MEDSHARE INTERNATIONAL, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

Warren Averett
CPAs AND ADVISORS
www.warrenaverett.com

The report accompanying this deliverable was issued by Warren Averett, LLC.

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Warren Averett
CPAs AND ADVISORS

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
MedShare International, Inc.

Opinion
We have audited the accompanying statements of MedShare International, Inc. (a Georgia not-for-profit organization) (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MedShare International, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Warren Averett, LLC

Atlanta, Georgia
April 26, 2023

MEDSHARE INTERNATIONAL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	$ 2,530,252	$ 3,695,096
Unconditional promises to give, current portion	290,000	335,000
Other receivables	96,000	44,050
Inventory, net	22,366,549	21,318,823
Prepaid expenses	114,067	89,235
Total current assets	25,396,868	25,482,204
PROPERTY AND EQUIPMENT		
Land	340,552	340,552
Building and improvements	1,932,048	1,932,048
Furniture and equipment	625,998	625,998
Computer software	71,774	71,774
Total property and equipment	2,970,372	2,970,372
Accumulated depreciation	(1,557,048)	(1,447,178)
Total property and equipment – net	1,413,324	1,523,194
OTHER ASSETS		
Unconditional promises to give, net of current portion	-	40,000
Other receivables	700,981	700,981
Investments	1,279,835	1,401,765
Other assets	35,419	35,419
Total other assets	2,016,235	2,178,165
TOTAL ASSETS	$ 28,826,427	$ 29,183,563

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 432,325	$ 404,265
Total current liabilities	432,325	404,265
NET ASSETS		
Without donor restrictions	25,512,807	25,449,404
With donor restrictions		
Restricted by purpose or time	1,881,295	2,329,894
Restricted in perpetuity	1,000,000	1,000,000
Total with donor restrictions	2,881,295	3,329,894
Total net assets	28,394,102	28,779,298
TOTAL LIABILITIES AND NET ASSETS	$ 28,826,427	$ 29,183,563

See notes to the financial statements.

MEDSHARE INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(*with comparative totals for 2021*)

	2022			2021
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Total**
REVENUE AND SUPPORT				
Grants and contributions	$ 2,469,428	$ -	$ 2,469,428	$ 3,825,411
Contributions for specific projects	-	2,165,327	2,165,327	1,485,701
Federal CARES Act – PPP grant	-	-	-	553,850
Special events, net of direct expenses	292,472	-	292,472	153,567
In-kind contributions				
Equipment and supplies	18,315,276	-	18,315,276	22,892,161
Professional services	130,889	-	130,889	83,365
(Loss) earnings on investments, net	-	(121,930)	(121,930)	256,419
Other income	5,549	-	5,549	1,683
Net assets released from restrictions	2,491,996	(2,491,996)	-	-
TOTAL REVENUE AND SUPPORT	23,705,610	(448,599)	23,257,011	29,252,157
EXPENSES				
Program expenses	21,559,532	-	21,559,532	21,430,899
Fundraising expenses	941,726	-	941,726	937,984
Management and general expenses	1,140,949	-	1,140,949	856,650
TOTAL EXPENSES	23,642,207	-	23,642,207	23,225,533
INCREASE (DECREASE) IN NET ASSETS	63,403	(448,599)	(385,196)	6,026,624
NET ASSETS AT:				
BEGINNING OF YEAR	25,449,404	3,329,894	28,779,298	22,752,674
END OF YEAR	$ 25,512,807	$ 2,881,295	$ 28,394,102	$ 28,779,298

See notes to the financial statements.

