

INTERNATIONAL BOOK PROJECT, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2019 and 2018

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, 2019 and 2018 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, 2019 and 2018 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 "B. Eaton + D. Dief, LLC". The signature is written in a cursive, flowing style.

Lexington, Kentucky
May 7, 2020

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

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 15,466	\$ (7,648)
Cash and cash equivalents - donor restricted	5,000	-
TOTAL CURRENT ASSETS	20,466	(7,648)
PROPERTY, PLANT, AND EQUIPMENT		
Building and improvements	918,461	918,461
Machinery and equipment	89,015	89,015
TOTAL PROPERTY, PLANT, AND EQUIPMENT	1,007,476	1,007,476
Accumulated depreciation	(239,121)	(190,067)
NET PROPERTY, PLANT, AND EQUIPMENT	768,355	817,409
OTHER ASSETS		
Investment trust account	489,382	465,905
TOTAL ASSETS	\$ 1,278,203	\$ 1,275,666
LIABILITIES AND NET ASSETS		
LONG-TERM LIABILITIES		
Lines of credit	\$ 184,810	\$ 235,850
TOTAL LIABILITIES	184,810	235,850
NET ASSETS		
Without donor restrictions	1,069,864	1,035,297
With donor restrictions	23,529	4,519
TOTAL NET ASSETS	1,093,393	1,039,816
TOTAL LIABILITIES AND NET ASSETS	\$ 1,278,203	\$ 1,275,666

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, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
General and shipping contributions	\$ 80,477	\$ -	\$ 80,477
Grants and capital projects	99,587	23,529	123,116
Fundraising event	7,370	-	7,370
Sales	30,714	-	30,714
Program fees	34,083	-	34,083
Other income	678	-	678
Net assets released from restriction:			
Satisfaction of program restrictions	4,519	(4,519)	-
TOTAL SUPPORT AND REVENUE	<u>257,428</u>	<u>19,010</u>	<u>276,438</u>
 INVESTMENT ACTIVITY			
Interest and dividends, net of fees	12,715	-	12,715
Unrealized gains (losses)	91,863	-	91,863
TOTAL INVESTMENT ACTIVITY	<u>104,578</u>	<u>-</u>	<u>104,578</u>
 EXPENSES			
Program services	234,112	-	234,112
Supporting services:			
Management and general administration	48,741	-	48,741
Fundraising	44,586	-	44,586
TOTAL EXPENSES	<u>327,439</u>	<u>-</u>	<u>327,439</u>
 CHANGE IN NET ASSETS	 34,567	 19,010	 53,577
 NET ASSETS - BEGINNING OF YEAR	 <u>1,035,297</u>	 <u>4,519</u>	 <u>1,039,816</u>
 NET ASSETS - END OF YEAR	 <u>\$ 1,069,864</u>	 <u>\$ 23,529</u>	 <u>\$ 1,093,393</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 Restrictions</u>	<u>With Donor 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, net of fees	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 FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
YEAR ENDED DECEMBER 31, 2019

	Program Services	Supporting Services		
	Program	Management and General Administration	Fundraising General	Total
Salaries	\$ 84,426	\$ 20,102	\$ 29,482	\$ 134,010
Employee benefits	16,482	3,924	5,755	26,161
Payroll taxes	6,661	1,586	2,326	10,573
Professional fees	2,575	2,575	-	5,150
Other personnel expense	2,385	-	-	2,385
Supplies/office expense	1,705	1,023	682	3,410
Repairs and maintenance	-	546	-	546
Telephone	775	300	175	1,250
Postage and shipping	44,800	-	-	44,800
Bank fees	154	-	-	154
Utilities	3,000	1,161	677	4,838
Equipment	471	472	-	943
Travel	399	-	-	399
Board expense	-	221	-	221
Miscellaneous expense	-	274	-	274
Insurance	3,701	3,700	-	7,401
Depreciation	45,130	3,924	-	49,054
Fundraising	-	-	4,392	4,392
Bookstore expense	6,608	-	-	6,608
Interest	-	8,723	-	8,723
Renovation	-	15	-	15
Security	-	195	-	195
Book acquisition	5,274	-	-	5,274
Marketing expense	1,096	-	1,097	2,193
Program expense	3,587	-	-	3,587
Books as Bridges	4,883	-	-	4,883
	<u>\$ 234,112</u>	<u>\$ 48,741</u>	<u>\$ 44,586</u>	<u>\$ 327,439</u>
	<u>71.5%</u>	<u>14.8%</u>	<u>13.6%</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	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.
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
YEARS ENDED DECEMBER 31,

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 53,577	\$ (56,725)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized (gain) loss	(91,863)	31,680
Depreciation	49,054	49,756
NET CASH FLOWS FROM OPERATING ACTIVITIES	10,768	24,711
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(12,715)	(7,884)
Sales of investments	81,101	50,000
Purchase of fixed assets	-	(232,361)
NET CASH FLOWS FROM INVESTING ACTIVITIES	68,386	(190,245)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance (payments) on line of credit	(51,040)	110,850
NET CASH FLOWS FROM FINANCING ACTIVITIES	(51,040)	110,850
NET CHANGE IN CASH FLOWS	28,114	(54,684)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	(7,648)	47,036
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 20,466	\$ (7,648)
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 8,723	\$ 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

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from generally accepted accounting principles in that revenue and support are recognized when received instead of when the service is provided, payments to vendors are recognized when paid instead of when goods or services are received, and losses resulting from collection of amounts due are recognized as the amounts due are paid instead of when the loss is believed probable and can be reasonably estimated. The cash basis is modified to capitalize property and equipment purchased, record depreciation of capitalized assets, record investment activities, 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 net assets without donor restrictions 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 with donor restrictions or without donor restrictions 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 without donor restrictions.

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 2019, 2018, and 2017 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

No amounts have been recorded in these financial statements for donated materials, equipment, or services; however, a substantial number of volunteers have donated significant amounts of their time in the fundraising campaigns and operations. Volunteer hours of 3,014 and 3,067 were documented and, for purposes of disclosure in the footnotes only, management determined that this approximated \$49,791 and \$50,667 of donated time during 2019 and 2018, respectively. In addition, for purpose of disclosure in the footnotes only, management determined shipment values of assorted books of \$3,413,468 and \$1,794,783 for 2019 and 2018, respectively.

Functional 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 schedule of functional expenses presents the expenses by natural classification.

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.

Date of Management's Review

Management has evaluated subsequent events through May 7, 2020, which is the date the financial statements were available to be issued.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C - INVESTMENTS

The Organization maintains a trust portfolio held at LPL Financial. The Trustee shall use the net income from the trust for the Organization's operations as directed by the Organization. The Trustee may use 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.

Total cost and fair values at December 31, 2019 and 2018 were as follows:

As of December 31, 2019:				
<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized</u>	<u>Gain/(Loss)</u>
Cash and cash equivalents	\$ 2,151	\$ 2,151	\$	-
Equities and options	85,642	134,420		48,778
Mutual and exchange traded funds	307,130	352,811		45,681
	<u>\$ 394,923</u>	<u>\$ 489,382</u>	<u>\$</u>	<u>94,459</u>

As of December 31, 2018:				
<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>

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.

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.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE D – FAIR VALUE MEASUREMENTS - continued

The following tables set forth by level, within the fair value hierarchy, the Organization’s investments at fair value at December 31, 2019 and 2018:

As of December 31, 2019:			
<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 2,151	\$ -	\$ -
Equities and options	134,420	-	-
Mutual and exchange traded funds	352,811	-	-
	<u>\$ 489,382</u>	<u>\$ -</u>	<u>\$ -</u>

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>

NOTE E - RETIREMENT FUND

The Organization has a SIMPLE - IRA plan for all full-time employees administered by the Fidelity Management Trust Company. The Organization contributed \$2,906 and \$1,300 to the plan during 2019 and 2018, respectively.

NOTE F - LEASES

The Organization entered into a five year lease agreement for a copier with monthly payments of \$67 beginning in July 2015. At its maturity in June 2019, another lease was signed with the same term through June 2024. Total expenses on these leases for the years ended December 31, 2019 and 2018 was \$810 and \$777, respectively. Total future lease payments are as follows:

2020	\$ 804
2021	804
2022	804
2023	804
2024	402
Total	<u>\$ 3,618</u>

NOTE G – 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, 2019 and 2018.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE G – CONCENTRATIONS - continued

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.

NOTE H – 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, 2019 and 2018 was \$184,810 and \$235,850, respectively.

NOTE I – RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions were held by the Organization as of December 31, 2019 and 2018 for shipments and renovation provided through the Virginia Clark Hagan grant in the amount of \$18,529 and \$4,519, respectively. As of December 31, 2019, \$5,000 was held in a separate bank account for restricted grant contributions from Race for Education to be used for the Books as Bridges Coordinator salaries. There were no other remaining net assets with donor restrictions held by the Organization as of December 31, 2019 and 2018.

In prior years the board-designated endowment fund was classified as without donor restrictions - undesignated. Policies were reviewed in 2019 and it was determined by management that the endowment fund and related assets are board-designated. Appropriation of these funds is at the discretion of the Board of Directors.

NOTE J – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position 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	\$ 509,848
Less those unavailable for general expenditures within one year due to:	
Board-designated to pay for Emergency fund	(75,000)
Board-designated to pay for Capital Reserve	(25,000)
Donor-restricted to Virginia Clark Hagan grant to pay for shipments	(18,529)
Donor-restricted to pay for Books as Bridges Coordinator wages	<u>(5,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 386,319</u></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.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE K – SUBSEQUENT EVENTS

As of March 2020, the coronavirus pandemic (COVID-19) is adversely affecting, and is expected to continue to adversely affect, our overall operations. We have experienced, and expect to continue to experience, pressure on cash flow and stress on our workforce, including our ability to retain employees and their ability to execute their job responsibilities.

As a result of COVID-19, we have been unable to continue business as usual. As a result, our clients have experienced delays in receiving our products and/or services. There is uncertainty around the duration and breadth of the COVID-19 pandemic and as a result the ultimate impact on our financial condition and operating results cannot be reasonably estimated at this time.

Public health officials have recommended and mandated precautions to mitigate the spread of COVID-19, including prohibitions on congregating in heavily populated areas and shelter-in-place orders or similar measures. As a result, we have temporarily closed or reduced certain elements of our operations since March 2020. Our results will be adversely impacted by these actions taken to contain or treat the impact of COVID-19, and the extent of such impact will depend on future developments, which are highly uncertain and cannot be predicted.

While we expect the impacts of COVID-19 to have an adverse effect on our business, financial condition and results of operations, we are unable to predict the extent or nature of these impacts at this time.