

WORLD CONNECT, INC.

Combined Financial Statements
with Independent Auditor's Report

December 31, 2023 and 2022

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

WORLD CONNECT, INC.

DECEMBER 31, 2023 AND 2022

TABLE OF CONTENTS

Page

Independent Auditor's Report

1-2

FINANCIAL STATEMENTS

Combined Statements of Financial Position

3

Combined Statements of Activities

4

Combined Statements of Functional Expenses

5

Combined Statements of Cash Flows

6

Notes to Combined Financial Statements

7-18



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
World Connect, Inc.

Opinion

We have audited the accompanying combined financial statements of World Connect, Inc. ("the Organization"), which comprise the combined statements of financial position as of December 31, 2023 and 2022, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

Responsibilities of Management for the Combined Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Galleras Robinson CPAs, LLP

New York, New York
November 4, 2024

WORLD CONNECT, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 432,990	\$ 619,386
Investments	478,886	460,471
Contributions receivable	358,489	621,012
Prepaid expenses	11,602	4,427
Other current assets	-	12,951
Property and equipment, net	53,322	-
Other assets, net	<u>102,216</u>	<u>123,317</u>
 Total Assets	 <u>\$ 1,437,505</u>	 <u>\$ 1,841,564</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 307,567	\$ 164,142
Deferred revenue	<u>11,065</u>	<u>-</u>
 Total Liabilities	 <u>318,632</u>	 <u>164,142</u>
 Net Assets		
Without donor restrictions		
Board designated funds:		
Local Leaders Fund	112,199	111,151
Endowment	478,886	460,471
Operations	<u>(57,942)</u>	<u>393,294</u>
	533,143	964,916
With donor restrictions	<u>585,730</u>	<u>712,506</u>
 Total Net Assets	 <u>1,118,873</u>	 <u>1,677,422</u>
 Total Liabilities and Net Assets	 <u>\$ 1,437,505</u>	 <u>\$ 1,841,564</u>

WORLD CONNECT, INC.

COMBINED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT						
Contributions and grants	\$ 979,537	\$ 1,077,284	\$ 2,056,821	\$ 905,994	\$ 1,227,672	\$ 2,133,666
Government grants	11,088	-	11,088	21,456	-	21,456
Special event revenues (net of direct benefits to donors of \$174,415 in 2022)	-	-	-	290,413	-	290,413
In-kind services	93,971	-	93,971	84,736	-	84,736
Loss on foreign currency translation	(8,429)	-	(8,429)	(445)	-	(445)
Net investment gain (loss)	30,925	-	30,925	(14,529)	-	(14,529)
Other income	12,253	-	12,253	17,934	-	17,934
Net assets released from restrictions	<u>1,204,060</u>	<u>(1,204,060)</u>	<u>-</u>	<u>722,666</u>	<u>(722,666)</u>	<u>-</u>
Total Revenue, Gains and Other Support	<u>2,323,405</u>	<u>(126,776)</u>	<u>2,196,629</u>	<u>2,028,225</u>	<u>505,006</u>	<u>2,533,231</u>
EXPENSES						
Program services	2,230,379	-	2,230,379	1,580,288	-	1,580,288
Management and general	254,044	-	254,044	249,505	-	249,505
Fundraising and development	<u>270,755</u>	<u>-</u>	<u>270,755</u>	<u>224,036</u>	<u>-</u>	<u>224,036</u>
Total Expenses	<u>2,755,178</u>	<u>-</u>	<u>2,755,178</u>	<u>2,053,829</u>	<u>-</u>	<u>2,053,829</u>
CHANGE IN NET ASSETS	(431,773)	(126,776)	(558,549)	(25,604)	505,006	479,402
NET ASSETS, BEGINNING OF YEAR	<u>964,916</u>	<u>712,506</u>	<u>1,677,422</u>	<u>990,520</u>	<u>207,500</u>	<u>1,198,020</u>
NET ASSETS, END OF YEAR	<u>\$ 533,143</u>	<u>\$ 585,730</u>	<u>\$ 1,118,873</u>	<u>\$ 964,916</u>	<u>\$ 712,506</u>	<u>\$ 1,677,422</u>

WORLD CONNECT, INC.

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023				2022			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 722,805	\$ 135,173	\$ 142,420	\$ 1,000,398	\$ 631,347	\$ 92,582	\$ 121,198	\$ 845,127
Payroll taxes	29,989	9,503	9,644	49,136	32,489	11,162	8,082	51,733
Employee benefits	63,848	5,376	31,301	100,525	57,778	19,408	28,345	105,531
Total personnel services expenses	816,642	150,052	183,365	1,150,059	721,614	123,152	157,625	1,002,391
Grants	897,042	-	-	897,042	556,765	-	-	556,765
Professional fees	237,462	50,483	37,531	325,476	49,641	96,301	17,289	163,231
Contributed service	43,202	17,515	33,254	93,971	84,736	-	-	84,736
Travel and site visit costs	105,422	5,676	6,495	117,593	62,429	1,304	14,078	77,811
Information and technology	33,299	10,331	1,758	45,388	33,490	8,960	962	43,412
Office, occupancy and equipment expenses	46,698	4,012	-	50,710	38,658	4,296	1,919	44,873
Special events expenses	-	-	-	-	-	-	196,384	196,384
Dues and subscriptions	6,500	378	525	7,403	2,025	-	-	2,025
Insurance	14,559	2,826	-	17,385	10,425	4,900	-	15,325
Printing	7,019	-	2,334	9,353	128	39	109	276
Depreciation and amortization	15,207	6,836	2,853	24,896	11,412	6,836	2,853	21,101
Miscellaneous	7,327	5,935	2,640	15,902	8,965	3,717	7,232	19,914
	2,230,379	254,044	270,755	2,755,178	1,580,288	249,505	398,451	2,228,244
Less: Expenses deducted directly from revenues								
Cost of direct benefits to donors of special events	-	-	-	-	-	-	(174,415)	(174,415)
Total Expenses	\$ 2,230,379	\$ 254,044	\$ 270,755	\$ 2,755,178	\$ 1,580,288	\$ 249,505	\$ 224,036	\$ 2,053,829

WORLD CONNECT, INC.**COMBINED STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (558,549)	\$ 479,402
Adjustments to reconcile change in net assets to net cash (used in) from operating activities:		
Depreciation and amortization	24,896	21,101
Net investment (gains) losses	(19,355)	23,755
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	262,523	(431,868)
Prepaid expenses	(7,175)	17,385
Other current assets	12,951	(12,951)
Increase in liabilities:		
Accounts payable and accrued expenses	143,425	91,490
Deferred revenue	11,065	-
Net cash (used in) provided by operating activities	<u>(130,219)</u>	<u>188,314</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,853,131)	(9,226)
Purchase of property and equipment	(57,117)	-
Proceeds from sale of investments	1,854,071	25,000
Net cash (used in) provided by investing activities	<u>(56,177)</u>	<u>15,774</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(186,396)	204,088
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>619,386</u>	<u>415,298</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 432,990</u>	<u>\$ 619,386</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

No taxes or interest were paid during the years ended December 31, 2023 and 2022, respectively.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

1. ORGANIZATION AND NATURE OF ACTIVITIES

World Connect, Inc. (the "Organization") is a nonprofit corporation created to catalyze locally-led development through grassroots grantmaking. Investments made by the Organization drive community-led improvements in health, education, and economic and community development, significantly impacting women and girls in the Global South and in New York City, with greater opportunities for inclusion and leadership.

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization was incorporated in December 2005 under the laws of the Commonwealth of Massachusetts. The Organization registered in the State of New York in October 2014 and is currently located in New York, New York. The Organization is independently registered in the United Kingdom, Malawi, and Rwanda under the names World Connect International, UK, Mudzi Connect, and World Connect, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Combination

All of the above organizations have been combined in these financial statements due to financial interdependence, control through overlapping boards of directors and the mutual work done together to achieve the same overarching goal. Collectively the organizations are known as the "Organization" in the combined financial statements. All intercompany transactions have been eliminated.

