USA, Inc.

Audited Financial Statements

Years ended December 31, 2022 and 2021
with Report of Independent Auditors

SOS Children's Villages USA, Inc.

Audited Financial Statements

Years ended December 31, 2022 and 2021

Contents

Report of Independent Auditors

Board of Directors
SOS Children's Villages USA, Inc.

Opinion
We have audited the financial statements of SOS Children's Villages USA, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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, 2022 and 2021, 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 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.

Adoption of New Accounting Standard
As discussed in Note 2 to the financial statements, effective January 1, 2022, the Organization adopted Financial Accounting Standards Board Accounting Standards Update 2016-02 and subsequent amendments, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

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 for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

In performing an audit in accordance with GAAS, 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.

Johnson Lambert LLP

Park Ridge, Illinois
September 12, 2023

SOS Children's Villages USA, Inc.

Statements of Financial Position

As of December 31, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash and cash equivalents	$ 1,002,285	$ 1,884,034
Short term investments	5,807,027	2,201,729
Contributions receivable	17,850	345,211
Prepaid expenses and other assets	148,244	164,790
Short term ROU assets - operating lease	148,122	-
Total current assets	7,123,528	4,595,764
Non-current assets:		
Investments	3,401,527	706,639
Contributions receivable	126,225	-
Accounts receivables	104,091	59,308
Deposits	50,888	50,888
ROU assets - operating lease	1,290,624	-
Cash surrender value of life insurance	62,162	62,162
Total assets	$ 12,159,045	$ 5,474,761
Liabilities and net assets		
Current liabilities:		
Accounts payable and accrued expenses	$ 1,368,087	$ 1,743,264
Deferred lease benefit	-	180,570
Grants payable	4,651,051	4,413,586
Short term lease liabilities - operating lease	151,355	-
Non-current liabilities:		
Lease liabilities - operating lease	1,438,235	-
Total liabilities	7,608,728	6,337,420
Net assets (deficit):		
Without donor restriction	3,392,594	(1,900,333)
With donor restriction	1,157,723	1,037,674
Total net assets (deficit)	4,550,317	(862,659)
Total liabilities and net assets	$ 12,159,045	$ 5,474,761

See accompanying notes to the financial statements.

SOS Children's Villages USA, Inc.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Revenue			
Contributions	$ 8,189,387	$ 5,087,362	$ 13,276,749
Investment income, net	29,590	-	29,590
Other income	241,491	-	241,491
Net assets released from restrictions	4,967,313	(4,967,313)	-
Total revenue and support	13,427,781	120,049	13,547,830
Expenses			
Program expenses:			
Children's villages and programs	5,688,521	-	5,688,521
Education and advocacy	744,973	-	744,973
Total program expenses	6,433,494	-	6,433,494
Supporting expense:			
Management and general	921,313	-	921,313
Fundraising	780,047	-	780,047
Total supporting expenses	1,701,360	-	1,701,360
Total expenses	8,134,854	-	8,134,854
Change in net assets	5,292,927	120,049	5,412,976
Net (deficit) assets, beginning of the year	(1,900,333)	1,037,674	(862,659)
Net assets, end of the year	$ 3,392,594	$ 1,157,723	$ 4,550,317

See accompanying notes to the financial statements.

SOS Children's Villages USA, Inc.

Statement of Activities and Changes in Net Assets

Year ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue			
Contributions	$ 1,801,667	$ 5,257,726	$ 7,059,393
Bequest	-	345,211	345,211
PPP loan	327,000	-	327,000
Investment income, net	(1,374)	-	(1,374)
Other income	148,250	-	148,250
Net assets released from restrictions	5,529,644	(5,529,644)	-
Total revenue and support	7,805,187	73,293	7,878,480
Expenses			
Program expenses:			
Children's villages and programs	6,212,128	-	6,212,128
Education and advocacy	641,338	-	641,338
Total program expenses	6,853,466	-	6,853,466
Supporting expenses:			
Management and general	572,498	-	572,498
Fundraising	761,088	-	761,088
Total supporting expenses	1,333,586	-	1,333,586
Total expenses	8,187,052	-	8,187,052
Change in net assets	(381,865)	73,293	(308,572)
Net (deficit) assets, beginning of year	(1,518,468)	964,381	(554,087)
Net (deficit) assets, end of year	$ (1,900,333)	$ 1,037,674	$ (862,659)

See accompanying notes to the financial statements.

