

**THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, THE LITTLE LIGHT HOUSE**

**Consolidated Financial Statements
and
Independent Auditor's Report**

For the Fiscal Years Ended June 30, 2022 and 2021

**THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, THE LITTLE LIGHT HOUSE**

Table of Contents

| | <u>Page(s):</u> |
|--|------------------------|
| Independent Auditor's Report | 1 - 2 |
| <u>Consolidated Financial Statements:</u> | |
| Consolidated Statements of Financial Position | 3 |
| Consolidated Statements of Activities | 4 |
| Consolidated Statements of Functional Expenses | 5 |
| Consolidated Statements of Cash Flows | 6 |
| Notes to the Consolidated Financial Statements | 7 – 18 |



Independent Auditor's Report

To the Board of Directors of
The Little Light House and Affiliates
Tulsa, Oklahoma

Opinion

We have audited the accompanying consolidated financial statements of The Little Light House and Affiliates; Little Light House, Inc. (dba, The Little Light House), Little Light House Foundation, Inc. and Little Light House Title Holding Corporation (hereafter also collectively referred to as "the Organization") non-profit organizations, which collectively comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, statements of functional expenses and statements of cash flows for the fiscal years 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 financial position of The Little Light House and Affiliates as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Little Light House and Affiliates 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 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; and 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.

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

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 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.

Independent Auditor's Report – (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

1. Exercise professional judgment and maintain professional skepticism throughout the audit.
2. 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.
3. 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, we express no such opinion.
4. 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.
5. Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Little Light House and Affiliates' 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.

Hood & Associates CPAs, P.C.

Hood and Associates Certified Public Accountants, P.C.
Tulsa, Oklahoma
November 10, 2022

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Consolidated Statements of Financial Position
June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|----------------------|
| <u>ASSETS</u> | | |
| Current assets: | | |
| Cash and cash equivalents (Notes A and B) | \$ 1,624,686 | \$ 1,715,082 |
| Certificates of deposit (Notes A and B) | 1,025,551 | 347,588 |
| Prepaid expenses and other current assets | 9,009 | 11,884 |
| Total current assets | <u>2,659,246</u> | <u>2,074,554</u> |
| Non-current assets: | | |
| Property and equipment, at historical acquisition cost: (Note A) | | |
| Building and improvements | 18,657,620 | 18,659,169 |
| Land | 1,678,875 | 1,678,875 |
| Furniture and equipment | 113,784 | 280,858 |
| Classroom and playground equipment | 77,514 | 200,928 |
| Computer equipment | 27,232 | 143,909 |
| Total property and equipment, at historical acquisition cost | <u>20,555,025</u> | <u>20,963,739</u> |
| Less: Accumulated depreciation | <u>(4,173,787)</u> | <u>(4,085,689)</u> |
| Property and equipment, net of accumulated depreciation | <u>16,381,238</u> | <u>16,878,050</u> |
| Other non-current assets: | | |
| Investments in marketable securities, at fair value (Notes A, C and E) | 460,925 | 546,087 |
| Other receivables (Note A) | 22,488 | 22,488 |
| Beneficial interest in assets held by others (Note G) | 6,656 | 6,136 |
| Total assets | <u>\$ 19,530,553</u> | <u>\$ 19,527,315</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current liabilities: | | |
| Accounts payable | \$ 3,238 | \$ 36,747 |
| Accrued liabilities (Note H) | 62,389 | 45,280 |
| Total current liabilities | <u>65,627</u> | <u>82,027</u> |
| Net assets: | | |
| Without donor restrictions: | | |
| Undesignated (Note D) | 175,124 | 318,576 |
| Undesignated, invested in property and equipment (Note D) | 16,381,238 | 16,878,050 |
| Designated by the Board of Directors (Note D) | 1,619,671 | 1,079,056 |
| Total net assets, without donor restrictions | <u>18,176,033</u> | <u>18,275,682</u> |
| With donor restrictions: | | |
| Purpose restricted (Notes D and E) | 858,033 | 738,746 |
| Perpetual in nature (Notes D and E) | 430,860 | 430,860 |
| Total net assets, with donor restrictions | <u>1,288,893</u> | <u>1,169,606</u> |
| Total net assets | <u>19,464,926</u> | <u>19,445,288</u> |
| Total liabilities and net assets | <u>\$ 19,530,553</u> | <u>\$ 19,527,315</u> |

The accompanying notes are an integral part of these consolidated financial statements.

