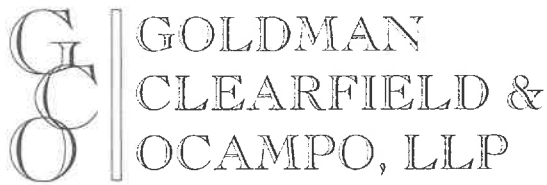


GOD'S CHILD PROJECT
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
God's Child Project
Golden Valley, MN

We have audited the accompanying financial statements of God's Child Project (a non-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of God's Child Project as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Goldman, Clearfield & Ocampo, LLP.

Columbia, MD
June 1, 2022

GOD'S CHILD PROJECT
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
CURRENT ASSETS				
Cash	\$ 833,810	\$ 430,586	\$ 13,110	\$ 3,635
Accounts Receivable	-	5,975	10	-
Due from Others	806,698	721,256	14,652	10,500
Prepaid Expenses	11,364	13,868	-	3,462
Inventory	21,065	20,318	-	29,771
Security Deposits	<u>2,347</u>	<u>2,347</u>	<u>-</u>	<u>-</u>
TOTAL CURRENT ASSETS	<u>1,675,284</u>	<u>1,194,350</u>	<u>27,772</u>	<u>47,368</u>
PROPERTY AND EQUIPMENT				
Less: Accumulated Depreciation	10,439	10,439	-	37,166
	<u>9,664</u>	<u>9,561</u>	<u>-</u>	<u>101,500</u>
NET PROPERTY AND EQUIPMENT	<u>775</u>	<u>878</u>	<u>-</u>	<u>138,666</u>
OTHER ASSETS				
Cash, Donor Restricted	289,550	293,399	27,772	186,034
Investments Available For Sale	<u>461,838</u>	<u>439,643</u>	<u>-</u>	<u>-</u>
TOTAL OTHER ASSETS	<u>751,388</u>	<u>733,042</u>	<u>1,648,287</u>	<u>1,009,194</u>
TOTAL ASSETS	<u>\$ 2,427,447</u>	<u>\$ 1,928,270</u>	<u>2,399,675</u>	<u>1,742,236</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,427,447</u>	<u>\$ 1,928,270</u>	<u>\$ 2,427,447</u>	<u>\$ 1,928,270</u>

The accompanying notes are an integral part of the financial statements.

**GOD'S CHILD PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

CHANGES IN NET ASSETS	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUES, GAINS AND OTHER SUPPORT			
Contributions - Cash	\$ 1,490,525	\$ 110,025	\$ 1,600,550
Contributions - Noncash	277,402	-	277,402
Fundraising	359,626	-	359,626
Investment Income	(5)	23,369	23,364
Loan Forgiveness	66,937	-	66,937
Miscellaneous	7,386	-	7,386
Net Assets Released from Restrictions	115,048	(115,048)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>2,316,919</u>	<u>18,346</u>	<u>2,335,265</u>
EXPENSES			
Program Services	1,476,764	-	1,476,764
Management and General	106,902	-	106,902
Fundraising	94,160	-	94,160
TOTAL EXPENSES	<u>1,677,826</u>	<u>-</u>	<u>1,677,826</u>
NET INCREASE IN NET ASSETS	639,093	18,346	657,439
NET ASSETS - BEGINNING	<u>1,009,194</u>	<u>733,042</u>	<u>1,742,236</u>
NET ASSETS - ENDING	<u>\$ 1,648,287</u>	<u>\$ 751,388</u>	<u>\$ 2,399,675</u>

The accompanying notes are an integral part of the financial statements.