SOS Children's Villages USA, Inc.

Statement of Functional Expenses

Year ended December 31, 2022

	Children's Villages and Programs	Education and Advocacy	**Total Program Services**	Management and General	Fundraising	**Total Support Services**	**Total**
Salaries	$ 379,896	$ 259,467	$ 639,363	$ 303,762	$ 248,809	$ 552,571	$ 1,191,934
Benefits	67,582	46,158	113,740	54,038	44,262	98,300	212,040
Staff travel	4,474	2,522	6,996	11,828	9,184	21,012	28,008
Office expense	6,106	4,154	10,260	4,863	3,983	8,846	19,106
Postage and delivery	115,127	1,929	117,056	2,258	1,850	4,108	121,164
Staff development & training	22,688	16,216	38,904	18,141	15,089	33,230	72,134
Professional fees and services	132,232	92,500	224,732	87,275	127,476	214,751	439,483
Insurance	9,631	6,578	16,209	7,701	6,307	14,008	30,217
Office rent and storage	64,283	43,905	108,188	51,400	42,101	93,501	201,689
Telephone	10,887	7,436	18,323	8,705	7,130	15,835	34,158
Equipment lease	11,056	7,551	18,607	8,841	7,241	16,082	34,689
Information technology and software	68,589	60,418	129,007	50,690	41,520	92,210	221,217
Membership fees	265,303	181,201	446,504	212,135	173,758	385,893	832,397
Direct marketing appeals	539,834	6,160	545,994	89,633	43,111	132,744	678,738
Village and other support grants	3,978,147	-	3,978,147	-	-	-	3,978,147
Miscellaneous	12,686	8,778	21,464	10,043	8,226	18,269	39,733
Total functional expenses	$ 5,688,521	$ 744,973	$ 6,433,494	$ 921,313	$ 780,047	$ 1,701,360	$ 8,134,854

See accompanying notes to the financial statements.

SOS Children's Villages USA, Inc.

Statement of Functional Expenses

Year ended December 31, 2021

	Children's Villages and Programs	Education and Advocacy	**Total Program Services**	Management and General	Fundraising	**Total Support Services**	**Total**
Salaries	$ 539,203	$ 363,554	$ 902,757	$ 345,461	$ 400,550	$ 746,011	$ 1,648,768
Benefits	85,409	57,587	142,996	54,721	63,447	118,168	261,164
Staff travel	320	9,296	9,616	41	48	89	9,705
Office expense	3,623	3,256	6,879	1,073	1,269	2,342	9,221
Postage and delivery	62,301	1,301	63,602	780	3,009	3,789	67,391
Professional fees and services	471,644	70,516	542,160	63,364	92,944	156,308	698,468
Insurance	7,089	4,779	11,868	4,542	5,266	9,808	21,676
Office rent and storage	62,861	42,384	105,245	40,274	46,697	86,971	192,216
Telephone	9,841	6,635	16,476	6,305	7,310	13,615	30,091
Equipment lease	12,008	8,097	20,105	7,694	8,920	16,614	36,719
Information technology and software	135,166	38,759	173,925	12,135	74,602	86,737	260,662
Membership fees	697,531	24,631	722,162	23,405	27,137	50,542	772,704
Direct marketing appeals	26,262	106	26,368	4	20,823	20,827	47,195
Village and other support grants	4,002,700	-	4,002,700	-	-	-	4,002,700
Miscellaneous	96,170	10,437	106,607	12,699	9,066	21,765	128,372
Total functional expenses	$ 6,212,128	$ 641,338	$ 6,853,466	$ 572,498	$ 761,088	$ 1,333,586	$ 8,187,052

See accompanying notes to the financial statements.

SOS Children's Villages USA, Inc.