Basis of Accounting and Presentation

The Organization prepares its combined financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Without donor restrictions: Net assets without donor restrictions represent those resources that have no donor restrictions as to their use.

With donor restrictions: Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. 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 combined statements of activities.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, except for cash held in investment accounts.

Contributions Receivable

Contributions are recognized when the donor makes a gift to the Organization that is, in substance, unconditional. Contributions receivable due in one year are recorded at their net realizable value. Contributions receivable due in more than one year are recorded at the present value of their net realizable value, using risk-free interest rates to discount the amounts applicable to the years in which the contributions are received.

Allowance for Doubtful Accounts

The Organization determines whether an allowance for doubtful accounts should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. Bad debt expense is charged based upon management's estimate of future write-offs and the adequacy of the allowance to cover them.

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Net investment gain (loss) includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Dividends and interest income are recognized when earned and realized gains or losses are recognized upon the sale of the security using the trade-date basis. Net investment gain (loss) is reported in the combined statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurements

Fair value is defined 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. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is used by the Organization as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Organization's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Refer to Note 4 - Investments and Fair Value Measurements for assets measured at fair value.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives. The Organization capitalizes property and equipment that exceed predetermined levels with a useful life of two years or more. The Organization's useful lives are seven years for furniture, fixtures, and equipment, and five years for vehicle.

Other Assets

Other assets are stated at cost, less accumulated amortization. Amortization expense is provided on a straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred, and the costs of renewals and improvements are capitalized. The Organization capitalizes other assets with a useful life of two years or more and a cost of \$1,000 or more.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Contributions

Contributions are provided to the Organization either with or without donor restrictions. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution or grant is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts and grants, with or without restrictions</i>	
Gifts and grants that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts and grants, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within a year	Net realizable value
Expected to be collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions - Continued

Contributions received and unconditional promises to give are recorded as public support at fair value in the period received and are considered to be net assets without donor restrictions unless specifically restricted by the donor. Contributions are recorded net of estimated uncollectible amounts. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. The Organization records contributions as donor restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions.

When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Government Grants

Government grants are recorded as revenues when the conditions attached to the grant are substantially met.

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special event revenues in the accompanying combined financial statements. Revenue is recognized on the date of the event, which is the date the Organization expects to be entitled to consideration in exchange for attending the event.

In-Kind Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

Functional Allocation of Expenses

The breakdown of functional expenses into program services, management and general, and fundraising and development is provided by management using their best estimates as to the appropriate allocation. Grants expenses are directly charged to program expenses. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques including square footage and time and effort.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Foreign Currency Translation

The Organization applies the current rate method of translation for its accounts in foreign financed institutions. All foreign assets and liabilities accounts are translated to U.S. Dollars (USD) using the exchange rate in effect at the date of the combined statement of financial position. Revenues, expenses, gains and losses are translated using the average exchange rate for the year. Gains or losses on foreign currency translation are recognized in the accompanying combined financial statements. The translation loss for 2023 and 2022 of \$8,429 and \$445, respectively, are reflected in the combined statements of activities.

Grants Expenses

Grants expenses are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grant is approved by management.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Accounting for Uncertainty in Income Taxes

The Organization applies the provisions pertaining to uncertain tax provisions, FASB ASC Topic 740, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2020. Currently, there are no audits in progress.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Less than a year	\$ 248,489	\$ 571,012
One to five years	<u>110,000</u>	<u>50,000</u>
Total	<u>\$ 358,489</u>	<u>\$ 621,012</u>

There is no allowance for doubtful accounts based upon past experience, as well as estimates of management. In addition, contributions in excess of one year have not been discounted to net present value as management deems such discount to be immaterial to the combined financial statements.

WORLD CONNECT, INC.**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED****4. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The Organization measures its investments at fair value. Fair value is an exit price, representing the amount that would be received on the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants. As a basis for considering such assumptions, a three-tier fair value hierarchy is used which prioritizes the inputs in the valuation methodologies in measuring fair value.

Items Measured at Fair Value on a Recurring Basis

The following table presents the Organization's assets that are measured at fair value on a recurring basis at December 31, 2023 and 2022:

	2023	
	<u>Level 1</u>	<u>Total</u>
Assets		
Investments		
Money market	\$ 1,732	\$ 1,732
U.S. Treasury Securities	393,549	393,549
Exchange-traded products	<u>83,605</u>	<u>83,605</u>
	<u>\$ 478,886</u>	<u>\$ 478,886</u>

	2022	
	<u>Level 1</u>	<u>Total</u>
Assets		
Investments		
Money market	\$ 8,965	\$ 8,965
U.S. Treasury Securities	<u>451,506</u>	<u>451,506</u>
	<u>\$ 460,471</u>	<u>\$ 460,471</u>

Net investment gain (loss) consists of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 11,570	\$ 9,226
Unrealized gains (losses)	27,266	(14,353)
Realized losses	<u>(7,911)</u>	<u>(9,402)</u>
Net investment gain (loss)	<u>\$ 30,925</u>	<u>\$ (14,529)</u>

Fair Value Hierarchy

Investments categorized as Level 1 in the table above are valued using quoted prices for identical assets in active markets.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Furnitures, fixtures, and equipment	\$ 10,754	\$ 2,121
Vehicle	<u>48,484</u>	<u>-</u>
	59,238	2,121
Less: Accumulated depreciation	<u>(5,916)</u>	<u>(2,121)</u>
	<u>\$ 53,322</u>	<u>\$ -</u>

Depreciation expense amounted to \$3,795 and \$0 for the years ended December 31, 2023 and 2022, respectively.

6. OTHER ASSETS, NET

Other assets, net consist of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Website costs	\$ 142,633	\$ 142,633
Logo	<u>68,355</u>	<u>68,355</u>
	210,988	210,988
Less: Accumulated amortization	<u>(108,772)</u>	<u>(87,671)</u>
	<u>\$ 102,216</u>	<u>\$ 123,317</u>

The costs of other assets are amortized over 10 years. Amortization expense amounted to \$21,101 for the years ended December 31, 2023 and 2022.

7. IN-KIND SERVICES

In-kind services for the years ended December 31, 2023 and 2022 of \$93,971 and \$84,736, respectively, consisted of professional fees.

8. ENDOWMENT

General

The Organization's endowment consists of a board-designated fund established primarily to provide long-term support for its charitable programs. As required by U.S. GAAP, net assets associated with endowment funds are classified as with or without donor-imposed purpose restrictions (board designated).

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

8. ENDOWMENT - CONTINUED

Interpretation of Relevant Law

The Organization interprets the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. Currently, there are no provisions in donor gift instruments that provide for any other accumulations to the permanent endowments.

Return Objectives, Strategies Employed and Spending Policy

The Organization has considered the following factors in managing and investing its endowment funds:

1. Duration of the fund
2. General purposes of the Organization and the donor restricted endowment funds
3. General economic conditions
4. Possible effect of inflation or deflation
5. Expected total return from income and appreciation of investments
6. Other resources of the Organization
7. Investment policy of the Organization

Annually, the Audit and Finance Committee will make a recommendation to the board of directors regarding the decision to take a distribution from the endowment, and for what purpose these funds shall be used. The Organization made an appropriation of \$12,510 and \$25,000 for years ended December 31, 2023 and 2022, respectively.

Endowment Net Asset Composition by Net Asset Class at December 31:

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment</u>
Endowment net assets, beginning of year	\$ 460,471	\$ -	\$ 460,471
Appropriations	(12,510)	-	(12,510)
Investment gain, net	<u>30,925</u>	<u>-</u>	<u>30,925</u>
Endowment net assets, end of year	<u>\$ 478,886</u>	<u>\$ -</u>	<u>\$ 478,886</u>

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

8. ENDOWMENT - CONTINUED

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total Endowment
Endowment net assets, beginning of year	\$ 500,000	\$ -	\$ 500,000
Appropriations	(25,000)	-	(25,000)
Investment loss, net	(14,529)	-	(14,529)
Endowment net assets, end of year	<u>\$ 460,471</u>	<u>\$ -</u>	<u>\$ 460,471</u>

9. COMMITMENTS

The Organization is currently located at a donated space in New York, New York. There are co-working spaces for United Kingdom and Nigeria and it maintains an office in Lilongwe, Malawi. Rental expense, included in office, occupancy and equipment expenses in the combined statements of functional expenses, amounted to \$11,366 and \$11,105 for the years ended December 31, 2023 and 2022, respectively.