MEDSHARE INTERNATIONAL, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restricted	Total
REVENUE AND SUPPORT			
Grants and contributions	$ 3,825,411	$ -	$ 3,825,411
Contributions for specific projects	-	1,485,701	1,485,701
Federal CARES Act – PPP grant	553,850	-	553,850
Special events, net of expenses	153,567	-	153,567
In-kind contributions			
Equipment and supplies	22,892,161	-	22,892,161
Professional services	83,365	-	83,365
Earnings on investments, net	-	256,419	256,419
Other income	1,683	-	1,683
Net assets released from restrictions	1,995,394	(1,995,394)	-
TOTAL REVENUE AND SUPPORT	29,505,431	(253,274)	29,252,157
EXPENSES			
Program expenses	21,430,899	-	21,430,899
Fundraising expenses	937,984	-	937,984
Management and general expenses	856,650	-	856,650
TOTAL EXPENSES	23,225,533	-	23,225,533
INCREASE (DECREASE) IN NET ASSETS	6,279,898	(253,274)	6,026,624
NET ASSETS AT:			
BEGINNING OF YEAR	19,169,506	3,583,168	22,752,674
END OF YEAR	$ 25,449,404	$ 3,329,894	$ 28,779,298

See notes to the financial statements.

MEDSHARE INTERNATIONAL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	Program Services	Fundraising	General and Administrative	Total
Year Ended June 30, 2022				
Equipment and supplies shipped	$ 17,324,890	$ -	$ -	$ 17,324,890
Personnel	1,938,218	759,825	433,907	3,131,950
Shipping	830,242	-	205,845	1,036,087
Occupancy	947,555	30,238	74,554	1,052,347
Office expenses	51,179	85,691	164,240	301,110
Professional fees	179,649	24,906	199,834	404,389
Depreciation	109,870	-	-	109,870
Travel	26,367	6,109	12,865	45,341
Insurance	73,685	519	17,718	91,922
Marketing	-	22,270	348	22,618
Other expenses	77,877	12,168	31,638	121,683
Total expenses	$ 21,559,532	$ 941,726	$ 1,140,949	$ 23,642,207

	Program Services	Fundraising	General and Administrative	Total
Year Ended June 30, 2021				
Equipment and supplies shipped	$ 17,464,494	$ -	$ -	$ 17,464,494
Personnel	2,015,542	763,255	581,720	3,360,517
Shipping	731,564	-	-	731,564
Occupancy	827,292	26,403	28,862	882,557
Office expenses	56,047	86,820	138,904	281,771
Professional fees	133,212	39,225	91,167	263,604
Depreciation	117,472	-	-	117,472
Travel	7,289	297	4,787	12,373
Insurance	75,873	461	10,108	86,442
Marketing	200	21,224	324	21,748
Other expenses	1,914	299	778	2,991
Total expenses	$ 21,430,899	$ 937,984	$ 856,650	$ 23,225,533

See notes to the financial statements.

MEDSHARE INTERNATIONAL, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS USED IN OPERATING ACTIVITIES		
Change in net assets:	$ (385,196)	$ 6,026,624
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation expense	109,870	117,472
Realized and unrealized loss (gain) on investments, net	151,395	(239,760)
Increase in inventory – donated	(902,708)	(5,474,110)
Change in assets and liabilities:		
Decrease (increase) in unconditional promises to give	85,000	(175,000)
Increase in other receivables	(51,950)	(32,063)
(Increase) decrease in inventory – purchased	(145,018)	21,175
(Increase) decrease in prepaid expense	(24,832)	26,796
Decrease in other assets	-	58,815
Increase in accounts payable and accrued expenses	28,060	53,974
Decrease in deferred revenue – PPP grant	-	(553,850)
Net cash used in operating activities	(1,135,379)	(169,927)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Distributions from investments	-	38,000
Reinvestment in investments	(29,465)	(16,659)
Net cash (used in) provided by investing activities	(29,465)	21,341
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,164,844)	(148,586)
CASH AND CASH EQUIVALENTS AT:		
BEGINNING OF YEAR	3,695,096	3,843,682
END OF YEAR	$ 2,530,252	$ 3,695,096

See notes to the financial statements.