Statements of Cash Flows

Years ended December 31, 2022 and 2021

	2022	2021
Cash flow from operating activities		
Net change in net assets	$ 5,412,976	$ (308,572)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Noncash lease expense	129,251	-
Change in fair value of investments	(48,043)	1,374
Changes in operating assets and liabilities:		
Contributions receivable	201,136	(345,211)
Accounts receivable	(44,783)	(8,035)
Prepaid expenses and other assets	16,546	(37,891)
Accounts payable and accrued expenses	(375,177)	13,986
Grants payable	237,465	(21,751)
Lease liabilities - operating leases	(158,977)	-
Net cash provided by (used in) operating activities	5,370,394	(706,100)
Cash flow from investing activities		
Purchases of investments and reinvested earnings	(7,621,703)	(2,041,666)
Proceeds from sale of investments	1,369,560	1,504,880
Net cash used in investing activities	(6,252,143)	(536,786)
Net change in cash and cash equivalents	(881,749)	(1,242,886)
Cash and cash equivalents, beginning of year	1,884,034	3,126,920
Cash and cash equivalents, end of year	$ 1,002,285	$ 1,884,034
Non cash activities		
PPP loan forgiveness during the year	$ -	$ 327,000

See accompanying notes to the financial statements.

SOS Children's Villages USA, Inc.

Notes to Financial Statements

Years ended December 31, 2022 and 2021

Note 1 - Organization and Nature of Activities

Organization
SOS Children's Villages USA, Inc. (the Organization) supports the effort of SOS Children's Village International both in the USA and around the globe. SOS Children's Village International, a global federation, builds families for orphaned, abandoned and other vulnerable children in 135 countries. In the United States, villages are currently located in Florida and Illinois. Founded in 1949, we are the largest nonprofit federation in the world dedicated to the care of orphaned, abandoned and other vulnerable children. Through our family support and care programs, medical centers, schools and emergency relief efforts, SOS Children's Village impacts the lives of millions of children and families.

Note 2 - Significant Accounting Policies

Basis of Accounting
The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) promulgated by the Financial Accounting Standards Board Accounting Standards Codification (ASC or the guidance).

Use of Estimates
Preparation of financial statements in accordance with GAAP 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 revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Adoption of Accounting Standard
The Organization adopted ASC Topic 842, *Leases* on January 1, 2022. Among other requirements, lessees are required to identify leases as either operating or finance and to recognize the following for all leases (with the exception of short-term leases) as of the date of adoption: 1) a lease liability, which is the lessee’s obligation to make lease payments arising from a lease, measured on a discounted basis; and 2) a right-of-use (ROU) asset, which is an asset that represents the lessee’s ROU, or control the use of a specified asset for the lease term. On adoption, the Organization elected to utilize the year of adoption method. The Organization also elected to apply practical expedients applicable to the Organization in the updated guidance for transition for leases in effect at adoption, including the option to not reassess whether an existing contract is a lease or contains a lease. As a result of adoption, the Organization recognized a ROU asset of $1,597,804 and a lease liability of $1,748,567 on January 1, 2022.

Note 2 - Significant Accounting Policies (Continued)

Net Assets
Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose has been fulfilled, or both.

Grants Payable
The Organization records grants as liabilities upon approval by the Board of Directors. Grants payable are generally to affiliates of SOS-Kinderdorf International (KDI) and disbursed subsequent to board approval and upon request of affiliates. Grants approved but unpaid as of December 31, 2022 and 2021 are expected to be paid within the next operating cycle as such, discounting grants payable is not deemed to be necessary.

Cash and Cash Equivalents
The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. At various times throughout the year cash and cash equivalents may exceed the federally insured limit; however, the Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Functional Allocation of Expenses
The costs of program and supporting services activities have been summarized in the statements of activities and changes in net assets. The statements of functional expenses present the natural classification detail of expenses by function. Certain categories of expenses are attributed to more than one program or supporting function, and therefore, require allocation on a reasonable basis that is consistently applied. Salaries and wages, employee benefits, payroll taxes, office and educational expenses are allocated on the basis of estimates of time and effort.

Subsequent Events
The Organization has evaluated subsequent events for disclosure and recognition through September 12, 2023, the date on which these financial statements were available to be issued.

