

**WORLD CONNECT, INC.**

Financial Statements  
with Independent Auditor's Report

December 31, 2020 and 2019

**WORLD CONNECT, INC.**

**DECEMBER 31, 2020 AND 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
World Connect, Inc.

We have audited the accompanying financial statements of World Connect, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 2020 financial statements referred to above present fairly, in all material respects, the financial position of World Connect, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Period Financial Statements**

The financial statements of World Connect, Inc. as of December 31, 2019, were audited by other auditors whose report dated August 14, 2020, expressed an unmodified opinion on those statements.

**Galleras Robinson CPAs, LLP**  
New York, New York  
September 30, 2021

**WORLD CONNECT, INC.****STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 586,665	\$ 248,333
Contributions receivable	252,358	326,240
Prepaid expenses	82,955	45,413
Other assets, net	<u>165,519</u>	<u>186,620</u>
Total Assets	<u>\$ 1,087,497</u>	<u>\$ 806,606</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 82,058	\$ 39,616
PPP loan payable	<u>108,205</u>	<u>-</u>
Total Liabilities	<u>190,263</u>	<u>39,616</u>
<b>Net Assets</b>		
Without donor restrictions	789,219	563,080
With donor restrictions	<u>108,015</u>	<u>203,910</u>
Total Net Assets	<u>897,234</u>	<u>766,990</u>
Total Liabilities and Net Assets	<u>\$ 1,087,497</u>	<u>\$ 806,606</u>

WORLD CONNECT, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, GAINS AND OTHER SUPPORT</b>						
Contributions and grants	\$ 1,093,894	\$ 246,803	\$ 1,340,697	\$ 823,884	\$ 167,592	\$ 991,476
Government grant	489,961	-	489,961	518,392	-	518,392
Special event revenues (net of direct benefits to donors of \$140,647 in 2019)	-	-	-	454,947	-	454,947
Donated in-kind services	202,500	-	202,500	92,011	-	92,011
Gain on foreign currency translation	2,558	-	2,558	4,379	-	4,379
Other income	13,808	-	13,808	28,427	-	28,427
Net assets released from restrictions	342,698	(342,698)	-	303,305	(303,305)	-
Total Revenue, Gains and Other Support	2,145,419	(95,895)	2,049,524	2,225,345	(135,713)	2,089,632
<b>EXPENSES</b>						
Program services	1,575,995	-	1,575,995	1,564,675	-	1,564,675
Management and general	175,521	-	175,521	181,093	-	181,093
Fundraising and development	167,764	-	167,764	289,553	-	289,553
Total Expenses	1,919,280	-	1,919,280	2,035,321	-	2,035,321
<b>CHANGE IN NET ASSETS</b>	226,139	(95,895)	130,244	190,024	(135,713)	54,311
<b>NET ASSETS, BEGINNING OF YEAR</b>	563,080	203,910	766,990	373,056	339,623	712,679
<b>NET ASSETS, END OF YEAR</b>	\$ 789,219	\$ 108,015	\$ 897,234	\$ 563,080	\$ 203,910	\$ 766,990

WORLD CONNECT, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020				2019			
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General	Fundraising and Development	Total
Salaries	\$ 549,651	\$ 84,451	\$ 89,640	\$ 723,742	\$ 526,180	\$ 70,258	\$ 126,526	\$ 722,964
Payroll taxes	37,040	6,944	7,073	51,057	36,043	5,444	10,345	51,832
Employee benefits	57,347	8,335	12,855	78,537	44,947	5,804	13,500	64,251
Total personnel services expenses	644,038	99,730	109,568	853,336	607,170	81,506	150,371	839,047
Grants	528,795	-	-	528,795	658,710	-	-	658,710
Professional fees	267,496	50,200	34,710	352,406	64,079	68,572	104,007	236,658
Travel and site visit costs	37,988	911	392	39,291	125,105	3,072	7,909	136,086
Information and technology	31,154	8,265	2,179	41,598	32,206	10,573	3,619	46,398
Office, occupancy and equipment expenses	26,683	3,012	1,776	31,471	47,703	3,422	2,812	53,937
Advertising	-	-	68	68	-	404	-	404
Cost of direct benefits to donors	-	-	-	-	-	-	140,647	140,647
Dues and subscriptions	1,063	-	1,000	2,063	2,567	-	-	2,567
Insurance	8,218	1,655	-	9,873	7,908	1,728	461	10,097
Printing	1,784	17	3,777	5,578	2,458	533	4,763	7,754
Amortization expense	11,412	6,836	2,853	21,101	6,186	7,785	3,564	17,535
Miscellaneous	17,364	4,895	11,441	33,700	10,583	3,498	12,047	26,128
	1,575,995	175,521	167,764	1,919,280	1,564,675	181,093	430,200	2,175,968
Less: Expenses deducted directly from revenues								
Cost of direct benefits to donors of special events	-	-	-	-	-	-	(140,647)	(140,647)
Total Expenses	\$ 1,575,995	\$ 175,521	\$ 167,764	\$ 1,919,280	\$ 1,564,675	\$ 181,093	\$ 289,553	\$ 2,035,321

**WORLD CONNECT, INC.****STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 130,244	\$ 54,311
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Amortization expense	21,101	17,535
Conversion of loan payable to contribution income	-	(50,000)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	73,882	44,199
Government grant receivable	-	127,584
Prepaid expenses	(37,542)	(25,830)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	42,442	145
Grants payable	-	(220,033)
Deferred revenue	-	(23,188)
Net Cash Provided By (Used In) Operating Activities	<u>230,127</u>	<u>(75,277)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from PPP loan	<u>108,205</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	338,332	(75,277)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>248,333</u>	<u>323,610</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 586,665</u>	<u>\$ 248,333</u>



**WORLD CONNECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020 AND 2019**

**1. ORGANIZATION AND NATURE OF ACTIVITIES**

World Connect, Inc. (the "Organization") is a nonprofit corporation created to improve the health and well-being of women and children in underserved and under-resourced communities worldwide. The Organization works to empower local leaders to drive change in their communities, impacting health, education and economic opportunity. The Organization primarily receives funding from foundations, individuals and one government grant.

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. The Organization is currently located in New York, New York.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Accounting***

The Organization prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

***Cash and Cash Equivalents***

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

***Use of Estimates***

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

***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.

## **WORLD CONNECT, INC.**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### ***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.

##### ***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 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.

At December 31, 2020 and 2019, the fair value of the Organization's financial instruments, including cash and cash equivalents, contributions receivable and accounts payable and accrued expenses, approximated book value due to the short maturity of these instruments.

At December 31, 2020 and 2019, the Organization does not have assets or liabilities required to be measured at fair value in accordance with FASB Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurements*.

##### ***Property and Equipment and Other Assets***

Property and equipment and 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 property and equipment with a useful life of two years or more and a cost of \$1,000 or more.

## WORLD CONNECT, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

### ***Net Asset Classifications***

The Organization's net asset classifications are reported as follows:

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

Net assets without donor restrictions include a board-designated reserve fund, the Local Leaders Fund ("LLF"), established in 2018 to ensure the stability of ongoing operations. The board designated \$260,000 for LLF in 2018, and the balance at December 31, 2018 was \$260,000. In 2020, the \$200,000 drawn on the LLF in 2019 was replenished and transferred back to the LLF. In December of 2020, an additional \$50,000 was donated to the LLF for a total of \$310,000 to the LLF, plus earned interest at December 31, 2020.

*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.

### ***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 one 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 FINANCIAL STATEMENTS - CONTINUED**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### ***Contributions***

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 statement of activities as net assets released from restrictions. Restricted contributions received and expended in the same fiscal year are reflected as without donor restrictions.

##### ***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 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.

##### ***Government Grants***

Government grants are recorded as revenues as milestones are achieved. To the extent that amounts received exceed milestones achieved, the Organization records deferred revenue.

##### ***Donated In-Kind Services and Costs***

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 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. Grant 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 FINANCIAL STATEMENTS - CONTINUED**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### ***Foreign Currency Translation***

The Organization's assets and liabilities are recorded in Malawian Kwacha (MWK) and are translated to U.S. Dollars (USD) using the exchange rate in effect at the date of the 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 financial statements. The average exchange rate utilized to translate revenues, expenses, gains and losses was 1.00 USD to 733.812 MWK for 2020 and 1.00 USD to 732.778 MWK for 2019.

##### ***Grant Expenses***

Grant 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.

##### ***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 for years ending after 2017; however, there are currently no audits for any tax periods in progress.

##### ***New Accounting Pronouncements***

###### ***Accounting for Leases***

On February 25, 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The standard is effective for nonpublic business entities for fiscal years beginning after December 15, 2020.

On June 3, 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for Certain Entities*, which amends the effective dates of the standards on revenue (ASC 606) and leasing (ASC 842) to give immediate relief to certain entities as a result of the widespread adverse economic effects and business disruptions caused by the COVID-19 pandemic. Under ASU 2020-05, FASB deferred the effective date of ASC 842 for private companies, private Not-For-Profit (NFP) entities, and public NFP entities. The deferrals apply only if those entities have not yet issued their financial statements (or made their financial statements available for issuance) as of June 3, 2020.

**WORLD CONNECT, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***New Accounting Pronouncements - Continued***

***Accounting for Leases - continued***

For public NFP entities, the leasing standard is effective for fiscal years beginning after December 15, 2019, and interim periods therein. For all other entities, the leasing standard is effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early adoption continues to be permitted in any interim or annual period. If an entity adopts the leasing standard in an interim period, it should reflect such early adoption as of the beginning of the annual period.

The Organization has not yet determined if this ASU will have a material effect on its financial statements.

**3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of December 31, 2020 and 2019, 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:

	2020	2019
Cash and cash equivalents	\$ 586,665	\$ 248,333
Contributions receivable	<u>252,358</u>	<u>326,240</u>
Total financial assets	839,023	574,573
Contractual or donor-imposed restrictions:		
Donor restrictions	<u>(108,015)</u>	<u>(203,910)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 731,008</u>	<u>\$ 370,663</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.

**WORLD CONNECT, INC.****NOTES TO FINANCIAL STATEMENTS - CONTINUED****4. CONTRIBUTIONS RECEIVABLE**

Contributions receivable consist of the following as of December 31, 2020 and 2019:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Less than one year	\$ 128,408	\$ 111,450	\$ 239,858
One to five years	-	12,500	12,500
Total	<u>\$ 128,408</u>	<u>\$ 123,950</u>	<u>\$ 252,358</u>

  

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Less than one year	\$ 146,240	\$ 85,000	\$ 231,240
One to five years	-	95,000	95,000
Total	<u>\$ 146,240</u>	<u>\$ 180,000</u>	<u>\$ 326,240</u>

There is no allowance for uncollectible amounts 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 financial statements.

**5. OTHER ASSETS**

Other assets consist of the following as of December 31, 2020 and 2019:

	2020	2019
Website costs	\$ 142,633	\$ 142,633
Logo	<u>68,355</u>	<u>68,355</u>
	210,988	210,988
Less: Accumulated amortization	<u>(45,469)</u>	<u>(24,368)</u>
	<u>\$ 165,519</u>	<u>\$ 186,620</u>

The costs of other assets are amortized over 10 years. Amortization expense for the years ended December 31, 2020 and 2019 amounted to \$21,101 and \$17,535, respectively.

## WORLD CONNECT, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### 6. IN-KIND CONTRIBUTIONS

Donated in-kind services for the years ended December 31, 2020 and 2019 of \$202,500 and \$92,011, respectively, consisted of professional fees.

#### 7. PAYROLL PROTECTION PROGRAM (PPP) LOAN PAYABLE

On May 1, 2020, the Organization received a forgivable loan amounting to \$108,205 under the Paycheck Protection Program ("PPP"), which the Organization recognized as a loan payable. The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after 24 weeks as long as the loan proceeds are used for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the 24-week period.

No payments are due on the loan for six (6) months (the "Deferment Period") from the date of first disbursement of the loan. Interest will continue to accrue during the Deferment Period. Borrower must make principal and interest payments every month beginning in the month immediately following the end of the Deferment Period (the "Payment Commencement Date").

The SBA extended deferral period ends either one of two ways:

On the date the SBA remits the borrower's loan forgiveness amount to the lender, or if the borrower did not apply for forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. The Organization applied for the forgiveness of the entire amount of the loan on February 16, 2021.

Any portion of the proceeds that is unforgiven is payable over two years at an interest rate of 1%, with a deferral of payments. The original maturity date of the loan was May 1, 2022 and the loan bears an interest rate of 1% per annum.

#### 8. NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS

Net assets with donor restrictions as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Women's empowerment and grassroots development	\$ 30,515	\$ 23,910
Time restrictions	<u>77,500</u>	<u>180,000</u>
	<u>\$ 108,015</u>	<u>\$ 203,910</u>



**WORLD CONNECT, INC.****NOTES TO FINANCIAL STATEMENTS - CONTINUED****8. NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESTRICTIONS - CONTINUED**

Net assets with donor restrictions released from restrictions for the years ended December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Project-specific programming in Nigeria and Kenya	\$ 275,198	\$ 173,305
Time restrictions	<u>67,500</u>	<u>130,000</u>
	<u>\$ 342,698</u>	<u>\$ 303,305</u>

**9. COMMITMENTS**

The Organization is currently located at a donated space in New York, New York, and it maintains an office in Lilongwe, Malawi. Rental expense amounted to \$8,492 and \$4,123 for the years ended December 31, 2020 and 2019, respectively.

**10. CONCENTRATIONS**

The Organization maintains several bank accounts at one financial institution, which accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") 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.

Revenue from one government grant amounted to approximately 24% and 25% of the Organization's revenue for the years ended December 31, 2020 and 2019, 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 \$12,207 and \$9,445 for the years ended December 31, 2020 and 2019, respectively. The Organization also contributes to a mandatory national pension fund for its employees in Malawi. The Organization's contributions for the Malawi plan were \$8,498 and \$5,712 for the years ended December 31, 2020 and 2019, respectively.

**WORLD CONNECT, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**12. RISKS AND UNCERTAINTIES**

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization's business and financial results will depend on future developments, including the duration and spread of the outbreak. Due to the rapidly changing business environment, unprecedented market volatility, and other circumstances resulting from the COVID-19 pandemic, the Organization is currently unable to fully determine the extent of COVID-19's impact on its operations in future periods. The Organization's performance in future periods will be heavily influenced by the timing, length, and intensity of the economic recoveries in the United States. The Organization continues to monitor evolving economic and general business conditions and the actual and potential impacts on its financial position and results of operations.

**13. SUBSEQUENT EVENTS**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through September 30, 2021, the date that the financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosures.