

CHILD AID

FINANCIAL STATEMENTS
Year Ended December 31, 2021

With

Independent Auditor's Report

**CHILD AID
DECEMBER 31, 2021
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Treasurer's Report

The financial statements and other information contained in this report have been prepared by management, which is responsible for the information's integrity and objectivity. The financial statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and are deemed to present fairly the financial position of Child Aid and the changes in its net assets and cash flows. Where necessary, management has made informed judgments and estimates of the outcome of events and transactions, with due consideration given to materiality.

As a means of fulfilling its responsibility for the integrity of financial information included in this report, management relies on a system of internal controls established to ensure, within reasonable limits, that assets are safeguarded against loss or unauthorized use, that transactions are properly recorded and executed in accordance with management's authorization, and that the accounting records can be relied upon to prepare financial statements in accordance with generally accepted accounting principles. This system is augmented by careful selection and training of qualified personnel and the dissemination of written policies and procedures.

The financial statements have been examined by Child Aid's independent accountants, Richman & Associates, LLC whose report follows. Their examination was made in accordance with generally accepted auditing standards, per the Independent Auditors' Report. The Board of Directors meets periodically with management and the independent accountants to review accounting, auditing, internal accounting controls, and financial reporting matters, and to ensure that all responsibilities are fulfilled with regard to the objectivity and integrity of the Child Aid's financial statements. The Board of Directors also reviews the scope and results of Child Aid's audit, and current and emerging accounting and financial requirements and practices affecting Child Aid.

Richard Carroll
Co-founder & Treasurer
Board of Directors
Child Aid

Richman & Associates, LLC

Certified Public Accountants
3269 NE Alameda Terrace
Portland, OR 97212
(503) 295-3780

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Child Aid
Portland, Oregon

Opinion

We have audited the accompanying financial statements of Child Aid (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021, 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 Child Aid as of December 31, 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Child Aid 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.

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 Child Aid's 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 Child Aid's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Child Aid's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Child Aid's financial statements as of and for the year ended December 31, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 8, 2021. In our opinion, the summarized comparative information presented herein as and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Richman & Associates, LLC

Portland, Oregon
August 2, 2022

CHILD AID
STATEMENT OF FINANCIAL POSITION
December 31, 2021
(With Comparative Amounts for 2020)

	2021	2020
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and equivalents	\$ 381,765	\$ 151,594
Unconditional promises to give	245,513	154,635
Prepaid expenses	9,325	8,281
Total current assets	636,603	314,510
NON-CURRENT UNCONDITIONAL PROMISES TO GIVE		
	42,417	-
INVESTMENTS		
	2,038,860	1,584,021
EQUIPMENT		
	2,616	4,392
TOTAL ASSETS	\$ 2,720,496	\$ 1,902,923
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 95,898	\$ 9,102
Payroll liabilities	19,314	10,597
Accrued compensated absences	204,362	156,838
Paycheck Protection Program advance	-	123,849
Total current liabilities	319,574	300,386
NET ASSETS:		
Without donor restrictions	1,642,899	1,340,496
With donor restrictions	758,023	262,041
Total net assets	2,400,922	1,602,537
TOTAL LIABILITIES AND NET ASSETS	\$ 2,720,496	\$ 1,902,923

See accompanying notes to financial statements.

CHILD AID
STATEMENT OF ACTIVITIES
December 31, 2021
(With Comparative Amounts for 2020)

	2021		Total	2020
	Without Donor Restrictions	With Donor Restrictions		
SUPPORT AND REVENUE:				
Contributions and grants	\$ 1,243,481	\$ 661,580	\$ 1,905,061	\$ 1,332,536
Government grants	248,239	-	248,239	-
In-kind contributions of books, materials and services	333,410	-	333,410	163,650
Realized investment gains	389,113	13,453	402,566	178,547
Unrealized investment gains (losses)	(97,587)	23,854	(73,733)	(170,354)
Interest, dividends and fees	27,694	3,095	30,789	31,511
Other	(3,927)	-	(3,927)	(5,123)
	<u>2,140,423</u>	<u>701,982</u>	<u>2,842,405</u>	<u>1,530,767</u>
Net assets released from restrictions:				
Satisfaction of purpose restrictions	173,453	(173,453)	-	-
Expiration of time restrictions	32,547	(32,547)	-	-
	<u>206,000</u>	<u>(206,000)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,346,423</u>	<u>495,982</u>	<u>2,842,405</u>	<u>1,530,767</u>
EXPENSES:				
Program services	1,658,071	-	1,658,071	1,434,468
Management and general	92,516	-	92,516	96,683
Fund raising	293,433	-	293,433	192,648
Total expenses	<u>2,044,020</u>	<u>-</u>	<u>2,044,020</u>	<u>1,723,799</u>
CHANGE IN NET ASSETS	302,403	495,982	798,385	(193,032)
NET ASSETS AT BEGINNING OF YEAR	<u>1,340,496</u>	<u>262,041</u>	<u>1,602,537</u>	<u>1,795,569</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,642,899</u>	<u>\$ 758,023</u>	<u>\$ 2,400,922</u>	<u>\$ 1,602,537</u>

See accompanying notes to financial statements.

CHILD AID
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2021
(With Comparative Amounts for 2020)

	2021				2020
	Program Services	Management and General	Fund Raising	Total	
Compensation and related expenses:					
Compensation	\$ 768,200	\$ 36,862	\$ 169,942	\$ 975,004	\$ 933,511
Employee benefits	27,667	3,167	20,571	51,405	54,004
Payroll taxes and fees	77,775	1,748	11,788	91,311	92,861
Grants and allocations	484,771	-	-	484,771	278,814
Bank fees	-	3,439	-	3,439	8,252
Depreciation expense	2,160	970	-	3,130	4,673
Conference and meetings	6,251	3,324	1,062	10,637	21,269
Licenses and fees	34,212	21,987	3,659	59,858	60,509
Insurance	5,638	4,598	-	10,236	10,422
Rent	40,262	2,652	3,672	46,586	47,514
Postage	44	2,479	706	3,229	3,020
Printing and publications	5,443	284	24,819	30,546	37,920
Professional fees	99,702	13,499	54,359	167,560	93,112
Supplies	33,868	1,454	66	35,388	11,328
Telephone	34,346	4,026	182	38,554	28,534
Travel	31,318	-	2,607	33,925	34,453
Professional development	6,118	-	-	6,118	-
Miscellaneous	296	(7,973)	-	(7,677)	3,603
Total expenses	<u>\$ 1,658,071</u>	<u>\$ 92,516</u>	<u>\$ 293,433</u>	<u>\$ 2,044,020</u>	<u>\$ 1,723,799</u>

See accompanying notes to financial statements.

CHILD AID
STATEMENT OF CASH FLOWS
December 31, 2021
(With Comparative Amounts for 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grantors and contributors	\$ 1,503,130	\$ 1,038,558
Interest and dividends received	30,789	31,511
Cash paid to suppliers and employees	(1,607,904)	(1,526,192)
Net cash used in operating activities	(73,985)	(456,123)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	843,515	665,365
Purchases of investments	(538,005)	(340,379)
Purchases of equipment	(1,354)	-
Net cash provided by investing activities	304,156	324,986
NET CHANGE IN CASH AND EQUIVALENTS	230,171	(131,137)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	151,594	282,731
CASH AND EQUIVALENTS, END OF YEAR	\$ 381,765	\$ 151,594

See accompanying notes to financial statements.

CHILD AID
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Child Aid is a 501(c)(3) public benefit nonprofit corporation whose mission is social and economic development through literacy. We focus on rural villages in Guatemala, where illiteracy disproportionately affects indigenous people, and in the early grades where education can make the biggest impact on literacy and overall life chances.

Our program consists of a scaffolded, four-year curriculum of workshops in schools (2 per year) and one-on-one classroom coaching (2 individual sessions after each workshop). We also provide high quality, grade appropriate Spanish language books to each school, along with rolling bookshelves and a classification system. When we leave a school, we have built a book collection with between 7-15 volumes per student. In addition, our staff spends additional time in each school, meeting with the school Reading Committee and the school principal to increase the use of books across content areas and providing additional coaching sessions as requested and desired. Finally, we hold a 4-6 week, school break program, called *Adventures in Reading*, to help children retain literacy gains made during the school year through the long summer vacation. In total, our 4-year intervention represents at least 350 hours spent with each school.

Child Aid also provides financial support and oversight for FUNDIT (Fundacion para Desarrollo Integral de El Tejar), located in El Tejar, Guatemala. FUNDIT's programs comprise a Montessori-style pre-school for children in the town of El Tejar; a community library; a music program for primary and middle school children; and a scholarship program for primary and secondary students who otherwise would not be able to continue in school.

Child Aid's contributed support is typically solely through contributions from individuals and grants from foundations and businesses. In 2021, Child Aid also received support from the Payroll Protection Program (see Note 6).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation

The financial statements of Child Aid have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Child Aid. to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Child Aid's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Child Aid or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity; Child Aid has no such net assets with perpetual restrictions as of December 31, 2021.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Equivalents

For purposes of the statement of cash flows, Child Aid considers all cash and other liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. Cash and short-term investments held in institutional money market funds are reported as investments instead of cash because of the Organization's investment practices.

Concentrations of Credit Risk

Child Aid deposits its cash in high credit quality institutions. At times such cash deposits may be in excess of the FDIC insurance limit. Child Aid believes no significant concentration of credit risk exists with respect to these cash deposits. Certain receivables may also subject Child Aid to concentrations of credit risk.

Accounts Receivable

Accounts receivable are each stated net of an allowance for doubtful accounts. Uncollectible receivables are charged to an allowance account as they are determined to be uncollectible. The determination is based upon several factors including collection experience, economic conditions, and credit risk quality including past due status, and how recently payments have been received. Management believes that no allowance for doubtful accounts is necessary as of December 31, 2021.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Uncollectible promises to give are charged to an allowance account as they are determined to be uncollectible. Conditional promises to give are not included as support until the conditions are met.

Fixed Assets and Depreciation

Equipment is carried at cost, and at market value when acquired by gift. Depreciation is provided on a double-declining balance basis over the estimated useful lives of the respective assets, which is generally five years. Child Aid follows the practice of capitalizing all expenditures for equipment in excess of \$1,000.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Child Aid, Inc. groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

- Level 2 Other observable inputs, either directly or indirectly, including:
 - Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.

- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

In-Kind Contributions

Contributions of assets other than cash are recorded at their estimated fair market value.

Child Aid recognizes the fair value of contributed services received if such services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. In-kind services of \$142,650 were recognized during the year ended December 31, 2021.

Child Aid receives contributed services from volunteers who assist in program efforts. Child Aid has not recognized the value of such services on its financial statements in that they do not meet the criteria for recognition stated above.

In-kind contributions of equipment and other materials, as well as the free use of facilities, are recorded when there is an objective basis upon which to value the contribution and where the contribution is an essential part of Child Aid's activities.

In-kind contributions of books and program materials valued at \$190,760 and securities valued at \$431,516 (included in contributions and grants on the statement of activities) were recognized during 2021.

Investment Income

Investment income and gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless a donor or law temporarily or permanently restricts their use.

Advertising Expenses

Advertising costs are charged to expense as they are paid.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include compensation, employee benefits and payroll taxes and fees, licenses and fees, rent and bank fees which are allocated based on estimates of time and effort. Shared costs, including a portion of the total costs of conferences and meetings, postage, printing and publications, professional fees, supplies, telephone and travel are allocated based on estimates of staff time and effort.

Income Taxes

Child Aid is exempt from federal and state income taxes under Sections 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Under generally accepted accounting principles, an organization must also evaluate its tax positions and provide for a liability for any positions that would not be considered “more likely than not” to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2021.

The Organization files Form 990 in the U.S. federal jurisdiction. The Organization is subject to examination by U.S. federal tax authorities generally for three years from the filing of a tax return.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of Child Aid’s management, such differences would not be significant.

Summarized Financial Information for 2020

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Also, prior-year summarized comparative information on the statement of functional expenses is not presented in sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the agency's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Subsequent Events

Subsequent events were evaluated through August 2, 2022, which is the date the financial statements were available to be issued.

NOTE 2 – AVAILABILITY AND LIQUIDITY

The following represents Child Aid's financial assets at December 31, 2021 available to meet general expenditures in the subsequent twelve months:

Financial assets at year-end:	
Cash and cash equivalents	\$ 381,765
Unconditional promises to give	287,930
Investments	<u>2,038,860</u>
Total financial assets	<u>2,708,555</u>
Less amounts not available to be used within one year:	
Total net assets with donor restrictions	758,023
Less net assets with restrictions to be met in less than one year	<u>(505,000)</u>
	<u>253,023</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 2,455,532</u></u>

The above-calculated financial assets as of December 31, 2021 available to meet general expenditures and liabilities during 2022 represent 87% of Child Aid's 2022 projected cash flow requirements.

As part of its liquidity management, Child Aid has a policy to structure its financial assets to be available as general expenditures and liabilities become due. Based on the professional expertise of its Co-founder and Board Treasurer, excess cash is invested in fixed income, equities, real estate and other securities that are liquidated as necessary to meet cash flow requirements.

NOTE 3 – PROMISES TO GIVE

Unconditional promises to give consist of the following as of December 31, 2021:

Receivable in less than one year	\$ 245,513
Receivable in one to five years	45,000
Total face value of unconditional promises to give	<u>290,513</u>
Less unamortized discount to present value based on a 3% rate	<u>(2,583)</u>
Net unconditional promises to give	<u>\$ 287,930</u>
Included on the statement of financial position as:	
Current asset	\$ 245,513
Non-current asset	42,417
	<u>\$ 287,930</u>

Based on knowledge of the donors, management has determined that no allowance for uncollectible pledges is necessary.