Note 2 - Significant Accounting Policies (Continued)

Income Taxes
The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation. The Organization is subject to income tax on any unrelated business income less applicable deductions. The Organization determined that it was not required to record a liability related to uncertain tax positions.

Fair Value Measurement and Disclosure
Financial assets and liabilities are reported at fair value in the financial statements based on the framework established in the fair value measurement and disclosure accounting guidance. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under market conditions regardless of whether that price is directly observable or estimated using another valuation technique. The framework is based on input in the valuation and requires that observable inputs be used in the valuation when available. The disclosure of fair value estimates in the fair value accounting guidance includes a hierarchy based on whether significant valuation inputs are observable. In determining the level of the hierarchy, the highest priority is given to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs that reflect our significant assumptions. The three levels of the hierarchy are as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities traded in active markets that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices including within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market corroborated inputs.

Level 3 – Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

In some cases, the inputs used to measure the fair value of an asset or liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to the entire measurement requires judgment, taking into account factors specific to the asset or liability.

Note 2 - Significant Accounting Policies (Continued)

Fair Value Measurement and Disclosure (continued)
Fair values are based on quoted market prices when available (Level 1). When market prices are not available, fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing (Level 2). In instances where there is little or no market activity for the same or similar instruments, estimates of fair value are made using methods, models and assumptions that management believes are relevant to the particular asset or liability. This may include discounted cash flow analysis or other income based approaches (Level 3). These valuation techniques involve some level of management estimation and judgment. Where appropriate, adjustments are included to reflect the risk inherent in a particular methodology, model or input used and are reflective of the assumptions that market participants would use in valuing assets or liabilities.

Investments
The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Subsequent to initial recording investments are reported at their fair values in the statements of financial position. Net investment return or loss is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in 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 Receivable
Contributions, including unconditional promises to give, are recorded when received. Contributions are considered to be available for unrestricted use unless specifically restricted by donors. Unconditional promises to give due in the next year are recorded at their net realizable value which approximates fair value. Unconditional promises to give due in more than one year are reported at fair value, on a nonrecurring basis, using the present value technique and are determined to be level 2 within the fair value hierarchy. The Organization selects a risk-adjusted interest rate designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the statement of activities and changes in net assets.

The Organization establishes an allowance for doubtful accounts for receivables based on a review by management of the likelihood of collectibility. Management records adjustments as necessary to bad debt expense for uncollectible receivables. These adjustments are reflected in the statements of activities and changes in net assets in the period written off. For the years ended December 31, 2022 and 2021, no amounts were recorded as bad debt expense.

Note 2 - Significant Accounting Policies (Continued)

Contributions
Contributions received are recorded as revenues without donor restriction or with donor restriction based on the existence or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and are reported in the statements of activities and changes in net assets as net assets released from restrictions. Grants awarded for which all requirements for payment have not been met are recorded as recoverable grants in the statement of activities and changes in net assets in the year management determines no further obligation exist.

Conditional promises to give, with a measurable performance obligation or other barrier and a right of return, are not recognized in the statement of activities and changes in net assets until the conditions on which they depend have been met. Amounts received prior to meeting the conditions are reported as refundable advances in the statement of financial position. As of December 31, 2022 and 2021, the Organization had conditional contributions not recorded in the statement of activities and changes in of net assets of $0 and $1,386,577, respectively.

In-Kind Contributions
Contributed goods are recorded at fair value at the date of donation and primarily consists of radio and billboard advertisements directed towards educating the general public about orphaned children and the role parents play in their development.

Property and Equipment
Property and equipment are recorded at cost and depreciated on a straight line basis over the estimated useful lives of the assets (3-10 years). The Organization capitalizes all property and equipment purchases in excess of $2,000 with a useful life greater than one year.

Leases
The Organization determines if an arrangement is a lease or contains a lease at inception of a contract and classifies each lease as an operating or finance lease. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Foundation records a ROU asset for the right to use an underlying asset for the lease term and a lease liability, on a discounted basis, for the obligation to make lease payments arising from the lease. The Organization has elected the risk free rate as the discount rate for all its underlying leased assets. ROU assets are subject to review for impairment.