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Consolidated Statements of Activities
For the Fiscal Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|----------------------|----------------------|
| <u>Changes in net assets, without donor restrictions:</u> | | |
| <u>Support and revenue:</u> | | |
| Contributions, undesignated | \$ 2,204,727 | \$ 1,266,858 |
| Fundraising events, net of direct fund-raising costs | 1,862,910 | 1,453,910 |
| Donated materials and services, in-kind donations | 24,187 | 45,964 |
| Interest income | 3,016 | 2,266 |
| Gain on extinguishment of debt, Paycheck Protection Program loan | | 419,700 |
| Gain on (loss) on disposals of assets | (8,402) | |
| Other income | 111,548 | 94,655 |
| Total support and revenue without donor restrictions, before release of donor-imposed restrictions | <u>4,197,986</u> | <u>3,283,353</u> |
| Net assets released, satisfaction of donor-imposed restrictions | <u>250,001</u> | <u>280,317</u> |
| Total support and revenue, without donor restrictions | <u>4,447,987</u> | <u>3,563,670</u> |
| <u>Expenses:</u> | | |
| Program expenses | 4,107,362 | 3,378,555 |
| Management and general expenses | 194,983 | 298,918 |
| Fundraising expenses | 160,128 | 175,282 |
| Total expenses | <u>4,462,473</u> | <u>3,852,755</u> |
| Increase or (decrease) in net assets, without donor restrictions | <u>(14,486)</u> | <u>(289,085)</u> |
| <u>Changes in net assets, with donor restrictions:</u> | | |
| Contributions, donor-designated | 367,504 | 522,311 |
| Interest income | 1,784 | 9,762 |
| Net assets released, purchase restrictions (Note D) | (569) | (51,137) |
| Net assets released, program restrictions (Note D) | (249,432) | (229,180) |
| Increase or (decrease) in net assets, with donor restrictions | <u>119,287</u> | <u>251,756</u> |
| <u>Other changes:</u> | | |
| Investment return, net | <u>(85,163)</u> | <u>52,076</u> |
| Changes in net assets | 19,638 | 14,747 |
| Net assets, beginning of fiscal year | <u>19,445,288</u> | <u>19,430,541</u> |
| Net assets, end of fiscal year | <u>\$ 19,464,926</u> | <u>\$ 19,445,288</u> |

The accompanying notes are an integral part of these consolidated financial statements.

THE LITTLE LIGHT HOUSE AND AFFILIATES

dba, The Little Light House

Consolidated Statements of Functional Expenses For the Fiscal Years Ended June 30, 2022 and 2021

| | For the Fiscal Year Ended June 30, 2022 | | | |
|---------------------------|---|---------------------------------|----------------------|--------------|
| | Program Expenses | Management and General Expenses | Fundraising Expenses | Totals |
| Salaries and wages | \$ 2,524,725 | \$ 109,877 | \$ 117,726 | \$ 2,752,328 |
| Depreciation expense | 422,503 | 42,920 | 23,555 | 488,978 |
| Insurance | 361,603 | 17,274 | 4,990 | 383,867 |
| Payroll taxes | 185,026 | 8,512 | 9,120 | 202,658 |
| Repairs and maintenance | 127,302 | 3,981 | 1,150 | 132,433 |
| Supplies | 114,463 | 4,673 | 1,350 | 120,486 |
| Community awareness | 85,784 | | | 85,784 |
| Utilities | 72,462 | 3,461 | 1,000 | 76,924 |
| Outreach | 67,978 | | | 67,978 |
| Educational tools | 45,076 | | | 45,076 |
| Bank and credit card fees | 40,727 | 1,945 | 562 | 43,235 |
| Professional fees | 33,919 | 1,620 | 468 | 36,007 |
| Other expenses | 21,821 | 536 | 155 | 22,512 |
| Postage and delivery | 3,973 | 183 | 53 | 4,208 |
| Total expenses | \$ 4,107,362 | \$ 194,983 | \$ 160,128 | \$ 4,462,473 |

| For the Fiscal Year Ended June 30, 2021 | | | | |
|---|------------------|---------------------------------|----------------------|--------------|
| | Program Expenses | Management and General Expenses | Fundraising Expenses | Totals |
| Salaries and wages | \$ 2,065,446 | \$ 176,944 | \$ 110,590 | \$ 2,352,980 |
| Depreciation expense | 427,545 | 44,837 | 24,726 | 497,108 |
| Insurance | 317,018 | 34,242 | 16,938 | 368,198 |
| Payroll taxes | 151,038 | 13,889 | 8,680 | 173,607 |
| Supplies | 99,774 | 7,800 | 3,858 | 111,432 |
| Repairs and maintenance | 75,307 | 7,723 | 3,820 | 86,850 |
| Community awareness | 57,117 | 6,169 | 3,052 | 66,338 |
| Utilities | 61,674 | | | 61,674 |
| Educational tools | 41,453 | | | 41,453 |
| Professional fees | 30,630 | 3,308 | 1,636 | 35,574 |
| Bank and credit card fees | 28,203 | 2,506 | 1,240 | 31,949 |
| Other expenses | 13,001 | 1,064 | 526 | 14,591 |
| Outreach | 6,312 | | | 6,312 |
| Postage and delivery | 4,037 | 436 | 216 | 4,689 |
| Total expenses | \$ 3,378,555 | \$ 298,918 | \$ 175,282 | \$ 3,852,755 |

The accompanying notes are an integral part of these consolidated financial statements.

