

INTERNATIONAL BOOK PROJECT, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021

BESTEN & DIERUF, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of International Book Project, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets—modified cash basis as of December 31, 2022 and 2021, and the related statement of support, revenue, and expenses—modified cash basis for the year 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 assets, liabilities, and net assets of International Book Project, Inc. as of December 31, 2022 and 2021, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note B.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of International Book Project, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note B, and for 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 Responsibilities for the Audit of the Financial Statements

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

The image shows a handwritten signature in blue ink that reads "Breston + Diruf, LLC". The signature is written in a cursive, flowing style.

Lexington, Kentucky
March 14, 2023

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

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 63,604	\$ 51,055
TOTAL CURRENT ASSETS	63,604	51,055
PROPERTY, PLANT, AND EQUIPMENT		
Building and improvements	927,914	918,461
Machinery and equipment	89,015	89,015
TOTAL PROPERTY, PLANT, AND EQUIPMENT	1,016,929	1,007,476
Accumulated depreciation	(385,922)	(337,109)
NET PROPERTY, PLANT, AND EQUIPMENT	631,007	670,367
OTHER ASSETS		
Investment trust account	321,313	414,727
TOTAL ASSETS	\$ 1,015,924	\$ 1,136,149
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	\$ -	\$ 16,488
TOTAL CURRENT LIABILITIES	-	16,488
NET ASSETS		
Without donor restrictions:		
Undesignated	692,952	696,845
Designated	321,313	414,727
With donor restrictions	1,659	8,089
TOTAL NET ASSETS	1,015,924	1,119,661
TOTAL LIABILITIES AND NET ASSETS	\$ 1,015,924	\$ 1,136,149

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, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
General and shipping contributions	\$ 106,812	\$ -	\$ 106,812
Grants and capital projects	171,215	1,659	172,874
Fundraising event	8,972	-	8,972
Sales	12,191	-	12,191
Interest	3	-	3
Program fees	29,431	-	29,431
Other income	39,964	-	39,964
Net assets released from restriction:			
Satisfaction of program restrictions	8,089	(8,089)	-
TOTAL SUPPORT AND REVENUE	<u>376,677</u>	<u>(6,430)</u>	<u>370,247</u>
INVESTMENT ACTIVITY			
Investment income, net of fees	3,252	-	3,252
Unrealized gains (losses)	(107,667)	-	(107,667)
TOTAL INVESTMENT ACTIVITY	<u>(104,415)</u>	<u>-</u>	<u>(104,415)</u>
EXPENSES			
Program services	266,387	-	266,387
Supporting services:			
Management and general administration	52,721	-	52,721
Fundraising	50,461	-	50,461
TOTAL EXPENSES	<u>369,569</u>	<u>-</u>	<u>369,569</u>
CHANGE IN NET ASSETS	(97,307)	(6,430)	(103,737)
NET ASSETS - BEGINNING OF YEAR	<u>1,111,572</u>	<u>8,089</u>	<u>1,119,661</u>
NET ASSETS - END OF YEAR	<u>\$ 1,014,265</u>	<u>\$ 1,659</u>	<u>\$ 1,015,924</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, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
General and shipping contributions	\$ 77,583	\$ -	\$ 77,583
Grants and capital projects	124,204	8,089	132,293
Fundraising event	2,208	-	2,208
Sales	19,855	-	19,855
Program fees	10,945	-	10,945
Other income	214	-	214
PPP loan forgiveness	34,655	-	34,655
Net assets released from restriction:			
Satisfaction of program restrictions	43,446	(43,446)	-
TOTAL SUPPORT AND REVENUE	<u>313,110</u>	<u>(35,357)</u>	<u>277,753</u>
 INVESTMENT ACTIVITY			
Investment income, net of fees	2,096	-	2,096
Unrealized gains (losses)	23,466	-	23,466
TOTAL INVESTMENT ACTIVITY	<u>25,562</u>	<u>-</u>	<u>25,562</u>
 EXPENSES			
Program services	235,350	-	235,350
Supporting services:			
Management and general administration	47,924	-	47,924
Fundraising	45,862	-	45,862
TOTAL EXPENSES	<u>329,136</u>	<u>-</u>	<u>329,136</u>
CHANGE IN NET ASSETS	9,536	(35,357)	(25,821)
NET ASSETS - BEGINNING OF YEAR	<u>1,102,036</u>	<u>43,446</u>	<u>1,145,482</u>
NET ASSETS - END OF YEAR	<u><u>\$ 1,111,572</u></u>	<u><u>\$ 8,089</u></u>	<u><u>\$ 1,119,661</u></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, 2022

	Program Services	Supporting Services		Total
	Program	Management and General Administration	Fundraising General	
Salaries	\$ 88,232	\$ 21,008	\$ 30,811	\$ 140,051
Employee benefits	27,463	6,539	9,590	43,592
Payroll taxes	6,932	1,650	2,420	11,002
Professional fees	2,857	2,858	-	5,715
Other personnel expense	3,123	-	-	3,123
Supplies/office expense	1,167	700	467	2,334
Repairs and maintenance	-	1,146	-	1,146
Telephone	949	367	214	1,530
Postage and shipping	69,744	-	-	69,744
Bank fees	293	-	-	293
Utilities	4,234	1,639	956	6,829
Equipment	604	604	-	1,208
Board expense	-	4,683	-	4,683
Miscellaneous expense	-	3,570	-	3,570
Insurance	3,360	3,358	-	6,718
Depreciation	44,908	3,905	-	48,813
Fundraising	-	-	5,454	5,454
Bookstore expense	1,445	-	-	1,445
Interest	-	475	-	475
Security	-	219	-	219
Book acquisition	4,937	-	-	4,937
Marketing expense	548	-	549	1,097
Program expense	2,866	-	-	2,866
Books as Bridges	2,725	-	-	2,725
Total Expenses	<u>\$ 266,387</u>	<u>\$ 52,721</u>	<u>\$ 50,461</u>	<u>\$ 369,569</u>
Percentage of Total	<u>72.1%</u>	<u>14.3%</u>	<u>13.7%</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, 2021

	Program Services	Supporting Services		Total
	Program	Management and General Administration	Fundraising General	
Salaries	\$ 90,025	\$ 21,435	\$ 31,437	\$ 142,897
Employee benefits	20,278	4,828	7,081	32,187
Payroll taxes	7,028	1,674	2,455	11,157
Professional fees	2,582	2,583	-	5,165
Other personnel expense	1,985	-	-	1,985
Supplies/office expense	2,902	1,741	1,161	5,804
Repairs and maintenance	-	1,033	-	1,033
Telephone	446	173	101	720
Postage and shipping	46,649	-	-	46,649
Bank fees	809	-	-	809
Utilities	4,094	1,584	924	6,602
Equipment	497	498	-	995
Board expense	-	2,841	-	2,841
Miscellaneous expense	-	1,460	-	1,460
Insurance	2,954	2,952	-	5,906
Depreciation	45,022	3,915	-	48,937
Fundraising	-	-	2,223	2,223
Bookstore expense	3,427	-	-	3,427
Interest	-	981	-	981
Security	-	226	-	226
Book acquisition	2,919	-	-	2,919
Marketing expense	479	-	480	959
Program expense	2,665	-	-	2,665
Books as Bridges	589	-	-	589
Total Expenses	<u>\$ 235,350</u>	<u>\$ 47,924</u>	<u>\$ 45,862</u>	<u>\$ 329,136</u>
Percentage of Total	<u>71.5%</u>	<u>14.6%</u>	<u>13.9%</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>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (103,737)	\$ (25,821)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized (gain) loss	107,667	(23,466)
Depreciation	48,813	48,937
NET CASH FLOWS FROM OPERATING ACTIVITIES	52,743	(350)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(15,074)	(2,096)
Sales of investments	821	50,000
Purchase of fixed assets	(9,453)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(23,706)	47,904
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance (payments) on line of credit	(16,488)	(34,122)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(16,488)	(34,122)
NET CHANGE IN CASH FLOWS	12,549	13,432
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	51,055	37,623
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 63,604	\$ 51,055
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 475	\$ 981
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 investments at fair market value, 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.

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 2022, 2021, and 2021 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 1,649 and 556 were documented and, for purposes of disclosure in the footnotes only, management determined that this approximated \$27,241 and \$9,177 of donated time during 2022 and 2021, respectively. In addition, for purpose of disclosure in the footnotes only, management determined shipment values of assorted books of \$2,026,053 and \$3,018,929 for 2022 and 2021, 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 when paid 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 March 14, 2023, 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, 2022 and 2021 were as follows:

As of December 31, 2022:			
<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Cash and cash equivalents	\$ 11,424	\$ 11,424	\$ -
Equities and options	101,389	93,472	(7,917)
Mutual and exchange traded funds	183,653	186,034	2,381
Corporate Bonds	27,205	30,383	3,178
	<u>\$ 323,671</u>	<u>\$ 321,313</u>	<u>\$ (2,358)</u>

As of December 31, 2021:			
<u>Description</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Cash and cash equivalents	\$ 15,285	\$ 15,285	\$ -
Equities and options	101,389	205,437	104,048
Mutual and exchange traded funds	195,642	194,005	(1,637)
	<u>\$ 312,316</u>	<u>\$ 414,727</u>	<u>\$ 102,411</u>

NOTE D - ENDOWMENT FUND

Designated net assets without donor restrictions at December 31, 2022 and 2021 include an endowment fund established to support program services. Contributions to the endowment fund are not subject to donor restrictions.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide both current income for programs and growth while managing investment risk. Endowment assets are invested in a broad array of cash, stocks, ETF's, mutual funds, and other publicly tradable securities and managed by a professional asset management firm. The Organization also seeks to build endowment assets through additional contributions.

The composition of endowment net assets and the changes in endowment net assets as of December 31, 2022 and 2021 are as follows:

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE D - ENDOWMENT FUND - continued

<u>As of December 31, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment</u>
Beginning of year	\$ 414,727	\$ -	\$ 414,727
Contributions	11,000	-	11,000
Net appreciation (depreciation)	(107,667)	-	(107,667)
Investment income	5,825	-	5,825
Investment fees	(2,572)	-	(2,572)
Appropriated for expenditure	-	-	-
End of year	<u>\$ 321,313</u>	<u>\$ -</u>	<u>\$ 321,313</u>

<u>As of December 31, 2021</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment</u>
Beginning of year	\$ 439,165	\$ -	\$ 439,165
Contributions	-	-	-
Net appreciation (depreciation)	23,466	-	23,466
Investment income	5,222	-	5,222
Investment fees	(3,126)	-	(3,126)
Appropriated for expenditure	(50,000)	-	(50,000)
End of year	<u>\$ 414,727</u>	<u>\$ -</u>	<u>\$ 414,727</u>

NOTE E - 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 E - 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, 2022 and 2021:

As of December 31, 2022:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 11,424	\$ -	\$ -
Equities and options	93,472	-	-
Mutual and exchange traded funds	186,034	-	-
Corporate Bonds	30,383		
	<u>\$ 321,313</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2021:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 15,285	\$ -	\$ -
Equities and options	205,437	-	-
Mutual and exchange traded funds	194,005	-	-
	<u>\$ 414,727</u>	<u>\$ -</u>	<u>\$ -</u>

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 \$2,099 and \$3,431 to the plan during 2022 and 2021, respectively.

NOTE G - 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, 2022 and 2021 was \$804 and \$804, respectively. Total future lease payments are expected to be \$804 in 2023 and \$402 in 2024.

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, 2022 and 2021.

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, 2021 the interest rate will be 4% per annum. From July 12, 2021 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, 2021 was \$16,487 and it was paid in full and closed during 2022.

NOTE J - RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions were held by the Organization as of December 31, 2022 for the President's Fund totaling \$1,659 and as of December 31, 2021 for shipments, volunteer support, and teacher stipends provided through the Virginia Clark Hagan grant in the amount of \$8,089, respectively.

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 K - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of assets, liabilities, and net assets - modified cash basis date, reduced by amounts not available for general use because of contractual restrictions within one year of the statement of assets, liabilities, and net assets - modified cash basis date.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end	\$ 384,917	\$ 465,782
Less those unavailable for general expenditures within one year due to:		
Board-designated Endowment assets	(321,313)	(414,727)
Donor-restricted for President's Fund	(1,659)	-
Donor-restricted Virginia Clark Hagan grant funds	-	(8,089)
	<hr/>	<hr/>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 61,945</u>	<u>\$ 42,966</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.

NOTE L - RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak to be a pandemic. COVID-19 continues to spread across the globe and is impacting worldwide economic activity and financial markets. The continued spread of the disease represents a significant risk that operations could be disrupted in the near future. The extent to which COVID-19 impacts the Organization will depend on future developments, which are highly uncertain and cannot be predicted.