

INTERNATIONAL BOOK PROJECT, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2018 and 2017

BESTEN & DIERUF, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
International Book Project, Inc.
Lexington, Kentucky

We have audited the accompanying financial statements of International Book Project, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2018 and 2017 and the related statements of support, revenue, and expenses – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the years then ended, and the 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 the modified cash basis of accounting as described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's 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 from 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 auditor's 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 assets, liabilities, and net assets of International Book Project, Inc. as of December 31, 2018 and 2017 and its support, revenue, and expenses and cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note B.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

A handwritten signature in blue ink that reads "Batten + Dief, LLC". The signature is written in a cursive, flowing style.

Lexington, Kentucky
May 28, 2019

INTERNATIONAL BOOK PROJECT, INC.
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31,

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ (7,648)	\$ 47,036
TOTAL CURRENT ASSETS	(7,648)	47,036
PROPERTY, PLANT, AND EQUIPMENT		
Building and improvements	918,461	686,100
Machinery and equipment	89,015	89,015
TOTAL PROPERTY, PLANT, AND EQUIPMENT	1,007,476	775,115
Accumulated depreciation	(190,067)	(140,311)
NET PROPERTY, PLANT, AND EQUIPMENT	817,409	634,804
OTHER ASSETS		
Investment trust account	465,905	539,701
TOTAL ASSETS	<u>\$ 1,275,666</u>	<u>\$ 1,221,541</u>
LIABILITIES AND NET ASSETS		
LONG-TERM LIABILITIES		
Lines of credit	\$ 235,850	\$ 125,000
TOTAL LIABILITIES	235,850	125,000
NET ASSETS		
Without donor restrictions	1,035,297	1,084,304
With donor restrictions	4,519	12,237
TOTAL NET ASSETS	<u>1,039,816</u>	<u>1,096,541</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,275,666</u>	<u>\$ 1,221,541</u>

See Independent Auditors' Report and Notes to Financial Statements.

INTERNATIONAL BOOK PROJECT, INC.
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2018

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
General and shipping contributions	\$ 131,610	\$ -	\$ 131,610
Grants and capital projects	119,270	4,519	123,789
Fundraising event	4,409	-	4,409
Sales	30,809	-	30,809
Program fees	29,342	-	29,342
Other income	2	-	2
Net assets released from restriction:			
Satisfaction of program restrictions	12,237	(12,237)	-
TOTAL SUPPORT AND REVENUE	<u>327,679</u>	<u>(7,718)</u>	<u>319,961</u>
INVESTMENT ACTIVITY			
Interest and dividends	11,560	-	11,560
Unrealized gains (losses)	(31,680)	-	(31,680)
TOTAL INVESTMENT ACTIVITY	<u>(20,120)</u>	<u>-</u>	<u>(20,120)</u>
EXPENSES			
Program services	266,754	-	266,754
Supporting services:			
Management and general administration	50,384	-	50,384
Fundraising	39,428	-	39,428
TOTAL EXPENSES	<u>356,566</u>	<u>-</u>	<u>356,566</u>
CHANGE IN NET ASSETS	(49,007)	(7,718)	(56,725)
NET ASSETS - BEGINNING OF YEAR	<u>1,084,304</u>	<u>12,237</u>	<u>1,096,541</u>
NET ASSETS - END OF YEAR	<u>\$ 1,035,297</u>	<u>\$ 4,519</u>	<u>\$ 1,039,816</u>

See Independent Auditors' Report and Notes to Financial Statements.

INTERNATIONAL BOOK PROJECT, INC.
STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
General and shipping contributions	\$ 68,292	\$ -	\$ 68,292
Grants and capital projects	147,163	12,237	159,400
Fundraising event	880	-	880
Sales	21,028	-	21,028
Program fees	42,801	-	42,801
Other income	1,047	-	1,047
In-kind donations	1,350	-	1,350
Loss on disposal of fixed assets	(45,718)	-	(45,718)
Net assets released from restriction:			
Satisfaction of program restrictions	-	-	-
TOTAL SUPPORT AND REVENUE	<u>236,843</u>	<u>12,237</u>	<u>249,080</u>
 INVESTMENT ACTIVITY			
Interest and dividends	18,287	-	18,287
Unrealized gains (losses)	111,932	-	111,932
TOTAL INVESTMENT ACTIVITY	<u>130,219</u>	<u>-</u>	<u>130,219</u>
 EXPENSES			
Program services	219,957	-	219,957
Supporting services:			
Management and general administration	45,592	-	45,592
Fundraising	36,873	-	36,873
TOTAL EXPENSES	<u>302,422</u>	<u>-</u>	<u>302,422</u>
CHANGE IN NET ASSETS	64,640	12,237	76,877
NET ASSETS - BEGINNING OF YEAR	<u>1,019,664</u>	<u>-</u>	<u>1,019,664</u>
NET ASSETS - END OF YEAR	<u>\$ 1,084,304</u>	<u>\$ 12,237</u>	<u>\$ 1,096,541</u>

See Independent Auditors' Report and Notes to Financial Statements.

INTERNATIONAL BOOK PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2018

	Program Services	Supporting Services		
	Program	Management and General Administration	Fundraising General	Total
Salaries	\$ 74,983	\$ 17,853	\$ 26,184	\$ 119,020
Employee benefits	11,364	2,706	3,969	18,039
Payroll taxes	6,033	1,437	2,107	9,577
Professional fees	2,583	2,582	-	5,165
Other personnel expense	3,518	-	-	3,518
Supplies/office expense	2,407	1,444	963	4,814
Repairs and maintenance	-	2,272	-	2,272
Telephone	857	332	193	1,382
Postage and shipping	76,962	-	-	76,962
Bank fees	6,307	-	-	6,307
Utilities	4,721	1,828	1,066	7,615
Office rental	-	62	-	62
Equipment leases	493	494	-	987
Travel	5,370	-	-	5,370
Board expense	-	273	-	273
Miscellaneous expense	-	548	-	548
Insurance	3,374	3,373	-	6,747
Depreciation	45,776	3,980	-	49,756
Fundraising	-	-	3,812	3,812
Bookstore expense	4,843	-	-	4,843
Interest	-	9,036	-	9,036
Security	-	326	-	326
Book acquisition	5,891	-	-	5,891
Marketing expense	1,133	-	1,134	2,267
Investment expense	1,838	1,838	-	3,676
Donations	739	-	-	739
Books as Bridges	7,562	-	-	7,562
	<u>\$ 266,754</u>	<u>\$ 50,384</u>	<u>\$ 39,428</u>	<u>\$ 356,566</u>
	<u>74.8%</u>	<u>14.0%</u>	<u>11.1%</u>	

See Independent Auditors' Report and Notes to Financial Statements.

INTERNATIONAL BOOK PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2017

	Program Services	Supporting Services		
	Program	Management and General Administration	Fundraising General	Total
Salaries	\$ 74,270	\$ 17,684	\$ 25,936	\$ 117,890
Employee benefits	12,261	2,919	4,281	19,461
Payroll taxes	5,836	1,389	2,038	9,263
Professional fees	2,882	2,881	-	5,763
Other personnel expense	215	-	-	215
Supplies/office expense	1,000	600	400	2,000
Repairs and maintenance	-	889	-	889
Telephone	846	327	191	1,364
Postage and shipping	83,205	-	-	83,205
Bank fees	6,226	-	-	6,226
Utilities	1,556	602	351	2,509
Office rental	-	7,113	-	7,113
Moving expense	-	2,424	-	2,424
Licenses	-	500	-	500
Equipment leases	612	612	-	1,224
Board expense	-	602	-	602
Miscellaneous expense	-	18	-	18
Insurance	2,671	2,669	-	5,340
Depreciation	8,907	775	-	9,682
Fundraising	-	-	2,979	2,979
Bookstore expense	3,915	-	-	3,915
Security	-	384	-	384
Book acquisition	3,953	-	-	3,953
Marketing expense	22	-	22	44
In-kind expense	675	-	675	1,350
Investment expense	3,203	3,204	-	6,407
Donations	1,007	-	-	1,007
Books as Bridges	6,695	-	-	6,695
	<u>\$ 219,957</u>	<u>\$ 45,592</u>	<u>\$ 36,873</u>	<u>\$ 302,422</u>
	<u>72.7%</u>	<u>15.0%</u>	<u>12.2%</u>	

See Independent Auditors' Report and Notes to Financial Statements.

INTERNATIONAL BOOK PROJECT, INC.
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
YEARS ENDED DECEMBER 31,

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (56,725)	\$ 76,877
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized (gain) loss	31,680	(111,932)
Depreciation	49,756	9,682
Loss on disposal of fixed assets	-	45,718
Increase (decrease) in operating liabilities		
Payroll taxes	-	(213)
NET CASH PROVIDED BY OPERATING ACTIVITIES	24,711	20,132
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(7,884)	(9,918)
Sales of investments	50,000	498,038
Purchase of fixed assets	(232,361)	(626,648)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(190,245)	(138,528)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance (payments) on line of credit	110,850	125,000
NET CASH FLOWS FROM FINANCING ACTIVITIES	110,850	125,000
NET CHANGE IN CASH FLOWS	(54,684)	6,604
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	47,036	40,432
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ (7,648)	\$ 47,036
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 9,036	\$ -
Cash paid for income taxes	\$ -	\$ -

See Independent Auditors' Report and Notes to Financial Statements.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - ORGANIZATION

International Book Project, Inc. (the Organization) is a nonprofit organization whose purpose is to stimulate international communication and understanding and to broaden the education of people throughout the world through the distribution of literature. By providing needed quality books to the people of the developing world, the Organization seeks to promote education and literacy in developing countries and in areas of need in the USA; to broaden Americans' understanding of their neighbors; and to foster global friendships and strengthen world unity.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

These financial statements have been prepared on the modified cash basis of accounting; consequently, certain revenue and related assets are recognized when paid rather than when the obligation is incurred. Also, book inventory is not recorded. The cash basis is modified to record property and equipment purchased as assets, record depreciation of capitalized assets and record liabilities arising from receipt of borrowed cash.

Basis of Presentation

The Organization presents the accompanying financial statements in accordance with Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time.

Estimates

The preparation of financial statements 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 purposes of the statements of cash flows, the Organization considers all cash in banks and certificates of deposit to be cash equivalents. As of December 31, 2018, the Organization had outstanding checks in excess of the ending cash balance.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of assets, liabilities, and net assets. Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - continued

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. The Organization reports donor-restricted support whose restrictions are met in the same reporting period as unrestricted support.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2018, 2017, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Uncertain Tax Positions

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. As tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge.

Donated Property and Services

Donated materials and equipment are reflected as contributions in the accompanying statements at their estimated values at date of receipt. No amounts have been reflected in the statements for donated services as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the fundraising campaigns and operations. There was no donated property during the year. Volunteer hours of 3,067 and 788 were documented and, for purposes of disclosure in the footnotes only, management determined that this approximated \$50,667 and \$13,018 of donated time during 2018 and 2017, respectively. In addition, for purpose of disclosure in the footnotes only, management determined shipment values of assorted books of \$1,794,783 and \$4,219,885 for 2018 and 2017, respectively.

Fixed Assets

Property is stated at cost, if purchased, and at estimated fair value if donated. Maintenance and repairs are charged to expense as incurred and expenditures for major improvements are capitalized. Depreciation expense is computed using the straight-line method using the following asset lives: Buildings – 20 years, Equipment – 3-7 years, and Building Additions – 7-10 years.

Recent Accounting Pronouncements

Not-for-Profit Financial Statement Presentation - During 2018, the Organization adopted ASU No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This guidance is intended to improve the net asset classification requirements and the information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. Main provisions of this guidance include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction in net assets with donor restrictions. The guidance also enhances disclosures for board designated amounts, composition of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - continued

Date of Management's Review

Management has evaluated subsequent events through May 28, 2019, which is the date the financial statements were available to be issued.

NOTE C - INVESTMENTS

The Organization maintains a trust portfolio held at LPL Financial. The Trustee shall apply the net income from the trust for the Organization's use as directed by the Organization. The Trustee may apply to the use of the Organization as much or all of the principal of this Trust as the Organization may direct.

The Trustee shall have, with respect to any property at any time held by it, the power to invest and reinvest in any one or more of the Common Trust Funds managed by the named Trustee.