1. DESCRIPTION OF BUSINESS

Description of Business

Incorporated in December 1998, MedShare International, Inc. (MedShare or the Organization) is a 501(c)(3) humanitarian aid organization dedicated to improving the quality of life of people, communities, and our planet by sourcing and directly delivering surplus medical supplies and equipment to communities in need around the world. MedShare helps increase health system capacity and drives sustainability by providing biomedical equipment training and service to health care organizations and medical professionals serving populations in need. MedShare's efforts to examine and address global health disparities are reflected by our four programs and one service: Disaster Relief Program, Primary Care Program, Maternal & Child Health Program, Infectious Disease Control & Prevention Program, and Biomedical Equipment Training & Repair Service. Focusing on these areas increases health systems' capacity to treat patients and prepares them to respond effectively to natural disasters and epidemics, all while improving the overall quality of care in the developing world. MedShare's deliveries of vital medical supplies and equipment have decreased our nation's carbon footprint and brought health, healing, and the promise of better lives to 100 countries and countless patients.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Standards

On July 1, 2021, MedShare adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires contributed nonfinancial assets to be presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The ASU also requires the disaggregation of the contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. For each type of contributed nonfinancial asset certain additional disclosures are required.

MedShare applied the retrospective approach to the statements of activities when adopting ASU 2020-07. Other than these changes in presentation on the statement of activities and in the footnotes to the financial statements for the years ended June 30, 2022 and 2021, the adoption of ASU 2020-07 did not have an impact on its results of operations.

Upcoming Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases,* increasing transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statements of financial position and disclosing key information about leasing arrangements. The amendments in this update are effective for fiscal years beginning after December 15, 2021. MedShare is currently evaluating the effects that the provisions of ASU No. 2016-02 will have on the Organization's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities at year-end. Net assets, revenues, expenses, gains and losses are recorded based on the existence or absence of donor-imposed restrictions. Therefore, the net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are available for use in general operations and results from revenues that were not restricted by donors or the donor-imposed restrictions have expired.

With Donor Restrictions – Net assets that result from contributions and other inflows of assets (such as investment income and gains) whose use by MedShare is limited by donor-imposed stipulations that require MedShare to use or expend the donated assets as specified and are satisfied either by the passage of time or the actions of MedShare. This category also results from contributions and other inflows of assets whose use by MedShare is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of the Board pursuant to those stipulations.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments purchased with an initial maturity of three months or less.

Concentrations and Credit and Market Risk

The Organization maintains its cash in bank deposit accounts at financial institutions. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to statutory limits. The Organization's cash balances periodically exceed the federally insured limit.

Two donors represent 100% of the balance of unconditional promises to give at June 30, 2022 and 2021.

There were no concentrations of contributions received for the year ended June 30, 2022. For the year ended June 30, 2021 approximately 16% of contributions received were attributable to one donor.

Contributions and Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give are recorded as received.

The Organization uses the allowance method to determine the uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises received. Since all unconditional promises to give were deemed to be collectible there is no allowance for doubtful promises to give at June 30, 2022 or 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Donor-restricted contributions are reported as increases in net assets with or without donor restrictions depending on the nature of the restrictions. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without restrictions.

In-Kind Contributions
The Organization utilizes in-kind contributions to carry out its mission. All in-kind contributions received during the years ended June 30, 2022 and 2021, were considered without donor restrictions and able to be used by the Organization as determined by the Board of Trustees (the Board) and management. The Organization values in-kind contributions received and made at amounts that approximate their fair value at the date received or distributed.

Donated Equipment and Supplies: Donated equipment and supplies are reflected as contributions at their estimated value at the date of receipt. See Inventory section below for additional information regarding valuation of donated equipment and supplies.

Contributed Services: Contributed services are recognized at fair value as contributions and expenses if the services: (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. During the years ended June 30, 2022 and 2021, many individuals volunteered their time in support of the Organization's programs. The individuals' time did not meet the above criteria to be recorded as contributions in the financial statements. However, the Organization did receive professional services meeting these criteria. During the years ended June 30, 2022 and 2021, the value of these services was approximately $131,000 and $83,000, respectively.