During the 2019 fiscal year, the Organization received a conditional promise of \$126,000 due in \$42,000 increments in 2020, 2021, and 2022. Payment each year is contingent upon meeting program deliverables of the prior program year as specified in the agreement.

NOTE 4 –EQUIPMENT

Equipment consists of the following as of December 31, 2021:

Computer equipment	\$ 25,692
Less accumulated depreciation	<u>23,076</u>
	<u>\$ 2,616</u>

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2021, all of Child Aid’s investments are measured at fair value on a recurring basis using quoted prices in active markets for identical assets (i.e., Level 1), and consist of the following:

<u>Description of Securities</u>	<u>Fair Value</u>
Cash and equivalents	\$ 431,915
Fixed income	224,688
Equities	1,295,400
Real estate securities	54,568
Other	32,289
	<u>\$ 2,038,860</u>

Investment return for 2021 is summarized as follows:

Net realized investment gains	\$ 402,566
Net unrealized investment gains (losses)	(73,733)
Interest, dividends, and fees	30,789
	<u>\$ 359,622</u>

NOTE 6 – COVID-19 UNCERTAINTY AND PAYCHECK PROTECTION PROGRAM ADVANCE

The COVID-19 outbreak in the United States beginning in early 2020 has caused business disruption through mandated closings of nonessential businesses and activities. While the disruption is currently expected to be temporary and businesses are beginning to re-open, there is considerable uncertainty around the duration of the pandemic. During 2020 and 2021, Child Aid has shifted to distance learning where possible since schools continue to be closed. Child Aid has been working virtually with Guatemalan staff and teachers to continue training. In June, 2020 Child Aid began a hunger relief program for Guatemalan families. Child Aid raised donations to purchase food through the United Way Guatemala in 2020 and continued this program in 2021. Child Aid does not expect the COVID-19 outbreak to negatively impact its operating results for fiscal year 2022.

On May 4, 2020, Child Aid received a loan of \$123,849 through the Paycheck Protection Program (PPP), a program of the “Coronavirus Aid, Relief, and Economic Security (CARES) Act”, which is guaranteed by the Small Business Administration (SBA). The loan is accounted for as a conditional advance and accrues interest at 1%. Under the PPP, advances may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. Upon satisfaction of the conditions, Child Aid recognizes a PPP advance as grant revenue. On April 10, 2021, Child Aid’s PPP loan was forgiven in full and recognized as grant revenue on the statement of activities. On February 1, 2021, Child Aid received a second PPP loan of \$124,390. Child Aid met the conditions of the second draw, and the loan was forgiven in-full on August 8, 2021.

NOTE 7- NET ASSETS

The detail of the Child Aid's net asset categories at December 31, 2021 is as follows:

Without donor restrictions:	
Undesignated	\$ 1,640,283
Investment in property and equipment	2,616
Total without donor restrictions:	<u>\$ 1,642,899</u>
With donor restrictions:	
Specific Purpose:	
FUNDIT	\$ 210,606
Guatemalan literacy programming	305,417
Children International Program	42,000
White Flag Hunger Relief	150,000
	<u>708,023</u>
Passage of time:	
Available for future operations	<u>50,000</u>
Total with donor restrictions	<u>\$ 758,023</u>

Net assets released from donor restrictions during the year ended December 31, 2021 are as follows:

Specific Purpose:	
FUNDIT	\$ 59,417
Guatemalan literacy programming	69,890
Children International Program	42,000
White Flag Hunger Relief	2,146
	<u>173,453</u>
Passage of time:	
Supporting general operations	<u>32,547</u>
Total net assets released from restrictions	<u>\$ 206,000</u>

NOTE 8- RETIREMENT PLAN

Child Aid has adopted a SEP-IRA retirement plan to cover all eligible employees. Child Aid's contributions to the plan in 2021 amounted to \$24,549.

NOTE 9 – LEASE COMMITMENTS

In January 2022, Child Aid moved out of its Portland administrative offices that had been rented on a month-to-month basis, and staff now works primarily in home offices. In addition, Child Aid has leased common meeting space in Portland under an operating lease agreement that expires on June 30, 2023. Child Aid also has entered into various lease agreements in Guatemala that expire between February 2022 and December 2023.

The future minimum annual lease payments for the above-described leases are as follows:

<u>Year ending December 31,</u>	
2022	\$ 26,361
2023	<u>22,083</u>
Total minimum required payments	<u>\$ 48,444</u>

Total rent expense amounted to \$46,586 for 2021.