10. CONCENTRATIONS

The Organization maintains several bank accounts at one financial institution, which accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. From time to time, the total cash balance exceeds the insured amounts. Management believes that credit risk related to these accounts is minimal. The Organization also maintains a bank account in the United Kingdom and two bank accounts each in Malawi and Rwanda. Malawi and Rwanda maintain a USD and a local currency account. The USD accounts were established to negotiate better foreign exchange rates when converting to the local currency. The balance in the account amounted to \$32,789 and \$39,266 for the years ended December 31, 2023 and 2022, respectively.

The Organization received contributions from two donors that amounted to approximately 23% and 18% of its revenue, gains and other support for 2023 and 2022, respectively.

11. RETIREMENT PLAN

The Organization has established a qualified 401(k) retirement plan covering all employees. Employees may contribute a minimum of 1% and up to the maximum of the annual Internal Revenue Service allowed amount. The Organization may make annual discretionary contributions based on a percentage of the annual compensation of employees who are in the plan. The Organization made contributions to this plan in the amount of \$15,058 and \$15,420 for the years ended December 31, 2023 and 2022, respectively.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

11. RETIREMENT PLAN - CONTINUED

The Organization also contributes to a mandatory national pension fund for its employees in Malawi and Rwanda. The Organization's contributions for the Malawi and Rwanda plan were \$19,634 and \$15,757 for the years ended December 31, 2023 and 2022, respectively.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 and 2022 were subject to the following restrictions:

	<u>2023</u>	<u>2022</u>
Project-specific programming in:		
Rwanda	\$ 423,082	\$ 400,000
Ecuador	152,648	100,000
New York City	10,000	151,180
Kenya	-	5,000
Research projects	-	1,326
Time restrictions	-	55,000
	<u>\$ 585,730</u>	<u>\$ 712,506</u>

Net assets released from restrictions consist of the following for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Project-specific programming in:		
New York City	\$ 502,064	\$ 83,416
Rwanda	235,778	100,000
Malawi	174,356	18,232
Beekeeping	100,000	100,000
Nigeria	80,536	105,450
Ecuador	50,000	-
Kenya	5,000	-
Consultancy	-	9,394
Local leadership	-	5,000
Research projects	1,326	163,674
Time restrictions	55,000	137,500
	<u>\$ 1,204,060</u>	<u>\$ 722,666</u>

13. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2023 and 2022, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses and purchases of property and equipment, were as follows:

WORLD CONNECT, INC.**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED****13. FINANCIAL ASSETS AND LIQUIDITY RESOURCES - CONTINUED**

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 432,990	\$ 619,386
Investments	478,886	460,471
Contributions receivable	358,489	621,012
Total financial assets	1,270,365	1,700,869
Board designated funds:		
Local Leaders Fund	\$ (112,199)	\$ (111,151)
Endowment	(478,886)	(460,471)
With donor restrictions	<u>(190,054)</u>	<u>(214,222)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 489,226</u>	<u>\$ 915,025</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization's expenditures are not subject to significant seasonal fluctuations. The amount deducted in the above table for net assets with donor restrictions is net of amounts expected to be released in the ensuing year.

14. DEFICIT IN NET ASSETS AVAILABLE FOR OPERATIONS

The Organization has incurred deficits in net assets without donor restrictions for the years ended December 31, 2023 and 2022 of approximately \$432,000 and \$26,000, respectively, resulting in a net deficit in net assets without donor restrictions of approximately \$58,000 at December 31, 2023. To address the deficit, management has implemented cost controls, launched fundraising efforts, and is reviewing programs for efficiency. Additional grants are being pursued to diversify funding sources.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the combined financial statements through November 4, 2024, which is the date that the combined financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosures.