

CHILD AID

FINANCIAL STATEMENTS
Year Ended December 31, 2022

With

Independent Auditor's Report

**CHILD AID
DECEMBER 31, 2022
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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, 2022, 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, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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, 2021, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 2, 2022. In our opinion, the summarized comparative information presented herein as and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

James E. Richman, CPA

Portland, Oregon
August 12, 2023

CHILD AID
STATEMENT OF FINANCIAL POSITION
December 31, 2022
(With Comparative Amounts for 2021)

	2022	2021
<u>ASSETS</u>		
Current assets:		
Cash and equivalents	\$ 400,468	\$ 381,765
Unconditional promises to give	205,277	245,513
Prepaid expenses	26,915	9,325
Total current assets	632,660	636,603
Non-current unconditional promises to give	9,000	42,417
Investments	1,864,913	2,038,860
Operating lease right-of-use assets	40,937	-
Equipment	452	2,616
TOTAL ASSETS	\$ 2,547,962	\$ 2,720,496
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 179,173	\$ 95,898
Payroll liabilities	13,346	19,314
Accrued compensated absences	235,646	204,362
Current portion of operating lease liabilities	25,088	-
Total current liabilities	453,253	319,574
Long-term operating lease liabilities	17,815	-
TOTAL LIABILITIES	471,068	319,574
NET ASSETS:		
Without donor restrictions	1,561,174	1,642,899
With donor restrictions	515,720	758,023
TOTAL NET ASSETS	2,076,894	2,400,922
TOTAL LIABILITIES AND NET ASSETS	\$ 2,547,962	\$ 2,720,496

See accompanying notes to financial statements.

CHILD AID
STATEMENT OF ACTIVITIES
December 31, 2022
(With Comparative Amounts for 2021)

	2022		Total	2021
	Without Donor Restrictions	With Donor Restrictions		
SUPPORT AND REVENUE:				
Contributions and private grants	\$ 1,611,022	\$ 338,979	\$ 1,950,001	\$ 1,905,061
Government grants- Paycheck Protection Program	-	-	-	248,239
Contributed nonfinancial assets:				
Books	267,567	-	267,567	169,760
Executive management services	105,150	-	105,150	105,150
Investment advisory services	37,500	-	37,500	37,500
Software licenses	21,000	-	21,000	21,000
Realized investment gains	347,261	14,305	361,566	402,566
Unrealized investment losses	(452,508)	(29,973)	(482,481)	(73,733)
Interest, dividends, and fees	41,622	5,022	46,644	30,789
Other	(1,466)	-	(1,466)	(3,927)
	<u>1,977,148</u>	<u>328,333</u>	<u>2,305,481</u>	<u>2,842,405</u>
Net assets released from restrictions:				
Satisfaction of purpose restrictions	520,636	(520,636)	-	-
Expiration of time restrictions	50,000	(50,000)	-	-
	<u>570,636</u>	<u>(570,636)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>2,547,784</u>	<u>(242,303)</u>	<u>2,305,481</u>	<u>2,842,405</u>
EXPENSES:				
Program services	2,038,306	-	2,038,306	1,658,071
Management and general	275,669	-	275,669	92,516
Fund raising	315,534	-	315,534	293,433
Total expenses	<u>2,629,509</u>	<u>-</u>	<u>2,629,509</u>	<u>2,044,020</u>
CHANGE IN NET ASSETS	(81,725)	(242,303)	(324,028)	798,385
NET ASSETS AT BEGINNING OF YEAR	<u>1,642,899</u>	<u>758,023</u>	<u>2,400,922</u>	<u>1,602,537</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,561,174</u>	<u>\$ 515,720</u>	<u>\$ 2,076,894</u>	<u>\$ 2,400,922</u>

See accompanying notes to financial statements.

CHILD AID
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2022
(With Comparative Amounts for 2021)

	2022				2021
	Program Services	Management and General	Fund Raising	Total	
Personnel costs	\$ 842,559	\$ 165,789	\$ 74,775	\$ 1,083,123	\$ 1,012,570
In-kind executive management services	77,110	18,401	9,639	105,150	105,150
In-kind investment advisory services	37,500	-	-	37,500	37,500
Professional fees	53,041	19,450	143,845	216,336	130,060
Grants and allocations	480,265	45	-	480,310	315,011
In-kind books	267,567	-	-	267,567	169,760
Bank fees	-	6,577	-	6,577	3,439
Depreciation expense	1,275	889	-	2,164	3,130
Conference and meetings	17,574	122	20	17,716	10,637
Licenses and fees	11,389	16,368	9,661	37,418	38,858
In-kind software licenses	21,000	-	-	21,000	21,000
Insurance	5,638	4,914	-	10,552	10,236
Rent	32,650	12,607	8,005	53,262	46,586
Postage	45	3,455	30	3,530	3,229
Printing and publications	768	14,746	68,882	84,396	30,546
Supplies	54,160	1,594	598	56,352	35,388
Telephone	42,134	1,815	34	43,983	38,554
Travel	65,655	8,522	6	74,183	33,925
Professional development	24,842	-	-	24,842	6,118
Miscellaneous	3,134	375	39	3,548	(7,677)
Total expenses	<u>\$ 2,038,306</u>	<u>\$ 275,669</u>	<u>\$ 315,534</u>	<u>\$ 2,629,509</u>	<u>\$ 3,056,590</u>

See accompanying notes to financial statements.

CHILD AID
STATEMENT OF CASH FLOWS
December 31, 2022
(With Comparative Amounts for 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from grantors and contributors	\$ 1,613,460	\$ 1,503,130
Interest and dividends received	46,644	30,789
Cash paid to suppliers and employees	<u>(2,167,551)</u>	<u>(1,607,904)</u>
Net cash used in operating activities	(507,447)	(73,985)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	885,381	843,515
Purchases of investments	(359,231)	(538,005)
Purchases of equipment	<u>-</u>	<u>(1,354)</u>
Net cash provided by investing activities	<u>526,150</u>	<u>304,156</u>
NET CHANGE IN CASH AND EQUIVALENTS	18,703	230,171
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>381,765</u>	<u>282,731</u>
CASH AND EQUIVALENTS, END OF YEAR	<u><u>\$ 400,468</u></u>	<u><u>\$ 512,902</u></u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Operating lease right-of-use assets and liabilities recognized upon adoption of new accounting principle	\$ 65,515	\$ -

See accompanying notes to financial statements.

CHILD AID
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

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. Child Aid's contributed support is typically solely through contributions from individuals and grants from foundations and businesses.

Our program consists of a scaffolded, three-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 three-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; a scholarship program for primary and secondary students who otherwise would not be able to continue in school.

Child Aid continues with programming adaptive to the impacts of the COVID-19 pandemic. Child Aid provides distance learning and virtual staff and teacher training where possible and when necessary. In response to continued high rates of hunger among Guatemalan families, Child Aid continues to raise donations to purchase food through the United Way Guatemala. Child Aid does not expect the COVID-19 outbreak to negatively impact its operating results for 2023.

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-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 those 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.

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, 2022.

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.

Revenue Recognition

Grants and Contributions of Cash and Other Financial Assets

Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value.

Contributions of Nonfinancial Assets (In-kind Contributions)

Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Child Aid also 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.

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, 2022.

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 2021

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, 2021, from which the summarized information was derived.

Changes in Accounting Principle

Effective January 1, 2022, the Organization has implemented Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases*, as subsequently amended and clarified, utilizing all available practical expedients. The most significant change in the new leasing guidance is the requirement to recognize on the statement of financial position right-to-use (ROU) assets and lease liabilities for operating leases with terms greater than 12 months. See Note 8.

The Organization has implemented Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Non-Profit Entities for Contributed Nonfinancial Assets* for the year ended December 31, 2022. The standard provides new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. Amounts presented as in-kind contributions for the year ended December 31, 2021 have been redesignated as contributed nonfinancial assets on the statement of activities to conform with this standard. There was no impact on the Organization's financial position and change in net assets upon adoption.

The Organization received donated books for distribution as part of its program service activities, and donated professional services and software licenses in support of its program activities. Books granted to others were purchased for 40% of the vendor's listed retail price, the remaining 60% of which is recorded as contributed nonfinancial assets. Contributed professional services are recorded at their estimated fair value using current market rates from comparable professionals.^[MY1] Contributed software licenses are recorded using their retail value as stated by the vendor. The values of donated items are specifically presented on the statements of activities and functional expenses. Contributed nonfinancial assets did not have donor-imposed restrictions.

Subsequent Events

Subsequent events were evaluated through August 12, 2023, 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, 2022 available to meet general expenditures in the subsequent twelve months:

Financial assets at year-end:	
Cash and cash equivalents	\$ 400,468
Unconditional promises to give	214,276
Investments	<u>1,864,913</u>
Total financial assets	2,479,657
Less net assets with donor restrictions not available to be used within one year	<u>(208,960)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,270,697</u>

The above-calculated financial assets as of December 31, 2022 available to meet general expenditures and liabilities during 2023 represent approximately 105% of Child Aid's 2023 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. Excess cash is invested in fixed income, equities, 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, 2022:

Receivable in less than one year	\$ 205,277
Receivable in one to five years	<u>9,000</u>
Total face value of unconditional promises to give	<u><u>\$ 214,277</u></u>

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

NOTE 4 –EQUIPMENT

Equipment consists of the following as of December 31, 2022:

Computer equipment	\$ 25,693
Less accumulated depreciation	<u>(25,241)</u>
	<u>\$ 452</u>

NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

At December 31, 2022, 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:

The following sets forth, by level within the fair value hierarchy, investments reported at fair value on a recurring basis as of December 31, 2022:

Description	Total Fair Value	Fair Value Measurements Using:		
		Level 1	Level 2	Level 3
Cash and equivalents	\$ 121,986	\$ 121,986	\$ -	\$ -
Fixed income	358,603	358,603	-	-
Equities	1,264,220	1,264,220	-	-
Exchange Traded Funds	18,447	18,447	-	-
Real estate securities	57,647	57,647	-	-
Other	44,010	44,010	-	-
Total investments	<u>\$ 1,864,913</u>	<u>\$ 1,864,913</u>	<u>\$ -</u>	<u>\$ -</u>

Investment return for 2022 is summarized as follows:

Net realized investment gains	\$ 361,566
Net unrealized investment losses	(482,481)
Interest and dividends	59,012
Interest, dividends, and fees	<u>(12,368)</u>
	<u>\$ (74,271)</u>

NOTE 6- NET ASSETS

Net assets consist of the following as of December 31, 2022:

Without donor restrictions:	
Undesignated	\$ 1,560,722
Investment in property and equipment	<u>452</u>
	<u>1,561,174</u>
With donor restrictions:	
Specific purpose:	
FUNDIT	199,960
Guatemalan literacy programming	178,000
Children International Program	42,000
White Flag Hunger Relief	<u>95,760</u>
	<u>515,720</u>
Total net assets	<u>\$ 2,076,894</u>

Net assets released from donor restrictions during the year ended December 31, 2022 are as follows:

Specific Purpose:	
FUNDIT	\$ 59,866
CORAL	12,329
Guatemalan literacy programming	164,951
Children International Program	42,000
White Flag Hunger Relief	<u>241,490</u>
	520,636
Passage of time:	
Supporting general operations	<u>50,000</u>
Total net assets released from restrictions	<u>\$ 570,636</u>

NOTE 7- RETIREMENT PLAN

Child Aid has adopted a SEP-IRA retirement plan to cover all eligible employees. Child Aid's contributions to the plan in 2022 amounted to \$19,317.

NOTE 8 – LEASING ACTIVITIES

In July 2022, Child Aid moved out of its Portland administrative offices that had been rented on a month-to-month basis, and staff worked primarily in home offices. In addition, Child Aid leased common meeting space in Portland under a short-term lease agreement that expired on June 30, 2023. Effective July 1, 2023, the Organization entered into a new lease for its Portland administrative offices, and staff has resumed an in-office work schedule.

Child Aid also has entered into four operating lease agreements in Guatemala that expire between February 2023 and December 2025, including a new office that opened in the City of Quiche in 2022. The weighted average risk free discount rate of these leases was 2.07%, and the weighted average lease term was 34.96 months.

Future maturities of operating lease liabilities are as follows:

<u>Year ending December 31,</u>	
2023	\$ 25,798
2024	9,174
2025	9,174
Total lease payments	<u>44,146</u>
Less: interest (discount)	<u>(1,243)</u>
Present value of lease liabilities	<u>\$ 42,903</u>

Total lease expense for 2022 amounted to \$25,347.

Amortization of operating lease right-to-use assets amounting to \$24,578 and principal payments on operating lease liabilities amounting to \$22,612 were included in the determination of cash flows from operating activities on the statement of cash flows for 2022.

NOTE 9 – FOREIGN OPERATIONS

In connection with its Guatemala operations, Child Aid employs staff, leases facilities, and incurs general operating expenses. As of December 31, 2022, foreign account balances on the statement of financial position consist of cash balances in Guatemala of \$460 and accrued compensated absences (including accrued employee termination indemnification costs required under Guatemalan laws) of \$226,175. These amounts have been translated into U.S. dollars using the exchange rate in effect at December 31, 2022. Statement of activities amounts have been translated using the current exchange rate at the time of recognizing the transactions.