Global Volunteers®

INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

TABLE OF CONTENTS

Lewis, Kisch & Associates, Ltd.
CERTIFIED PUBLIC ACCOUNTANTS

Thomas A. Madsen, CPA
Diana L. Weddigen, CPA
Samantha R. Mulvihill, CPA

1125 South Frontage Road, Suite 1
Hastings, MN 55033
T (651) 437-3356
F (651) 437-3808
www.lewiskisch.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Global Volunteers

Opinion

We have audited the accompanying financial statements of Global Volunteers (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Volunteers as of September 30, 2023, 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.

Basis for Opinion

We conducted our audit 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 Global Volunteers and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Global Volunteers as of and for the year ended September 30, 2022, were audited by other auditors, whose report dated April 15, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 conditions or events, considered in the aggregate, that raise substantial doubt about Global Volunteers' 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 is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Global Volunteers' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Volunteers' 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.

Respectfully submitted,

Lewis, Kisch & Associates, Ltd.

January 27, 2025

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2023 AND 2022

ASSETS	2023	2022
Current Assets		
Cash and Cash Equivalents	$ 346,576	$ 154,639
Accounts Receivable	574	35,254
Contributions and Grants Receivable, Current Portion	331,112	435,816
Prepaid Expenses	41,663	59,145
Inventory	8,736	14,128
Total Current Assets	728,661	698,982
Property and Equipment		
Equipment	157,239	157,239
Buildings	718,106	718,106
Leasehold Improvements	116,474	116,474
Total Property and Equipment	991,819	991,819
Less: Accumulated Depreciation	(381,672)	(354,802)
Net Property and Equipment	610,147	637,017
Other Assets		
Long-Term Contributions and Grants Receivable	10,000	20,000
Right-of-use Asset, Net	64,379	
Total Other Assets	74,379	20,000
Total Assets	$ 1,413,187	$ 1,355,999
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 57,826	$ 29,189
Accrued Payroll	34,269	33,018
Lease Liabilities, Current Portion	55,179	
Debt, Current Portion	17,332	12,539
Total Current Liabilities	164,606	74,746
Long-Term Liabilities		
Lease Liabilities	9,200	
Debt	615,515	469,186
Total Long-Term Liabilities	624,715	469,186
Total Liabilities	789,321	543,932
Net Assets (Deficit)		
Without Donor Restrictions	(43,375)	296,807
With Donor Restrictions	667,241	515,260
Total Net Assets	623,866	812,067
Total Liabilities and Net Assets	$ 1,413,187	$ 1,355,999

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Support						
Contributions	$ 559,751	$ 53,488	$ 613,239	$ 860,985	$ 30,000	$ 890,985
Grants	172,969	276,625	449,594	323,229	370,000	693,229
Service Program Contributions	2,034,524	132,128	2,166,652	1,331,638	659,478	1,991,116
In-Kind Contributions				25		25
Employee Retention Credit	305,793		305,793			
Total Support	3,073,037	462,241	3,535,278	2,515,877	1,059,478	3,575,355
Other Income						
Interest Income	33,781		33,781	1		1
Miscellaneous Income	824		824	1,428		1,428
Total Other Income	34,605		34,605	1,429		1,429
Releases from Restrictions	310,260	(310,260)		714,611	(714,611)	
Total Revenues	3,417,902	151,981	3,569,883	3,231,917	344,867	3,576,784
EXPENSES						
Program	3,193,640		3,193,640	2,462,028		2,462,028
Management and General	275,799		275,799	226,806		226,806
Fundraising	288,645		288,645	247,499		247,499
Total Expenses	3,758,084		3,758,084	2,936,333		2,936,333
Change in Net Assets	(340,182)	151,981	(188,201)	295,584	344,867	640,451
Beginning Net Assets	296,807	515,260	812,067	1,223	170,393	171,616
Ending Net Assets (Deficit)	$ (43,375)	$ 667,241	$ 623,866	$ 296,807	$ 515,260	$ 812,067

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program	Management and General	Fundraising	Total
Salaries and Benefits				
Salaries	$ 1,254,440	$ 134,123	$ 189,349	$ 1,577,912
Payroll Taxes	85,266	10,700	14,339	110,305
Employee Benefits	73,342	12,870	8,423	94,635
Total Salaries and Benefits	1,413,048	157,693	212,111	1,782,852
Service Program Trip Expenses	730,809			730,809
Other Program and Grant Expenses	618,909			618,909
Advertising	65,682			65,682
Conferences and Meetings	3,853			3,853
Credit Card and Bank Fees	29,680	12,904	16,072	58,656
Depreciation	26,870			26,870
Fundraising			24,352	24,352
Information Technology	46,777	5,847	5,847	58,471
Insurance	56,217	14,054	3,699	73,970
Interest	25,182	6,296		31,478
Maintenance and Supplies		9,827		9,827
Miscellaneous	11,111			11,111
Occupancy	36,469	20,743	10,575	67,787
Office Expenses	2,246	1,277	651	4,174
Postage and Printing	8,062	537	2,150	10,749
Professional Fees	42,120	45,949	7,659	95,728
Recruiting	15,292	672	840	16,804
Training and Development	47,244			47,244
Travel	14,069		4,689	18,758
Total	$ 3,193,640	$ 275,799	$ 288,645	$ 3,758,084

See accompanying notes to financial statements.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program	Management and General	Fundraising	Total
Salaries and Benefits				
Salaries	$ 889,064	$ 127,836	$ 164,957	$ 1,181,857
Payroll Taxes	63,693	10,428	14,571	88,692
Employee Benefits	58,516	10,566	9,433	78,515
Total Salaries and Benefits	1,011,273	148,830	188,961	1,349,064
Service Program Trip Expenses	507,134			507,134
Other Program and Grant Expenses	553,781			553,781
Advertising	100,694			100,694
Conferences and Meetings	3,833			3,833
Credit Card and Bank Fees	29,888		13,374	43,262
Depreciation	26,731			26,731
Fundraising			17,347	17,347
Information Technology	63,779	7,973	7,972	79,724
Insurance	49,774	12,445	3,274	65,493
Interest	13,565	1,117	1,277	15,959
Maintenance and Supplies	4,156	2,845	1,009	8,010
Miscellaneous	250	250	258	758
Occupancy	34,313	23,471	8,330	66,114
Office Expenses	3,320	2,272	804	6,396
Postage and Printing	6,277	394	1,176	7,847
Professional Fees	3,356	27,209	610	31,175
Recruiting	11,242			11,242
Training and Development	29,340			29,340
Travel	9,322		3,107	12,429
Total	$ 2,462,028	$ 226,806	$ 247,499	$ 2,936,333

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Change in Net Assets	$ (188,201)	$ 640,451
Adjustments to Reconcile Change in Net Assets to Net Cash From (Used in) Operating Activities:		
Depreciation	26,870	26,731
Amortization of Right-of-use Asset	55,146	
(Increase) Decrease in Operating Assets:		
Accounts Receivable	34,680	(34,815)
Pledges Receivable	114,704	(455,816)
Prepaid Expenses	17,482	1,384
Inventory	5,392	11,036
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	28,637	16,127
Accrued Payroll	1,251	6,265
Lease Liabilities	(55,146)	
Net Cash from (Used in) Operating Activities	40,815	211,363
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Purchases of Property and Equipment		(88,120)
Net Cash from (Used in) Investing Activities		(88,120)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Proceeds from Notes Payable	432,000	150,000
Payments on Notes Payable	(280,878)	(162,200)
Net Cash from (Used in) Financing Activities	151,122	(12,200)
Net Increase (Decrease) in Cash and Cash Equivalents	191,937	111,043
Cash and Cash Equivalents, Beginning of Year	154,639	43,596
Cash and Cash Equivalents, End of Year	$ 346,576	$ 154,639
SUPPLEMENTAL INFORMATION		
Interest Paid	$ 31,478	$ 15,959
Operating Right-of-use Asset Obtained in Exchange for Lease Liability	$ 119,525	

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2023 AND 2022

1. Organization

Global Volunteers (the "Organization") is a private nonprofit, nonsectarian international human and economic development organization in consultative status with the United Nations Economic and Social Council. Founded in 1984, Global Volunteers is dedicated to helping build a foundation for world peace through mutual international understanding, while creating, nurturing, and sustaining the wellbeing of the world's children and their community, that they might realize the full promise of their human potential.

At the invitation of community leaders and under their direction, Global Volunteers engages short-term volunteers in service to children and their families and communities. Global Volunteers' Reaching Children's Potential ("RCP") program is a comprehensive child-focused, parent-driven model that emphasizes eliminating hunger, improving health, and enhancing cognition. RCP helps families and community organizations deliver the services necessary for every child to realize their full potential and demonstrates how to break the cycle of poverty by eliminating stunting.

Each year, Global Volunteers mobilizes teams of short-term volunteers to help local communities. Since 1984, more than 36,000 volunteers have served in 35 countries on 6 continents. From all backgrounds and ages, volunteers become "servant-leaders," working with and learning from and about people worldwide.

2. Summary of Significant Accounting Policies

Basis of Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and the changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors.

Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the same reporting period as the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as releases from restrictions.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all cash and highly liquid financial instruments with original maturities of three months or less that are neither held for nor restricted by donors for long-term purposes to be cash and cash equivalents.

Foreign Currency – The Organization holds bank accounts and incurs expenses throughout the countries in which it operates. Foreign expenses are valued using the exchange rate effective on the last day of the month in which the expenses were paid. Bank accounts are presented with cash and cash equivalents on the statements of financial position as of September 30, 2023 and 2022, and are valued using the exchange rates on September 29, 2023, and September 30, 2022, respectively.

2. Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Contributions and Grants Receivable – Accounts receivable and contributions and grants receivable represent service program contributions receivable and other grants and contributions receivable, respectively. All accounts receivable are expected to be received within one year of the financial statement date. The Organization periodically reviews individual accounts, and as of September 30, 2023 and 2022, no allowance for doubtful accounts was considered necessary.

Prepaid Expenses – Prepaid expenses consist of prepayments for expenses relating to programs, insurance, and subscriptions. Expenses that will be recognized more than one year from the statement of financial position date, if any, are classified under other assets.

Inventory – Inventory consists primarily of clothing, brochures, and catalogs held for distribution, not sale. Inventory is valued at cost, determined on a first-in, first-out basis.

Property and Equipment – Property and equipment are recorded at cost or, if donated, at fair market value at the date of donation. Purchases under $5,000 are expensed in the year purchased. Depreciation is computed using the straight-line method and charged to expense over the estimated useful lives of the assets as follows: equipment – 5-7 years; buildings – 5-40 years; leasehold improvements – 5-15 years. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Accrued Payroll – Accrued payroll consists of compensation, benefits, and related employer taxes that have been earned by employees but not yet paid at year-end. The Organization does not accrue for paid time off, since it is unable to estimate the amounts of paid time off that will be used or forfeited by employees.

Revenues and Revenue Recognition – The Organization recognizes contributions when cash, securities or other assets, 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 with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor stipulations for their use.

Advertising – Advertising costs are expensed as incurred.

Functional Allocation of Expenses – The costs of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Leases – The Organization determines if an arrangement is a lease upon inception. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to control the use of an asset includes the right to obtain substantially all of the economic benefits of the underlying asset and the right to direct how and for what purpose the asset is used.

After adoption of Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-02, *Leases,* and related standards (see below), operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The Organization has elected to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The Organization's leases do not contain material residual value guarantees or material restrictive covenants. Lease expense is recognized on a straight-line basis over the lease term.

Income Taxes – The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3) and similar state statutes and is not considered a private foundation. Management has evaluated for uncertain tax positions and has determined there are no uncertain tax positions as of September 30, 2023. Tax returns for the past three years remain open for examination by tax jurisdictions.

2. Summary of Significant Accounting Policies (Continued)

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

Financial Instruments and Concentration of Credit Risk – Financial instruments, which potentially subject the Organization to credit risk, consist primarily of cash and cash equivalents. The Organization's cash and cash equivalents have been placed with major financial institutions. At times, such amounts may exceed Federal Deposit Insurance Corporation limits. The Organization closely monitors these balances and has not experienced credit losses. Credit risk associated with promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from foundations supportive of the Center's mission.

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods reported. These reclassifications had no effect on previously reported net assets.

Recently Adopted Accounting Pronouncements – Effective October 1, 2022, the Organization adopted FASB ASC 842, *Leases.* The new standard establishes a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. Leases with a term of less than 12 months will not record a right-of-use asset and lease liability, and the payments will be recognized into profit or loss on a straight-line basis over the lease term.

The Organization elected to adopt the standard using the optional transition method that allows the Organization to initially apply the new leases standard at the adoption date and recognize a cumulative effect adjustment to the opening balance of net assets in the period of adoption. As a result, the Organization reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

The Organization elected to adopt the package of practical expedients available under the transition guidance with the new standard. This package includes the following: relief from determination of lease contracts included in existing or expiring leases at the point of adoption, relief from having to reevaluate the classification of leases in effect at the point of adoption, and relief from reevaluation of existing leases that have initial direct costs associated with the execution of the lease contract. The Organization also elected to adopt the practical expedient to use hindsight to determine the lease term and assess the impairment of the right-of-use assets. The adoption of the new lease standard resulted in no changes to net assets at October 1, 2022.

The Organization also elected to adopt FASB Accounting Standards Update ("ASU") 2023-1, *Leases (Topic 842): Common Control Arrangements,* effective October 1, 2022. In accordance with the ASU, the Organization classifies leases from related parties in accordance with the lease classification criteria applicable to all other leases on the basis of legally enforceable terms and conditions of the lease. See Note 5 for additional information regarding the Organization's related-party lease.