At December 31, 2018 and 2017, the investment had a cost value of \$428,072 and \$465,379 and market value of \$465,905 and \$539,701, respectively. Total fees paid for the year ended December 31, 2018 and 2017 were \$3,676 and \$6,407, respectively. Total cost and fair values at December 31, 2018 and 2017 were as follows:

<u>As of December 31, 2018:</u>				
<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized</u>	<u>Gain/(Loss)</u>
Cash and cash equivalents	\$ 29,666	\$ 29,666	\$	-
Equities and options	85,642	96,880		11,238
Mutual and exchange traded funds	312,764	339,359		26,595
	<u>\$ 428,072</u>	<u>\$ 465,905</u>	<u>\$</u>	<u>37,833</u>

<u>As of December 31, 2017:</u>				
<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized</u>	<u>Gain/(Loss)</u>
Cash and cash equivalents	\$ 30,826	\$ 30,826	\$	-
Equities and options	68,615	78,335		9,720
Mutual and exchange traded funds	365,938	430,540		64,602
	<u>\$ 465,379</u>	<u>\$ 539,701</u>	<u>\$</u>	<u>74,322</u>

NOTE D – FAIR VALUE MEASUREMENTS

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described below.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE D – FAIR VALUE MEASUREMENTS - continued

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value at December 31, 2018 and 2017:

As of December 31, 2018:				
<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and cash equivalents	\$ 29,666	\$ -	\$ -	
Equities and options	96,880	-	-	
Mutual and exchange traded funds	339,359	-	-	
	<u>\$ 465,905</u>	<u>\$ -</u>	<u>\$ -</u>	
As of December 31, 2017:				
<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and cash equivalents	\$ 30,826	\$ -	\$ -	
Equities and options	78,335	-	-	
Mutual and exchange traded funds	430,540	-	-	
	<u>\$ 539,701</u>	<u>\$ -</u>	<u>\$ -</u>	

NOTE E - 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 support, revenue, and expenses – modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The supplemental schedule of functional expenses presents the expenses by natural classification.

NOTE F - RETIREMENT FUND

The Organization has a SIMPLE - IRA plan for all full-time employees administered by the Fidelity Management Trust Company. The Organization contributed \$1,300 and \$1,200 to the plan during 2018 and 2017, respectively.

NOTE G - LEASES

The Organization entered into a five year lease agreement with for a copier beginning in June of 2015. The agreement calls for monthly payments of \$67 beginning in July 2015. Expenses from the lease agreement for the years ended December 31, 2018 and 2017 totaled \$777 and \$916, respectively.

NOTE H – CONCENTRATIONS

The Organization has a concentration of credit risk in that it periodically maintains cash deposits in a single financial institution in excess of amounts insured by the FDIC. The Organization has not experienced any losses on such accounts and does not believe that it is subject to significant credit risk related to the accounts.

Although the Organization is directly affected by economic conditions in the geographic area, management does not believe significant credit risk exists as of December 31, 2018 and 2017.

The Organization's investments are exposed to various risks, such as interest rate, credit risks and market. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE I – LINE OF CREDIT

On July 12, 2017, the Organization entered into a line of credit agreement in the amount of \$250,000. From July 12, 2017 to July 12, 2020 the interest rate will be 4% per annum. From July 12, 2020 until maturity, the interest rate on the unpaid principal balance will be equal to the Prime Rate (most recently quoted in the Wall Street Journal). However, the interest rate shall never exceed 5% and never be less than 4%. The total balance outstanding on this line of credit at December 31, 2018 and 2017 was \$235,850 and \$125,000, respectively.

NOTE J – RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions were held by the Organization during the year ended December 31, 2018 for renovation provided through the Virginia Clark Hagan grant in the amount of \$4,519. As of December 31, 2018, there were no other remaining net assets with donor restrictions held by the Organization.

NOTE K – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual restrictions within one year of the balance sheet date.

Financial assets at year-end	\$ 458,257
Less those unavailable for general expenditures within one year due to:	
Donor-restricted to pay for expenses for renovation restricted by Virginia Clark Hagan grant	<u>(4,519)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 453,738</u>

The Organization is primarily funded by contributions and fundraising. Occasionally, contributions may contain donor imposed restrictions. As such, the Organization generally maintains sufficient cash to meet its responsibility to donor imposed restrictions and has investments available to meet any cash deficiencies.