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Consolidated Statements of Cash Flows
For the Fiscal Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Cash received from donors and other sources | \$ 4,546,168 | \$ 3,341,002 |
| Cash paid to suppliers and employees | (3,962,833) | (3,264,620) |
| Interest income | 4,800 | 12,028 |
| Net cash provided by or (used in) operating activities | <u>588,135</u> | <u>88,410</u> |
| Cash flows from investing activities: | | |
| Purchases of investments in marketable securities | | (301,904) |
| Purchases of property and equipment | (569) | (16,406) |
| Proceeds from maturities of certificates of deposit, net of (purchases) | (677,962) | 319,078 |
| Net cash provided by or (used in) investing activities | <u>(678,531)</u> | <u>768</u> |
| Net increase or (decrease) in cash and cash equivalents | (90,396) | 89,178 |
| Cash and cash equivalents, beginning of fiscal year | 1,715,082 | 1,625,904 |
| Cash and cash equivalents, end of fiscal year | <u>\$ 1,624,686</u> | <u>\$ 1,715,082</u> |
| Reconciliation of changes in net assets to net cash provided by or (used in) operating activities: | | |
| Changes in net assets, net of non-cash activities * | \$ 104,280 | \$ (457,029) |
| Adjustments to reconcile changes in net assets to net cash provided by or (used in) operating activities: | | |
| (Gain) or loss on disposal of assets | 8,402 | |
| Depreciation expense | 488,978 | 497,108 |
| Changes in assets and liabilities: | | |
| (Increase) or decrease in prepaid expenses and other current assets | 2,875 | 8,333 |
| (Increase) or decrease in other receivables | | 3,268 |
| Increase or (decrease) in accounts payable | (33,509) | 36,747 |
| Increase or (decrease) in accrued liabilities | 17,109 | (17) |
| Total adjustments and changes in assets and liabilities | <u>483,855</u> | <u>545,439</u> |
| Net cash provided by or (used in) operating activities | <u>\$ 588,135</u> | <u>\$ 88,410</u> |

* Non-cash investing and financing activities consist of: (1) Investment return of \$(85,163) and \$52,076 for the fiscal years ended June 30, 2022 and 2021 and (2) Loan forgiveness of Paycheck Program funds of \$419,700 for the fiscal year ended June 30, 2021.

The accompanying notes are an integral part of these consolidated financial statements.

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Notes to the Consolidated Financial Statements
As of and for the Fiscal Years Ended June 30, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization and Nature of Activities

Little Light House, Inc., dba The Little Light House (hereafter also referred to as “the Organization”) was founded in 1972 and later received an Internal Revenue Service determination letter granting its status as a 501(c)(3) organization in 1974. The mission of the Organization is to glorify God by improving the quality of life for children with special needs, their families, and their communities. The Organization provides tuition-free educational and therapeutic services to children with special needs, from birth to six years of age. The Organization’s support and revenue consist entirely of donations from supporters from and grants from local organizations. The Organization does not receive funding from federal or state government grants or from the United Way.

Principles of Consolidation

The accompanying consolidated financial statements include the financial accounts of Little Light House, Inc., Little Light House Foundation, Inc., and Little Light House Title Holding Corporation. All material inter-company accounts and inter-organization transactions, if any, have been eliminated.

- Little Light House Foundation, Inc. was incorporated and received an Internal Revenue Service determination letter granting it status as a 501(c)(3) organization in 2010 and is not recognized by the Internal Revenue Service as a private foundation. Little Light House Foundation, Inc. operates exclusively for the benefit of Little Light House, Inc.
- Little Light House Title Holding Corporation was incorporated and received an Internal Revenue Service determination letter granting it status as a 501(c)(2) organization in 2010. Little Light House Title Holding Company holds title to property on behalf of Little Light House, Inc.

The consolidated financial statements reflect the financial activities of the organizations, collectively referred to as “the Organization,” described above. Satellite locations in central Kentucky and central Mississippi that bear the name of The Little Light House are separately formed 501(c)(3) organizations and are therefore not included in the accompanying consolidated financial statements.

Basis of Accounting

The accompanying consolidated financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America, utilizing the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. Accordingly, the consolidated financial statements of the Organization reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) 2016-14, *Presentation of Financial Statements Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets with donor restrictions, and net assets without donor restrictions, based upon the existence or absence of donor-imposed restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses, and disclosures at the date of the consolidated financial statements and during the reporting period. Accordingly, actual results could differ from the estimates that were used.

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Notes to the Consolidated Financial Statements
As of and for the Fiscal Years Ended June 30, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued):

Revenue Sources and Revenue Recognition

The Organization previously adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods and services to customers. ASU 2014-09 replaced most existing revenue recognition guidance in generally accepted accounting principles (GAAP). This standard also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Organization recognizes contributions when cash, securities, or other assets are received or when an unconditional promise to give or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received are recorded as being either “with donor-imposed restrictions” or “without donor-imposed restrictions,” depending on the existence and/or nature of any donor-imposed restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restrictions. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without restrictions and are reported in the consolidated statements of activities as net assets released, satisfaction of donor-imposed restrictions.

The Organization also received revenue from various fundraising and special events (See Note J for further detail on special events). The Organization records fundraising and special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Pledges Receivable/Promises to Give

In accordance with FASB ASC 958, *Not-for-Profit Entities*, conditional promises to give are not recognized as contribution revenue and receivables until the conditions on which they depend are substantially met or explicitly waived and the conditional promise becomes an unconditional promise. Amounts pledged to the Organization have historically been unconditional in nature. While pledges receivable may be paid over an extended period, historically pledges receivable have been recognized by the Organization over a one-year to five-year period. At the time a pledge is made, the contributions that are expected to be collected within one year are recorded as revenue at their net realizable value. Pledges that are expected to be collected in future years are recorded as revenue at the present value of their estimated future cash flows and are discounted at an appropriate interest rate. As of June 30, 2022, there were no pledges receivable expected to be received by the Organization within the next twelve (12) months.