Inventory
The Organization values its inventory of donated medical supplies at 50% of the average wholesale price for the item (or similar items). The average wholesale price approximates the fair value measurement of the inventory if sold in North America in an orderly transaction between market participants.

The Organization values donated biomedical equipment based on average wholesale prices. However, the price is not discounted by 50% because MedShare's biomedical team believes that the average price considers the range of ages and conditions of equipment that is donated. The Organization believes that this measurement is more reflective of actual fair value.

Property and Equipment
The Organization capitalizes all expenditures for property, furniture and equipment in excess of $5,000. Property and equipment are recorded at cost or fair value, if donated, and are depreciated using the straight-line method as follows:

Building and improvements	30 years
Furniture and equipment	5 years
Computer software	3 years

Depreciation expense in the amount of $109,870 and $117,472 has been charged to operations for the years ended 2022 and 2021, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Investments
Investments are carried at fair value in accordance with FASB Accounting Standards Codification (ASC) 958, *Investments – Debt and Equity Securities for Not-for-Profit Organizations.* Under FASB ASC 820, *Fair Value Measurements and Disclosures*, fair value measurements are disclosed by level within the fair value hierarchy.

- Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that MedShare has the ability to access at the measurement date.
- Level 2 – Valuations based on quoted prices in markets that are not active or based on valuation models for which all significant inputs are observable, either directly or indirectly.
- Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

All of the Organization's investments are Level 1 investments and are U.S. investments.

Deferred Revenue
Deferred revenue represents sponsorships for events to be held in the subsequent year.

Income Taxes
The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and is classified as an organization which is not a private foundation under Section 509(a) of the IRC. The Organization qualifies for the charitable contribution deduction.

Fair Value of Financial Instruments
Financial instruments, primarily cash and cash equivalents, investments, accounts payable and the line of credit are reported at values which the Organization believes are not significantly different from fair values. The Organization believes no significant credit risk exists with respect to any of its financial instruments.

Functional Allocation of Expenses
The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, personnel, travel and insurance costs have been allocated among the programs and supporting services benefited based on time and effort of the personnel. Depreciation and occupancy costs have been allocated based on square footage.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Events Occurring After Report Date
Management has evaluated events and transactions that occurred between June 30, 2022 and April 26, 2023, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2022 and 2021 are receivable as follows:

	2022	2021
For the Year Ending June 30:		
2022	$ -	$ 335,000
2023	290,000	40,000
	$ 290,000	$ 375,000

4. INVESTMENTS

The Organization's endowment fund investments, (See Note 7) are comprised of the following:

	2022	2021
Cash	$ 52,569	$ 15,914
Common stock	597,803	36,130
Government bonds	20,061	-
Corporate bonds	299,860	-
Mutual funds – bonds	-	273,220
Mutual funds – equities	309,542	246,055
Exchange traded funds – bonds	-	258,109
Exchange traded funds – equities	-	572,337
Total investments	$ 1,279,835	$ 1,401,765

Investment return for the years ended June 30, 2022 and 2021 is comprised of:

	2022	2021
Interest and dividend income	$ 41,037	$ 29,125
Net realized and unrealized (loss) gain on investments	(151,395)	239,760
Brokerage fees	(11,572)	(12,466)
	$ (121,930)	$ 256,419

5. LEASE COMMITMENTS

The Organization has obligations under various non-cancelable operating leases for office and warehouse space that expire at various dates through 2025. In most cases, management expects that in the normal course of business, the leases set to expire will be renewed or replaced by other leases. Future minimum lease payments for the years ending June 30 are as follows:

For the Year Ending June 30:	
2023	$ 404,285
2024	129,415
2025	99,229

Rent expense under operating leases for the years ended June 30, 2022 and 2021 amounted to approximately $663,000 and $640,000, respectively. The lease for office space is subject to escalation based on increases in building operating expenses.

6. NET ASSETS RESTRICTIONS

Net assets with donor restrictions are comprised primarily of contributions subject to donor-imposed restrictions and income earned on endowment fund assets. The composition of these assets as of June 30, 2022 and 2021 is as follows:

	2022	2021
Subject to expenditure for specified purpose:		
Container sponsorships and operating grants	$ 1,161,131	$ 1,402,668
Other	440,329	525,461
Subject to spending policy and appropriation:		
Accumulated gains on endowment (restricted for building maintenance)	279,835	401,765
Endowment restricted in perpetuity	1,000,000	1,000,000
Total net assets with donor restrictions	$ 2,881,295	$ 3,329,894

Net assets with donor restrictions released from restrictions during the years ended June 30, 2022 and 2021, were as follows:

	2022	2021
Container sponsorships and operating grants	$ 1,447,253	$ 1,644,030
Disaster relief	646,252	22,159
Building maintenance	-	38,000
Other	398,491	291,205
	$ 2,491,996	$ 1,995,394

7. ENDOWMENT FUND

The Organization established the MedShare Building Maintenance Endowment Fund (the endowment) from capital campaign contributions for the purpose of providing funds for the maintenance and repair of its headquarters building in Decatur, Georgia.

Interpretation of Relevant Law

The Organization has interpreted the Georgia Prudent Management of Institutional Funds Act (GPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets restricted in perpetuity: (a) the original value of gift(s) donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in net assets restricted in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by GPMIFA. In accordance with GPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Organization
7) The investment policies of the Organization

Investment and Spending Policy

In June 2010 the Organization’s Board of Trustees (the Board) adopted an investment and spending policy for endowment assets which attempts to provide a predictable stream of funding to support building maintenance while seeking to maintain the purchasing power of the endowment assets. Under this policy as approved by the Board, the endowed assets were invested in a manner which was intended to maximize the results while assuming a moderate level of investment risk. To satisfy its long-term rate-of-return objectives, 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 Organization targets a diversified asset allocation which places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. The Organization expects its endowment funds, over time, to provide an average annual rate of return of approximately 5-7%. Actual returns in any given year may vary from this amount.

7. ENDOWMENT FUND – CONTINUED

The Organization has a policy of appropriating for distribution each year up to 4.5% of its endowment fund's average fair value over the prior 12 quarters through the fiscal year-end proceeding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, the Organization expects the current spending policy to allow its endowment to grow over the long-term at an average of 0.5% to 7%. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The Organization's endowment net asset composition as of June 30, 2022 and 2021 is as follows:

	Original Gift Amount	Accumulated Gains (Losses) and Other	Total Funds
June 30, 2022	$ 1,000,000	$ 279,835	$ 1,279,835
June 30, 2021	$ 1,000,000	$ 401,765	$ 1,401,765

Changes in the Organization's endowment for the year ended June 30, 2022 and 2021 are as follows:

	Original Gift Amount	Accumulated Gains (Losses) and Other	Total Funds
Beginning Balance July 1, 2020	$ 1,000,000	$ 183,346	$ 1,183,346
Investment gain, net	-	16,659	16,659
Unrealized gain	-	239,760	239,760
Appropriated for expenditure	-	(38,000)	(38,000)
Ending Balance June 30, 2021	1,000,000	401,765	1,401,765
Investment gain, net	-	249,777	249,777
Unrealized loss	-	(371,707)	(371,707)
Ending Balance at June 30, 2022	$ 1,000,000	$ 279,835	$ 1,279,835

8. LINE OF CREDIT

The Organization has a line of credit with a commercial bank allowing the Organization to borrow up to $1,000,000, secured by substantially all of the Organization's assets. The credit line bore interest at the prime rate with a 4.50% floor and matured on March 21, 2020. The line of credit was renewed and extended to May 18, 2024 bearing interest at the prime rate with a 3.00% floor. There were no outstanding balances at June 30, 2022 and 2021.