For operating leases, lease expense relating to fixed payments is recognized on a straight-line basis over the lease term and lease expense relating to variable payments is expensed as incurred. The Organization has elected as an accounting policy not to record ROU assets and lease liabilities that arise from short-term leases for any class of underlying asset.

Note 3 - Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	2022	2021
Cash and cash equivalents	$ 1,002,285	$ 1,884,034
Short-term investments	5,807,027	2,201,729
Long-term investments	3,401,527	706,639
Contributions receivable	17,805	345,211
Total financial assets available within one year	10,228,644	5,137,613
Less amounts restricted in perpetuity	(449,442)	(449,442)
Total financial assets available to management for general expenditures within one year	$ 9,779,202	$ 4,688,171

As part of its liquidity management plan, the Organization structures its financial assets to be available as its obligations come due. Management considers net assets with donor restrictions in which restrictions expire within one year of the date of the statement of financial position to be available.

Note 4 - Investments and Fair Value Measurements

The following table shows assets and liabilities measured at fair value on a recurring basis.

Fair Value Measurements at, December 31, 2022:

Asset	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	$ 293,631	$ -	$ -	$ 293,631
Mutual funds	5,513,396	-	-	5,513,396
Common stocks	55,230	-	-	55,230
Corporate bonds	-	635,920	-	635,920
Government securities	2,710,377	-	-	2,710,377
Total investments	$ 8,572,634	$ 635,920	$ -	$ 9,208,554

Note 4 - Investments and Fair Value Measurements (Continued)

Fair Value Measurements at, December 31, 2021:

Asset	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	$ 2,260,093	$ -	$ -	$ 2,260,093
Corporate bonds	-	648,275	-	648,275
Total investments	$ 2,260,093	$ 648,275	$ -	$ 2,908,368

Note 5 - Contributions Receivable

Contributions receivable are estimated to be collected as follows as of December 31:

	2022	2021
Due within one year	$ 17,850	$ 345,211
Due within 1-5 years	126,225	-
	144,075	345,211
Less allowance for doubtful accounts	-	-
Contributions receivable, net	$ 144,075	$ 345,211

Note 6 - Leases

The Organization entered into an operating lease for office space in Washington, D.C. which runs from May 2020 through April 2031. The lease also contains yearly rental increases based on CPI.

The Organization's lease costs, terms and discount rates are as follows for the year ending December 31, 2022:

	2022
Operating lease cost:	
Lease cost	$ 186,129
Total lease cost	$ 186,129
Other Information	
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 186,048
ROU assets obtained in exchange for new operating lease liabilities	$ 1,748,567
Weighted-average remaining lease term - operating leases	9 years
Weighted-average discount rate - operating leases	1.63 %

Future minimum lease payments and reconciliation to the balance sheet as of December 31, 2022 are as follows:

	Operating
2023	$ 173,851
2024	193,246
2025	197,111
2026	201,053
2027	205,074
Thereafter	731,586
Total undiscounted future lease payments	1,701,921
Less: present value adjustment	(112,331)
Lease liability	$ 1,589,590

The Organization does not have any lease commitments that have not yet commenced as of December 31, 2022.

Note 6 - Leases (Continued)

Prior to the adoption of ASC Topic 842, Leases, rent expense amounted to approximately $193,000 for the year ended December 31, 2021, related to the minimum rent and operating expenses for the lease.

Note 7 - Commitments

Shared Treasury Services
Effective December 31, 2016, the Organization entered into an arrangement with SOS-KDI Shared Treasury Services (STS) to manage grant funds transferred with the objective of mitigating financial risks to safeguard SOS-KDI funding obligations. Under the terms of this arrangement, the Organization commits to an annual budget of fund transfers that include sponsorships and other gifts. Such transfers are invested in trust with funds of other affiliated entities and remain the property of the Organization until it is disbursed to the intended recipient. Each participant of the trust is allocated its share of foreign exchange gains and losses, interest, and bank charges. During the years ended December 31, 2022 and 2021, the Organization recognized a (loss)/gain of approximately $(10,000) and $68,000, respectively, on the invested balance.

Note 8 - Retirement Plan

The Organization maintains a 403(b) Defined Contribution Plan for all employees who have met the eligibility requirements. The Organization contributed 4% of compensation for eligible employees in 2022 and 2021. For the years ending December 31, 2022 and 2021, the Organization recorded contributions to the Plan of approximately $47,000 and $58,000, respectively.

Note 9 - Net Assets With Donor Restrictions

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

	Balance December 31, 2021	Additions	Released	Balance December 31, 2022
Purpose restricted:				
International Sponsors	$ 128,012	$ 1,043,567	$ (1,043,567)	$ 128,012
International Grants	460,220	2,934,390	(2,814,341)	580,269
Admin Fee	-	1,109,405	(1,109,405)	-
Perpetual in nature	449,442	-	-	449,442
	$ 1,037,674	$ 5,087,362	$ (4,967,313)	$ 1,157,723

Note 9 - Net Assets With Donor Restrictions (Continued)

	Balance December 31, 2020	Additions	Released	Balance December 31, 2021
Purpose restricted:				
International Sponsors	$ 128,012	$ 1,095,799	$ (1,095,799)	$ 128,012
International Grants	732,138	2,906,902	(3,178,820)	460,220
Admin Fee	-	1,255,025	(1,255,025)	-
Perpetual in nature	104,231	345,211	-	449,442
	$ 964,381	$ 5,602,937	$ (5,529,644)	$ 1,037,674

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time.

Note 10 - Payroll Protection Program

In 2021, the Organization received a loan pursuant to the Paycheck Protection Program (the Program), a program implemented and federally authorized under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, for an aggregate principal amount of $327,000 (the PPP Loans). The PPP Loans bear an annual interest rate of 1%, and are unsecured and guaranteed by the Small Business Administration (SBA). The Organization elected to account for this PPP Loans in accordance with the FASB ASC 958-605 conditional contribution model. To the extent that the proceeds are used to pay qualified expenses, and other employment criteria required by the Program have been met by the Organization, the PPP Loans may be subject to forgiveness under the Program upon the Organization’s request after a “covered period” of 24 weeks. Any unforgiven portion of the PPP Loan is payable over the terms of the agreement with a deferral of payments for 10 months after the end of the covered period.

Under the conditional contribution model, the PPP Loan forgiveness is recognized as revenue when conditions are substantially met. Management has determined that all conditions including eligibility and terms of the loan agreements have been substantially met as of December 31, 2021. The Organization received notification of SBA forgiveness for the PPP Loans in 2021. For the year ended December 31, 2021, the Organization recorded contribution revenue on the statement of activities and changes in net assets of $327,000 for the principal and accrued interest forgiven by the SBA.

Note 11 - Endowment

In December 2021, the RBG endowment fund, a donor-restricted endowment, was created with a $345,211 contribution to the Organization of which $201,136 was received in 2022. The primary purpose of the RBG endowment fund is to provide support to existing programs managed by and consistent with the mission and purposes of the Organization. A portion of investment earnings generated by the RBG endowment are available to fund activities at the Board's discretion.

Note 11 - Endowment (Continued)

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gifts as of the date of the donor restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2022, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of the initial and subsequent gift amounts (including promises to give net of discount and allowance for uncollectible amounts) donated to the endowment fund, (b) the original value of subsequent gifts to the permanent endowment, and (c) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

The Organization's investment strategy is to invest in assets that would produce results exceeding the investment's purchase price and incur a significant yield of return, while assuming a moderate level of investment risk. The Organization expects its Endowment Fund, over time, to provide a reasonable rate of return. To satisfy the long-term rate-of-return objective, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Council targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of December 31, 2022 and 2021, no endowment fund was underwater.

Note 11 - Endowment (Continued)

Changes in endowment net assets for the year ended December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets January 1, 2021	$ -	$ 104,231	$ 104,231
RBG Endowment	-	345,211	345,211
Endowment net assets December 31, 2021	-	449,442	449,442
Endowment net assets, December 31, 2022	$ -	$ 449,442	$ 449,442