Contributed Services and Goods

The Organization receives services donated by volunteers. No amounts have been reflected or otherwise recognized in the accompanying consolidated financial statements for these services as they did not meet the criteria for recognition under FASB ASC No. 958, *Not-for-Profit Entities*. The Organization may also periodically receive donations of goods. Donations of goods with fair market values in excess of \$500, if applicable, are recorded and included in support and revenue in the accompanying financial statements as “in-kind” donations at their respective fair market values at the date(s) of receipt.

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Notes to the Consolidated Financial Statements
As of and for the Fiscal Years Ended June 30, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

Income Taxes

The Little Light House, Little Light House Foundation, Inc., and Little Light House Title Holding Corporation are recognized as not-for-profit organizations by the Internal Revenue Service. Little Light House, Inc. filed an IRS Form 1023 with the Internal Revenue Service and received a determination letter in 1974. As such, the Organization is considered to be a not-for-profit organization and is thereby exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as being an organization other than a private foundation. Accordingly, no provision for income taxes has been made within the accompanying financial statements. The Organization qualifies for tax deductible contributions as provided for within Section 170(b) of the Internal Revenue Code.

The Organizations account for uncertain tax positions in accordance with the provisions of FASB ASC 740, *Income Taxes*. FASB ASC 740 prescribes a recognition threshold and measurement process for financial statement recognition of uncertain tax positions taken or expected to be taken in a tax return. Using the guidance of FASB ASC 740, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will “more-likely-than-not” be sustained upon examination by the taxing authorities. Management of the Organization has analyzed tax positions taken for all required tax filings with the Internal Revenue Service and the state of Oklahoma. As of June 30, 2022 and 2021, management of the Organization believes that any and all income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization’s consolidated financial statements. Accordingly, the Organization has not recorded any reserves or related accruals for uncertain income tax positions at June 30, 2022 and 2021.

Cash and Cash Equivalents

For purposes of the consolidated financial statements, cash and cash equivalents consists of all highly liquid bank deposit holdings available for current use with original maturities of three (3) months or less, when initially purchased. Cash and cash equivalents consist of checking and money market accounts that are carried at historical acquisition cost which approximates fair market value. See further information on custodial credit risk in Note B.

Certificates of Deposit

Certificates of deposit owned by the Organization consist of highly liquid bank deposit holdings with maturities in excess of three (3) months, when initially purchased. Certificates of deposit are carried at fair market value, which include the original amount deposited plus accrued interest, if applicable. Certificates of deposit are held with various financial institutions and are insured by the Federal Deposit Insurance Corporation (“FDIC”). See further information on custodial credit risk in Note B.

Other Receivables

Other receivables, when deemed to be uncollectible by management, are charged directly to expense. At June 30, 2022, the “other receivables” financial statement account consists of amounts owed to the Organization by its payroll processing company which is related to an ongoing legal matter.

Property and Equipment, Net of Accumulated Depreciation

The Organization’s capitalization policy is to consider capitalization for any individual item with a historical acquisition cost of greater than or equal to \$1,500. Lesser amounts are expensed. Routine repairs and maintenance costs for property and equipment are expensed as incurred. The Organization’s individual items of property and equipment are stated at historical acquisition cost, net of accumulated depreciation.

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Notes to the Consolidated Financial Statements
As of and for the Fiscal Years Ended June 30, 2022 and 2021

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued):

Property and Equipment, Net of Accumulated Depreciation – (Continued)

Depreciation of property and equipment is determined by using straight-line method of depreciation, calculated over the estimated useful lives of the respective assets, which currently range from three (3) to forty (40) years. Donated property and equipment items, if applicable, are similarly capitalized and depreciated.

Management of the Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets held and used is measured by a comparison of the carrying amount of an asset to undiscounted expected cash flows. Future events could cause the Organization to conclude that impairment indicators exist and that long-lived assets may be impaired.

Investments in Marketable Securities, Investment Valuation, and Income Recognition

The Organization's investments in marketable securities consist of equity securities, classified for financial purposes as "available for sale" and held in custody with a brokerage firm. Investments in marketable securities with readily determinable fair values are reported at their fair values, based upon published market quotations, in the accompanying consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets. The Organization's investments do not carry any form of insurance from the Federal Deposit Insurance Corporation ("FDIC") and are subject to market fluctuation and the risk of loss of principal.

Functional Expense Allocations

The Organization records expenses on a functional basis among three categories: program services, management and general, and fundraising. Expenses that can be identified with a specific program or supporting service are charged directly to the program or service. Expenses which apply to more than one functional expense category are allocated directly to the program or service category benefited based on estimates made by management of the Organization by using percentage-based cost allocations.

Fundraising Costs

Fundraising costs include both direct costs and allocations of certain indirect costs.

Advertising Costs

The Organization expenses all advertising costs in the period in which they are incurred.

Date of Management's Review and Subsequent Events

Management of the Organization has evaluated subsequent events occurring through November 10, 2022, which is the date that the financial statements were available for issuance. No events were noted that required recognition or disclosure in the accompanying financial statements and footnotes.

NOTE B – CONCENTRATION OF CUSTODIAL CREDIT RISK:

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Organization will not be able to recover the value of its deposits or investments that are held in the possession of an outside party. The Organization maintains balances of cash and cash equivalents with various financial institutions. Accounts at these financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000, per institution. At June 30, 2022, the Organization exceeded FDIC depositor insurance limits at two financial institutions by a combined total amount of \$601,156.

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Notes to the Consolidated Financial Statements
As of and for the Fiscal Years Ended June 30, 2022 and 2021

NOTE B – CONCENTRATION OF CUSTODIAL CREDIT RISK – (Continued):

A concentration of custodial credit risk in excess of FDIC-insured account balance limits can pose a significant financial risk to an organization. However, to date, the Organization has not experienced any losses on such deposits, and management believes that the risk of loss due to custodial credit risk and non-performance by the financial institutions is remote. Management is aware of the concentration of custodial credit risk and aims to limit the duration when balances exceed FDIC-insured account balance deposit limits due to the timing of deposits.

NOTE C – INVESTMENTS IN MARKETABLE SECURITIES:

The Organization's investments in marketable securities are held in custody with a brokerage firm and include equity and fixed income securities with all investment earnings being reinvested. The investments in marketable securities are classified as "available for sale" securities and are valued for financial statement purposes at fair market value.

Fair Value Measurements and the Fair Value Hierarchy

FASB ASC 820, *Fair Value Measurements and Disclosures*, defines fair value under accounting principles generally accepted in the United States of America, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. This standard defines fair value as "the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability, in an orderly transaction between market participants at the measurement date." The framework for measuring fair value provides 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") and the lowest priority to unobservable inputs ("Level 3").

The following provides a description of the three levels of inputs that may be used to measure fair value under the standard, the types of investments that fall under each category and the valuation methodologies used to measure these investments at fair value, as follows:

"Level 1" Fair Value Measurement

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. All of the Organization's investments in marketable securities could be considered to be "Level 1" investments as of the reporting date of the accompanying "Independent Auditor's Report".

"Level 2" Fair Value Measurements

Inputs to the valuation methodology include quoted market prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the assets or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset or liability. The Organization did not hold any "Level 2" investments as of the reporting date of the accompanying "Independent Auditor's Report".

"Level 3" Fair Value Measurements

Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Organization did not hold any "Level 3" investments as of the reporting date of the accompanying "Independent Auditor's Report".

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Notes to the Consolidated Financial Statements
As of and for the Fiscal Years Ended June 30, 2022 and 2021

NOTE C – INVESTMENTS IN MARKETABLE SECURITIES – (Continued):

The preceding methods described may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. While management of the Organization believes that its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date of the accompanying "Independent Auditor's Report."

The Organization's investments in marketable securities are reported at fair value within the accompanying "statements of financial position." The following table set forth, by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2022 and 2021:

| | <u>Fair Value</u> | <u>"Level 1"</u> |
|--|-------------------|-------------------|
| <u>June 30, 2022</u> | | |
| Marketable equity securities | \$ 280,559 | \$ 280,559 |
| Fixed income/short-term liquid investment pool | <u>180,366</u> | <u>180,366</u> |
| Total investments in marketable securities | <u>\$ 460,925</u> | <u>\$ 460,925</u> |
| <u>June 30, 2021</u> | | |
| Marketable equity securities | \$ 181,998 | \$ 181,998 |
| Fixed income/short-term liquid investment pool | <u>364,089</u> | <u>364,089</u> |
| Total investments in marketable securities | <u>\$ 546,087</u> | <u>\$ 546,087</u> |

NOTE D – NET ASSETS:

Net Assets Without Donor Restrictions:

Net Assets Without Donor Restrictions - Undesignated

Net assets without donor restrictions of the Organization which are listed as "undesignated" are those net assets which are available for the daily operations and general use of the Organization. Undesignated net assets also include the historical acquisition cost, net of accumulated depreciation, of the Organization's facilities, buildings, land, furniture and fixtures and other equipment, which have been previously released from donor-imposed restrictions.

Net Assets Without Donor Restrictions - Designated by the Board of Directors

Certain net assets without donor restrictions of the Organization, by virtue of standing board policies of the Board of Directors of Little Light House, Inc. have been further segregated as "board designated" net assets. Expressed purposes of board designated funds are that the funds be used only as long-term reserves for certain programs or general and administrative expenses. Board designated funds consist of a fund styled as "Little Light House Operating Endowment Fund" and additional funds have also been segregated by the board of directors of Little Light House, Inc. as being reserved for staff compensation contingencies, deferred building maintenance and building utilities.

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Notes to the Consolidated Financial Statements
As of and for the Fiscal Years Ended June 30, 2022 and 2021

NOTE D – NET ASSETS – (Continued):

Net Assets Without Donor Restrictions – (Continued):

The following classifications reflect the nature of board designated restrictions on assets without donor restrictions as of June 30, 2022 and 2021, respectively:

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| <u>Subject to expenditure for board specified purpose:</u> | | |
| Staff contingency fund | \$ 1,033,210 | \$ 465,828 |
| Maintenance and utilities escrow fund | 443,652 | 483,293 |
| Little Light House Operating/quasi-endowment fund | <u>142,809</u> | <u>129,935</u> |
| Total net assets, designated by the board of directors | <u>\$ 1,619,671</u> | <u>\$ 1,079,056</u> |

Net Assets With Donor Restrictions:

Net Assets With Donor Restrictions – Purpose Restricted

Net assets with purpose restrictions of the Organization are those net assets which are subject to donor-imposed restrictions for specified programs and activities of the Organization and pledges which are time restricted.

Net Assets With Donor Restrictions - Perpetual in Nature

Net assets with restrictions that are perpetual in nature of the Organization consist of; (1) the “Wm. S. Bailey, Jr. Maintenance Endowment Fund”, and (2) the “Little Light House Endowment Fund”, both of which were established at the request of third-party donors.

- **Wm. S. Bailey, Jr. Maintenance Endowment Fund:** The donor’s intent is that the principal of the fund must always be safely invested to produce income. The income of the fund may be used for the purpose of operating and maintaining the physical building and facilities of the Organization. In the case of an extreme emergency, and then only by a unanimous silent vote of the Board of Directors of Little Light House, Inc. can the income of the fund be used for other purposes.
- **Little Light House Endowment Fund:** The donor’s intent is that all income generated by the endowment fund be reinvested in the endowment, however, should the total operating funds available to the Little Light House fall below \$100,000, the board of directors would have the authority to withdraw accumulated investment earnings from the endowment fund.

The following classifications reflect the nature of restrictions on net assets, with donor restrictions as of June 30, 2022 and 2021, respectively:

| | <u>2022</u> | <u>2021</u> |
|---|----------------------------|----------------------------|
| <u>Purpose restricted:</u> | | |
| Purpose restrictions and programs, various | \$ 815,289 | \$ 685,984 |
| Capital campaign for building expansion and other | <u>42,744</u> | <u>52,762</u> |
| Total purpose restricted | <u>858,033</u> | <u>738,746</u> |
| <u>Perpetual in nature:</u> | | |
| Little Light House Endowment Fund | 315,000 | 315,000 |
| Wm. S. Bailey, Jr. Maintenance Endowment | <u>115,860</u> | <u>115,860</u> |
| Total perpetual in nature | <u>430,860</u> | <u>430,860</u> |
| Total net assets, with donor restrictions | <u>\$ 1,288,893</u> | <u>\$ 1,169,606</u> |

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Notes to the Consolidated Financial Statements
As of and for the Fiscal Years Ended June 30, 2022 and 2021

NOTE D – NET ASSETS – (Continued):

Net Assets With Donor Restrictions – (Continued):

Net assets with donor restrictions were released from donor-imposed restrictions by incurring expenses satisfying the restricted purposes or occurrences of other events specified by donors, as follows for the fiscal years ended June 30, 2022 and 2021, respectively:

| | <u>2022</u> | <u>2021</u> |
|---|-------------------|-------------------|
| <u>Satisfaction of Purchase Restrictions:</u> | | |
| Programs, various | \$ 249,432 | \$ 229,180 |
| <u>Satisfaction of Purchase Restrictions:</u> | | |
| Property and equipment and/or capital campaign | <u>569</u> | <u>51,137</u> |
| Total released for satisfaction of donor-imposed restrictions | <u>\$ 250,001</u> | <u>\$ 280,317</u> |

NOTE E – ENDOWMENT FUNDS:

The Organization's endowment funds were established by donors to support the operations of the Organization. Contributions to the endowment fund(s) of the Organization are subject to donor restrictions that stipulate the original principal/corpus of the gift(s) are to be held and invested by the Organization indefinitely, and income from the fund(s) may only be expended for; (1) the physical building and facilities of the Organization and (2) the general operations of the Organization, subject to specific criteria. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Laws and Regulations Pertinent to Endowment Funds

The Organization is subject to the State Prudent Management of Institutional Funds Act ("SPMIFA") and, therefore, classified amounts in its donor-restricted endowment funds as net assets with donor restrictions until the Board appropriates amounts for expenditure and any purpose restrictions have been met. The board of trustees of the Organization has interpreted SPMIFA as requiring the maintenance of only the original gift amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, the Organization would consider the fund to be "underwater" if the fair value of the fund is less than the sum of: (1) the original value of initial and subsequent gifts donated to the fund and (2) any accumulations to the fund that are required to be maintained in perpetuity in accordance with applicable donor gift instruments. From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with prudent measures required under law. At June 30, 2022, a fund with an original gift value of \$315,000, fair value of \$271,628 and a deficiency of \$43,733 was reported in net assets with donor restrictions. Management expects these amounts to be fully recovered when there are more favorable market conditions.

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purpose of the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the investment policies of the Organization.

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Notes to the Consolidated Financial Statements
As of and for the Fiscal Years Ended June 30, 2022 and 2021

NOTE E – ENDOWMENT FUNDS – (Continued):

Endowment Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the total amount of the gifts made to the endowment by the donor. One of the Organization's two donor-restricted endowment funds – the "Wm. S. Bailey, Jr. Maintenance Endowment Fund" - was not considered to be underwater at June 30, 2022. The Organization's second donor-restricted endowment fund – the "Little Light House Endowment Fund" – was considered to be underwater at June 30, 2022, as the fair market value of the investments in the endowment were less than the donor's original donation. The deficiency in the Little Light House Endowment Fund resulted from unfavorable market fluctuations.

At June 30, 2022 and 2021, donor-restricted endowment funds of the Organization are comprised of:

| | <u>2022</u> | <u>2021</u> |
|--|--------------------------|--------------------------|
| <u>Amounts required to be invested in perpetuity:</u> | | |
| <i>"Little Light House Endowment Fund"</i> | \$ 315,000 | \$ 315,000 |
| <i>"Wm. S. Bailey, Jr. Maintenance Endowment"</i> | <u>115,860</u> | <u>115,860</u> |
| Total required to be invested in perpetuity | <u>430,860</u> | <u>430,860</u> |
| <u>Amounts subject to appropriation:</u> | | |
| <i>"Little Light House Endowment Fund"</i> | (43,373) | 7 |
| <i>"Wm. S. Bailey, Jr. Maintenance Endowment"</i> | <u>73,438</u> | <u>115,220</u> |
| Total amounts subject to appropriation | <u>30,065</u> | <u>115,227</u> |
| Total fair market value of donor-restricted endowment funds | <u>\$ 460,925</u> | <u>\$ 546,087</u> |

Investment and Spending Policies for Endowment Funds

The Organization has adopted investment and spending policies for endowment assets that attempt to subject the fund to reasonable investment risk and fulfill the ministry and designation of the endowments received, while working to further strengthen the financial base of the endowment funds. Endowment assets are invested in both equity securities and a fixed income/short-term liquid investment pool. The Organization seeks to build endowment assets through additional contributions. The Organization has established a distribution policy of endowment funds, as follows: the distribution will be calculated as 4% of the average balance of the previous twelve quarters. However, new donations added to endowment funds will be excluded from the distribution base for one full year after receipt.

This spending rate policy shall be reviewed annually by the finance committee. The committee may adjust the spending rate percentage as it deems appropriate in order to fulfill the purposes described in the endowment guidelines, but in no event shall the spending rate percentage be lower than 3% or higher than 5% unless authorized by a vote of the board of directors.

In 2022 and 2021, the Organization elected not to distribute endowment funds, any portion of the annual, distributable funds not distributed in any given year will be retained in the endowment funds for expenditure in future years, upon recommendation of the finance committee in consultation with the board of directors.

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Notes to the Consolidated Financial Statements
As of and for the Fiscal Years Ended June 30, 2022 and 2021

NOTE E – ENDOWMENT FUNDS – (Continued):

The composition of the Organization's endowment funds (including quasi-endowment funds) and the changes in endowment net assets as of the fiscal years ended June 30, 2022 and 2021, respectively, are as follows:

| | Without Donor Restrictions | With Donor Restrictions | Totals |
|--|----------------------------------|----------------------------|------------|
| <u>Endowment funds, beginning of fiscal year:</u> | | | |
| <u>Board designated quasi-endowment funds:</u> | | | |
| <i>"Little Light House Operating Endowment"</i> | \$ 129,936 | \$ - | \$ 129,936 |
| <u>Donor restricted endowment funds:</u> | | | |
| <i>"Wm. S. Bailey, Jr. Maintenance Endowment":</i> | | | |
| Original donor-restricted gift required to be maintained in perpetuity by the donor | - | 231,080 | 231,080 |
| <i>"Little Light House Endowment Fund":</i> | | | |
| Original donor-restricted gift required to be maintained in perpetuity by the donor | - | 315,007 | 315,007 |
| Total endowment funds, beginning of fiscal year | 129,936 | 546,087 | 676,023 |
| <u>Endowment funds, activity during fiscal year:</u> | | | |
| Additional contributions to endowment | 12,564 | - | 12,564 |
| Investment return, net | - | (85,163) | (85,163) |
| Interest income | 309 | - | 309 |
| Amounts appropriated for expenditures for expenditures | - | - | - |
| Total endowment funds, end of fiscal year | \$ 142,809 | \$ 460,924 | \$ 603,733 |

NOTE F – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The Organization is funded primarily from contributions from donors. Certain donor contributions contain restrictions on the use of funds that require that resources be used in a certain manner or in a future period. Therefore, the Organization must maintain adequate resources to meet such responsibilities to donors and certain financial assets may not be available for general expenditure within one year. As a part of the Organization's liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash that exceeds daily operational needs in liquid, interest-bearing accounts such as savings accounts, money market accounts and certificates of deposit. In addition, to help manage unanticipated future liquidity needs for staff compensation, building maintenance and utilities, the board of directors of the Organization has designated certain funds for these stated purposes. The Organization's endowment funds consist of a donor-restricted endowment fund and a board designated endowment fund. Income from donor-restricted endowment funds is restricted for specific purposes and, therefore, is not available for general expenditure. Although the Organization does not intend to spend from either its board designated endowment fund or from other board designated funds, certain amounts from these funds could be utilized in the event of an unanticipated liquidity need.

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Notes to the Consolidated Financial Statements
As of and for the Fiscal Years Ended June 30, 2022 and 2021

NOTE F – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – (Continued):

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-imposed restrictions and board designations:

| | <u>2022</u> |
|---|---------------------|
| Financial assets at fiscal year-end | <u>\$ 3,117,818</u> |
| <u>Less those unavailable for general expenditures within one year, due to:</u> | |
| With donor restrictions: | |
| Donor-imposed program and purchase restrictions | (858,033) |
| Donor-imposed endowment funds | (430,860) |
| Without donor restrictions: | |
| Board-designated funds | <u>(1,619,671)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 209,254</u> |

The Organization has not elected to obtain a line of credit with a financial institution which would be available to draw funds from to help manage unanticipated liquidity needs. However, the Organization's board of directors, by a simple majority vote, has the ability to immediately modify or even eliminate existing board-designated restrictions on the amounts held in the staff contingency fund and the maintenance and utilities escrow fund, which are listed in Note D. As such, board-designated funds may also be available in the event of unanticipated liquidity needs.

NOTE G – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS:

The Organization has investment assets held with the Tulsa Community Foundation ("TCF") for the benefit of the Organization. At the end of each calendar year, TCF determines an amount that may be distributed to the Organization. The effective annual rate is not to exceed 5.1% of the total investment assets held. At June 30, 2022, the amount available for distribution was \$339. At June 30, 2022 and 2021, the beneficial interest in assets held by others were valued at \$6,656 and \$6,136, respectively.

NOTE H – COMPENSATED ABSENCES AND PAID TIME OFF:

Employees of the Organization are entitled to paid vacation and sick days depending upon job classification, length of service and various other factors. In accordance with the requirements of FASB ASC 710, *Compensation-General*, the Organization has accrued compensated absences for the fiscal years ended June 30, 2022 and 2021, of \$54,486 and \$37,431, respectively.

NOTE I – RETIREMENT PLAN:

The Organization sponsors a 403(b)-retirement plan for eligible employees. For the fiscal years ended June 30, 2022 and 2021, the Organization did not elect for the plan to have an employer matching contribution for the benefit of its employees who have met the requirements to participate in the plan.

THE LITTLE LIGHT HOUSE AND AFFILIATES
dba, The Little Light House
Notes to the Consolidated Financial Statements
As of and for the Fiscal Years Ended June 30, 2022 and 2021

NOTE J – FUNDRAISING AND SPECIAL EVENTS:

Special events revenues and expenses are directly related to fundraising and consist of the following event categories for the fiscal years ended June 30, 2022 and 2021, respectively:

| | <u>2022</u> | | <u>2021</u> |
|--|---------------------|-----------------|-------------------------|
| <u>Fundraising and special event revenues:</u> | | | |
| Garden Party | \$ 741,667 | | \$ 504,333 |
| Mini-Laps | 600,841 | | 441,706 |
| Annual Campaign and miscellaneous fundraising | 297,963 | | 207,874 |
| Laps for Little Ones | 271,297 | | 191,060 |
| Links for Little Ones | 133,322 | | 126,880 |
| The Crew | 76,479 | | 86,919 |
| 50 th Anniversary | 17,000 | | |
| Sales of apparel and promotional items | 15,080 | | 3,088 |
| Junior Board | 11,653 | | 34,571 |
| Changing Futures | 7,250 | | |
| Coins for Kids | 132 | | 282 |
| Jump Start | | | <u>25,437</u> |
| Total revenue | <u>2,172,684</u> | | <u>1,622,150</u> |
| | | % of | % of |
| <u>Direct fundraising and special event expenses:</u> | | <u>Revenues</u> | <u>Revenues</u> |
| Garden Party | 172,290 | | 90,694 |
| Links for Little Ones | 51,701 | | 34,682 |
| Laps for Little Ones | 25,847 | | 7,448 |
| Mini-Laps | 20,256 | | 8,336 |
| Annual Campaign and miscellaneous fundraising | 15,326 | | 11,939 |
| The Crew | 10,093 | | 5,692 |
| Sales of apparel and promotional items | 7,014 | | 4,796 |
| Changing Futures | 4,602 | | 1,800 |
| 50 th Anniversary | 1,800 | | |
| Junior Board | 845 | | 2,004 |
| Jump Start | | | <u>849</u> |
| Total expenses | <u>309,774</u> | 14% | <u>168,240</u> 10% |
| Fundraising events, net of direct fundraising costs | <u>\$ 1,862,910</u> | 86% | <u>\$ 1,453,910</u> 90% |

NOTE K – RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus ("COVID-19") can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on future contributions, other revenues, expenses, and investment income of the Organization. The occurrence and extent of such an impact will depend on future developments, including (1) the duration and spread of the virus, (2) possible future government quarantine measures, (3) voluntary and precautionary restrictions on travel or meetings, (4) the effects on the financial markets and (5) the effects on the overall economy, all of which is uncertain. The total potential future financial impact of COVID-19 on the Organization cannot be determined at this time.