9. FOUNDER'S WELFARE BENEFIT PLAN

The Organization sponsors a welfare benefit plan for the benefit of a founder and former key executive which allows the purchase of life insurance to provide post-employment retirement benefits. Each premium or contribution provided by the Organization on behalf of the former executive is treated for tax purposes and financial purposes as a premium loan from the Organization. These premium loans totaling $700,981 and $700,981 at June 30, 2022 and 2021, respectively, are established as allowed by IRC Section 26 CFR Section 1.7872-15 and are included as a receivable on the Organization's statements of financial position. The receivable is required to be repaid, including cumulative interest at a rate established by the Internal Revenue Service. The Organization holds a permanent and primary interest in the death benefit of a life insurance policy that will provide a full repayment of the accumulated loan receivable at his death.

10. RETIREMENT PLAN

The Organization has a retirement savings plan which is qualified under Section 401 of the IRC. Employees are eligible to participate if they are age 21 or older and have completed three consecutive full calendar months of employment. Employees can elect salary deferrals to their Plan account up to the legally allowed amount. The Organization can, at its discretion, make contributions on behalf of employees. For the years ended June 30, 2022 and 2021 the match contribution expense was $23,511 and $23,256, respectively.

11. LIQUIDITY AND FUNDS AVAILABLE

The following table reflects the Organization's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one-year, perpetual endowments, and accumulated earnings net of appropriations within one year or because the governing board has set aside the funds for specific contingency reserves and projects or a long-term investment as board designated endowments.

	2022	2021
Cash and cash equivalents	$ 2,530,252	$ 3,695,096
Unconditional promises to give, current portion	290,000	335,000
Other receivables	96,000	44,050
Investments	1,279,835	1,401,765
Financial assets, at year end	4,196,087	5,475,911
Less: Assets unavailable for general expenditures within one year due to:		
Donor-imposed restrictions	1,881,295	2,329,894
Perpetual endowment	1,000,000	1,000,000
Adjusted for: long-term promises to give	-	(40,000)
Total financial assets unavailable for general expenditure within one year	2,881,295	3,289,894
Financial assets available to meet cash needs for general expenditures within one year	1,314,792	2,186,017
Liquidity resources		
Bank line of credit (undrawn)	1,000,000	1,000,000
Total financial asset and liquidity resources available within one year	$ 2,314,792	$ 3,186,017

The Organization is supported by contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to donors. Therefore, certain financial assets may not be available for general expenditures within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. Additionally, the Organization has a line of credit that can be used to cover expenses as needed.

12. CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT)

On March 27, 2020 in response to the pandemic, the President signed into law the Coronavirus Aid, Relief and Economic Security Act (CARES). In the weeks that followed, The Organization applied for and received a $553,850 PPP loan granted by the Small Business Administration. The Organization elected to account for the PPP loan as a conditional contribution in accordance with the guidance provided by FASB ASU 2018-08 *Not-for-Profit Entities (Topic 958)*. Under the guidance, a conditional contribution includes one or more barriers that must be overcome for the recipient to be entitled to the assets transferred and a right-of-return of the asset if a barrier to entitlement is not met. The barriers for a PPP loan require that qualifying expenses must be incurred (compensation, mortgage interest, rent and utilities) and that the recipient maintains employee headcount and compensation levels at pre-established levels. If these barriers are not met, the recipient will be required to repay the loan over a specified period of time.

At June 30, 2020, the Organization had not yet applied for or received loan forgiveness and, therefore, believed the barriers had not been overcome at that date. Therefore, the PPP funding received was recorded as deferred revenue on the statements of financial position at June 30, 2020. In March 2021 the Organization was granted full forgiveness of the grant and recognized $553,850 of grant revenue for the year ended June 30, 2021.