Subsequent Events – Management has performed an evaluation of subsequent events through January 27, 2025, the date the financial statements were available to be issued.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at September 30:

	2023	2022
Cash and cash equivalents	$ 346,576	$ 154,639
Accounts receivable	574	35,254
Pledges receivable, current	331,112	435,816
Less: Current financial assets with donor restrictions for purpose	(644,129)	(495,260)
Total	$ 34,133	$ 130,449

3. Liquidity and Availability (Continued)

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in interest-earning money market accounts. The Organization also has a $200,000 line of credit it could draw upon if needed.

4. Contributions and Grants Receivable

Contributions and grants receivable are expected to be received in the years ending September 30:

2024	$ 331,112
2025	10,000
Total	$ 341,112

5. Notes Payable

Notes payable consist of the following at September 30:

	2023	2022
$500,000 note payable to the U.S. Small Business Administration; advanced in April 2020; monthly payments of $2,136, including interest at 2.75%, began in April 2021; secured by assets of the Organization; matures April 2050	$ 469,186	$ 481,725
$167,000 note payable to a related party; advanced in two installments during the year ended September 30, 2023; monthly payments of $891, including interest at 3.865%, began in December 2023; matures 11/16/46	163,661	
Total Notes Payable	632,847	481,725
Less: Current Portion	(17,332)	(12,539)
Total Long-Term Notes Payable	$ 615,515	$ 469,186

Future maturities of notes payable are as follows for the years ending September 30:

2024	$ 17,332
2025	17,867
2026	18,418
2027	18,985
2028	19,572
Thereafter	540,673
Total	$ 632,847

During the year ended September 30, 2023, the Organization also borrowed $150,000 on its line of credit, which was repaid prior to year-end. The interest rate on the line of credit is 8.5%.

The Organization also borrowed $115,000 from a related party during the year ended September 30, 2023, at 0% interest. This was repaid prior to year-end.

6. Related-Party Lease

The Organization leases its office facilities in Minnesota from a business owned by the president and the vice president of the Organization. The term of this lease is for a period of thirty-six months, commencing on December 1, 2021, and ending on November 30, 2024. Monthly rent payments of $4,600 are due by the first day of each calendar month throughout the term of the lease. Additionally, the operating lease agreement requires the Organization to pay for insurance, repairs, and maintenance of the leased premises.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to all classes of leased assets.

6. Related-Party Lease (Continued)

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The components of operating lease expenses that are included in occupancy on the statements of functional expenses were as follows for the years ended September 30:

	2023	2022
Operating lease cost	$ 55,200	$ 55,200

Supplemental cash flow and other information related to operating leases is as follows for the year ended September 30, 2023:

Right-of-use asset	$ 119,525
Less: Accumulated amortization	(55,146)
Right-of-use asset, net	$ 64,379
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows	$ 55,200
Weighted average remaining lease term (in years)	1.17
Weighted average discount rate	0.06%

Maturities of lease liabilities are as follows for the years ending September 30:

2024	$ 55,200
2025	9,200
Total	64,400
Less: Amounts representing interest	(21)
Present value of future minimum lease payments	64,379
Less: Current obligations	(55,179)
Long-term obligations	$ 9,200

7. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at September 30:

	2023	2022
Subject to expenditure for specified purpose:		
Service program trips	$ 132,128	$ 115,260
Ipalamwa operating suite	134,342	
Other programs	59,659	
Promises to give, the proceeds from which have been restricted by donors for		
Ipalamwa Reaching Children's Potential program	205,000	370,000
Reaching Children's Potential staff researcher	20,000	30,000
Ipalamwa operating suite	103,000	
Total subject to expenditure for specified purpose	654,129	515,260
Subject to the passage of time:		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	13,112	
Total subject to the passage of time	13,112	
Total net assets with donor restrictions	$ 667,241	$ 515,260

7. Net Assets with Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows during the years ended September 30:

	2023	2022
Satisfaction of purpose restrictions		
Service program trips	$ 115,260	$ 677,919
Ipalamwa Reaching Children's Potential program	185,000	
Reaching Children's Potential staff researcher	10,000	
Dedicated donations		36,692
Total released	$ 310,260	$ 714,611

8. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Many expenses of the Organization are directly allocable to one program or supporting service. Credit card and bank fees are allocated based on ratios of related revenues. Salaries and benefits, occupancy, and office expenses are allocated based on estimates of employee time dedicated to the various functions. Others, such as fundraising, information technology, insurance, interest, postage and printing, professional fees, recruiting, and travel, are allocated based on estimates developed by management.

9. Related-Party Transactions

During the year ended September 30, 2023, the Organization's president and vice president loaned the Organization $257,000, of which $115,000 was loaned at 0% interest. See Note 5 for additional details regarding these loans.

Additionally, during the year ended September 30, 2022, the Organization received a $150,000 loan from its president and vice president. This loan was paid back in full during the year ended September 30, 2022.

See Note 6 for a description of the Organization's related-party lease.