**GOD'S CHILD PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

CHANGES IN NET ASSETS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES, GAINS AND OTHER SUPPORT			
Contributions - Cash	\$ 1,633,831	\$ 107,364	\$ 1,741,195
Contributions - Noncash	337,811	-	337,811
Fundraising	226,830	-	226,830
Investment Income	-	28,070	28,070
Miscellaneous	2,580	-	2,580
Net Assets Released from Restrictions	231,795	(231,795)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>2,432,847</u>	<u>(96,361)</u>	<u>2,336,486</u>
EXPENSES			
Program Services	1,967,503	-	1,967,503
Management and General	119,104	-	119,104
Fundraising	116,982	-	116,982
TOTAL EXPENSES	<u>2,203,589</u>	<u>-</u>	<u>2,203,589</u>
NET INCREASE (DECREASE) IN NET ASSETS	229,258	(96,361)	132,897
NET ASSETS - BEGINNING	<u>779,936</u>	<u>829,403</u>	<u>1,609,339</u>
NET ASSETS - ENDING	<u>\$ 1,009,194</u>	<u>\$ 733,042</u>	<u>\$ 1,742,236</u>

The accompanying notes are an integral part of the financial statements.

**GOD'S CHILD PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Advertising	\$ 1,670	\$ 3,061	\$ 835	\$ 5,566
Bank and Credit Card Fees	1,950	2,384	5,317	9,651
Collection Fees	16,214	1,145	1,717	19,076
Depreciation	103	-	-	103
Dues and Subscriptions	2,525	178	267	2,970
Employee Benefits	44,050	5,825	4,669	54,544
Fundraising	-	-	6,926	6,926
Insurance	8,969	11,211	2,242	22,422
Interest	1,168	1,168	-	2,336
Miscellaneous	870	163	-	1,033
Office Expense	135,691	9,578	14,367	159,636
Other Donations	763,873	-	-	763,873
Payroll	285,203	37,716	30,230	353,149
Payroll Fees	10,561	1,397	1,119	13,077
Payroll Taxes	23,637	3,126	2,506	29,269
Postage and Shipping	9,861	3,586	4,482	17,929
Professional Fees	32,151	9,186	4,593	45,930
Rent	78,837	5,565	8,347	92,749
Repairs and Maintenance	3,927	1,122	560	5,609
Service Team	5,021	-	-	5,021
Telephone and Internet	17,026	4,865	2,432	24,323
Training	-	3,220	-	3,220
Travel	33,252	2,347	3,521	39,120
Utilities	205	59	30	294
	<u>\$ 1,476,764</u>	<u>\$ 106,902</u>	<u>\$ 94,160</u>	<u>\$ 1,677,826</u>

The accompanying notes are an integral part of the financial statements.

**GOD'S CHILD PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>PROGRAM</u>	<u>MANAGEMENT</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Advertising	\$ 6,888	\$ 12,628	\$ 3,445	\$ 22,961
Bank and Credit Card Fees	1,988	2,431	5,425	9,844
Collection Fees	15,845	1,118	1,679	18,642
Depreciation	136	-	-	136
Dues and Subscriptions	2,426	171	257	2,854
Employee Benefits	46,727	6,179	4,953	57,859
Fundraising	-	-	20,212	20,212
Insurance	9,105	11,382	2,277	22,764
Interest	1,731	1,731	-	3,462
Miscellaneous	1,732	324	1	2,057
Office Expense	130,135	9,186	13,779	153,100
Other Donations	1,213,421	-	-	1,213,421
Payroll	309,304	40,904	32,784	382,992
Payroll Fees	13,278	1,756	1,408	16,442
Payroll Taxes	25,806	3,413	2,735	31,954
Postage and Shipping	20,042	7,288	9,111	36,441
Professional Fees	23,956	6,845	3,423	34,224
Rent	78,720	5,557	8,335	92,612
Repairs and Maintenance	521	149	74	744
Service Team	4,914	-	-	4,914
Telephone and Internet	17,238	4,925	2,463	24,626
Travel	43,404	3,064	4,595	51,063
Utilities	186	53	26	265
	<u>\$ 1,967,503</u>	<u>\$ 119,104</u>	<u>\$ 116,982</u>	<u>\$ 2,203,589</u>

The accompanying notes are an integral part of the financial statements.

**GOD'S CHILD PROJECT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 657,439	\$ 132,897
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	103	136
In-Kind Donations Held for Resale	(1,143)	(907)
Loan Forgiveness	(66,937)	-
Unrealized Gain on Investments	(3,971)	(3,798)
Realized (Gain) Loss on Sale of Investments	67	(1,425)
(Increase) Decrease in:		
Accounts Receivable	5,975	(259)
Prepaid Expenses	2,504	(559)
Inventory	(747)	(242)
Increase (Decrease) in:		
Accounts Payable	9,475	(92,168)
Sales Tax Payable	10	(55)
Accrued Payroll	4,152	2,583
Accrued Interest	(3,462)	3,462
Deferred Revenue	-	(90,510)
	<u>603,465</u>	<u>(50,845)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Due From Others	(85,442)	55,662
Purchase of Investments	(18,308)	(253,980)
Sale of Investments	1,160	318,314
	<u>(102,590)</u>	<u>119,996</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Note Payable	-	66,937
Net Change - Loan Payable Officer	(101,500)	101,500
	<u>(101,500)</u>	<u>168,437</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
NET CHANGE IN CASH AND CASH EQUIVALENTS	399,375	237,588
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>723,985</u>	<u>486,397</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,123,360</u>	<u>\$ 723,985</u>
CASH AND CASH EQUIVALENTS RECONCILIATION		
Cash	\$ 833,810	\$ 430,586
Cash, Donor Restricted	<u>289,550</u>	<u>293,399</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 1,123,360</u>	<u>\$ 723,985</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Interest Paid	<u>\$ 5,798</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

**GOD'S CHILD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

God's Child Project researches, develops, implements and fundraises for education, health-care and poverty relief programs in Guatemala, India, and the United States.

Subsequent Events:

In the normal course of preparing the Organization's financial statements, management reviews events that occur after the statement of financial position dated June 30, 2021 for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through June 1, 2022, which is the date the financial statements were available to be issued.

Method of Accounting:

The Organization's financial statements have been prepared on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when incurred.

Financial Statement Presentation:

The net assets of the Organization and changes therein are classified and reported as follows:

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 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, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

New Accounting Pronouncements:

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

GOD'S CHILD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(CONTINUED)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued):

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 was issued to clarify and improve the guidance in GAAP for distinguishing transactions that are contributions from those that are exchange transactions. The ASU also provides guidance for determining if a contribution is conditional. The amendments in ASU 2018-08 address these matters for both contributions received (income or revenue) and contributions made (expense). The Organization has determined there is no impact in the presentation of these statements when applying ASU 2018-08.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable:

God's Child considers all accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Property and Equipment:

Property and equipment are carried at cost. Depreciation of property and equipment is provided using the accelerated method for financial reporting purposes at rates based on the following estimated useful lives:

	<u>YEARS</u>
Vehicles	5
Furniture	7
Office Equipment	5
Leasehold Improvements	15

Advertising:

Advertising costs are expensed as incurred. Total advertising expense was \$5,566 and \$22,961 for the years ended June 30, 2021 and 2020, respectively.

GOD'S CHILD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(CONTINUED)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments:

Investments consist primarily of assets invested in marketable equity and debt securities and money-market accounts. The Organization accounts for investments in accordance with the FASB standard for investments held by not-for-profit organizations (ASC 958-320 and subsections). This standard requires that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value in the Statement of Financial Position. Fair value of marketable equity and debt securities is based on quoted market prices. The realized and unrealized gain or loss on investments is reflected in the Statement of Changes in Net Assets.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position. See also Note J.

Investment Policy:

The Organization's investment policy intends for the Organization to invest in assets that would produce results exceeding the investment's original price and incur a 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 Organization targets a diversified asset allocation that places a greater emphasis on marketable equity and debt securities and money-market accounts to achieve its long-term return objectives within prudent risk constraints.

Spending Policy:

On July 29, 2015, the Board of Directors (through the investment committee) enacted an endowment spending policy. The policy defines the total funds available from the Endowment Fund in a given year (the distributable income) as the realized gains to a maximum of 5 percent of the beginning of the fiscal year market value of its endowment. As there may be situations requiring a higher level of spending from the endowment assets in order to assure the short-term economic viability of the Organization, the investment committee may recommend to the Board an increase in the spending rate and methodology as needed.

Inventory:

Inventory is stated at the lower of cost or market. Cost is determined using the first in, first out (FIFO) method.

GOD'S CHILD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(CONTINUED)

NOTE B – AVAILABILITY AND LIQUIDITY

As of June 30, 2021, the Organization has \$833,810 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash. As of June 30, 2020, the Organization has \$436,561 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure, consisting of cash of \$430,586 and contributions receivable of \$5,975. None of the financial assets is subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The receivables are subject to implied time restrictions but are expected to be collected within one year. The Organization's goal is generally to maintain financial assets to meet 30 days' worth of operating expenses.

NOTE C – REPORTING ENTITY

The Organization is the major contributor to several nonprofit organizations in Guatemala, India, and Malawi and has a controlling interest in a separate nonprofit organization, DOMUS, which was formed to promote world housing concerns, which owns land and buildings used in Guatemala by the Association Nuestros Ahijados. Although this organization is a separate legal entity, the operations and management of this organization are controlled by a majority of the same individuals. DOMUS and the God's Child Project have the same Board of Directors.

The financial statements do not include the financial information of this other entity.

NOTE D – LEASING COMMITMENTS

The Organization entered into various agreements to lease office space until May 31, 2023. The Organization also signed leases for an automobile requiring 36 payments ending November 28, 2023 and office equipment requiring 36 to 63 payments and ending November 23, 2022. In addition, the Organization has an apartment that it leases month to month. The following is a schedule of minimum rental payments as of June 30, 2021:

<u>Year Ending June 30</u>	
2022	\$ 72,266
2023	40,549
2024	<u>1,731</u>
	<u>\$ 114,546</u>

GOD'S CHILD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(CONTINUED)

NOTE E – NONCASH CONTRIBUTIONS

Donations of noncash items are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

NOTE F – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE G – PROPERTY AND EQUIPMENT, NET

Property and equipment are summarized as follows:

	<u>2021</u>	<u>2020</u>
Furniture	\$ 850	\$ 850
Leashold Improvements	3,102	3,102
Office Equipment	<u>6,487</u>	<u>6,487</u>
Total Property and Equipment	10,439	10,439
Less: Accumulated Depreciation	<u>9,664</u>	<u>9,561</u>
	<u>\$ 775</u>	<u>\$ 878</u>

Depreciation expense was \$103 and \$136 for the years ended June 30, 2021 and 2020, respectively.

NOTE H – LINE OF CREDIT

The Organization has a \$28,000 line of credit arrangement with US Bank. Interest is payable at a variable rate, presently 9.25%. As of June 30, 2021, \$28,000 is unused and available on this line of credit.

NOTE I – RELATED PARTIES

During the prior year, the Executive Director loaned funds totaling \$101,500 to the Organization. The loan bears interest at 5.00% per annum. The loan was repaid during the current year. The balance on the loan was \$-0- and \$101,500 at June 30, 2021 and 2020, respectively. Accrued interest on the loan amounted to \$-0- and \$3,462 for the years ended June 30, 2021 and 2020, respectively.

In addition, monies are due from DOMUS, a related party, for funds paid by the Organization on their behalf. The monies are noninterest bearing. The balance outstanding was \$806,698 and \$721,256 as of June 30, 2021 and 2020, respectively.

GOD'S CHILD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(CONTINUED)

NOTE J—ENDOWMENT FUND

The Organization's Endowment Fund includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Unrestricted net assets, identified by the Organization's board of directors to be used for future investment and growth, are included in unrestricted net assets—board-designated.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the original gift amount of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets: (a) the original value of gifts 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 permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, 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

Changes in the endowment net assets (all permanently restricted) for the years ended June 30, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Endowment Fund, Beginning of Year	\$ 733,042	\$ 829,403
Investment Interest and Dividends	19,398	22,719
Realized Gain (Loss) on Sale of Investments	-	1,425
Net Appreciation (Depreciation)	3,971	3,798
Approved Expenditures: Distributions	-	(118,950)
Approved Expenditures: Fees	<u>(5,023)</u>	<u>(5,353)</u>
Endowment Fund, End of Year	<u>\$ 751,388</u>	<u>\$ 733,042</u>

GOD'S CHILD PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020
(CONTINUED)

NOTE K- FAIR VALUE MEASUREMENTS

Accounting Standards Codification 820 (ASC 820), *Fair Value Measurements and Disclosures*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a fair value hierarchy, which requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The Following three levels are defined by ASC 820 as a means of measuring fair value:

Level 1

Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3

Unobservable inputs reflecting the entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used since June 30, 2020.

Interest-bearing cash, certificates of deposit, equity securities, bond securities and government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth the Organization's assets at fair value, by level, within the fair value hierarchy as of June 30, 2021 and 2020:

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NOTE K – FAIR VALUE MEASUREMENTS (CONTINUED)

June 30, 2021	Level 1	Level 2	Level 3
Interest-Bearing Cash	\$ 1,109,557	\$ -	\$ -
Equity Securities	<u>461,838</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,571,395</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2020	Level 1	Level 2	Level 3
Interest-Bearing Cash	\$ 713,410	\$ -	\$ -
Equity Securities	<u>439,643</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 1,153,053</u>	<u>\$ -</u>	<u>\$ -</u>

Investments are recorded at market value. The historical cost and market value of investments available for sale at June 30, 2021 and 2020 were:

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Equity Securities	<u>\$453,467</u>	<u>\$ 461,838</u>	<u>\$ 435,404</u>	<u>\$ 439,643</u>
Total	<u>\$453,467</u>	<u>\$ 461,838</u>	<u>\$ 435,404</u>	<u>\$ 439,643</u>

NOTE L – INCOME TAXES

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization does not have any income from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's Return of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2021, 2020 and 2019 are subject to examination, generally for three years after they were filed.

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NOTE M – NOTE PAYABLE

On May 4, 2020, the Organization entered into a note agreement (the Note) with U.S. Bank in the amount of \$66,937, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2021. The Note matures on April 30, 2022 and bears interest at a rate of 1.0% per annum, payable in monthly principal and interest installments totaling \$3,766 commencing on November 30, 2021. Interest will accrue on the Note during the deferment period. The Note may be prepaid at any time prior to maturity with no prepayment penalties. Funds from the Note may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2021. The Organization intends to use the entire Note amount for qualifying expenses. Under the terms of the PPP, certain amounts of the Note may be forgiven if they are used for qualifying expenses as described in the CARES Act. The loan and all related interest was forgiven in April 2021.

NOTE N – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash deposits at one bank. Accounts at each financial institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30 2021 and 2020, the Organization had \$584,410 and \$187,489, respectively, in excess of the FDIC limit.

NOTE O – CONTINGENCIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus ("COVID-19") as a pandemic, which continues to spread throughout the United States. The Organization could be materially and adversely affected by the risks, or the public perception of the risks, related to an epidemic, pandemic, outbreak, or other public health crisis, such as the recent outbreak of COVID-19. The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the business, financial condition, and results of operations will depend on future developments, which are uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. Accordingly, the Organization cannot predict the extent to which the financial condition and results of operations will be affected.