CHILDREN, INCORPORATED

North Chesterfield, Virginia

FINANCIAL REPORT

JUNE 30, 2022

C O N T E N T S

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Children, Incorporated
North Chesterfield, Virginia

Opinion

We have audited the accompanying financial statements of Children, Incorporated ("the Organization") which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Children, Incorporated as of June 30, 2022 and 2021, and the changes in its net assets, functional expenses, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 GAAS 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 GAAS, 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 the Organization'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 the Organization'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.

Yount, Hyde & Barbour, P.C.

Richmond, Virginia
November 11, 2022

CHILDREN, INCORPORATED

Statements of Financial Position
June 30, 2022 and 2021

Assets	**2022**	**2021**
Cash	$ 2,781,467	$ 2,489,004
Accounts receivable	- -	182,512
Prepaid expenses	- -	1,668
Investments	3,727,236	4,258,996
Beneficial interests in charitable remainder annuity trusts	1,205,256	1,510,201
Property and equipment, net	442,300	504,988
Total assets	$ 8,156,259	$ 8,947,369
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 220,432	$ 291,400
Accrued vacation	19,616	13,229
Other payroll and current liabilities	29,482	15,288
	$ 269,530	$ 319,917
Net Assets		
Without donor restrictions	$ 4,520,271	$ 4,933,092
With donor restrictions	3,366,458	3,694,360
	$ 7,886,729	$ 8,627,452
Total liabilities and net assets	$ 8,156,259	$ 8,947,369

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Activities

Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and other changes in net assets:			
Contributions	$ 619,656	$ 3,393,617	$ 4,013,273
Investment income, net	(520,203)	- -	(520,203)
Change in value of beneficial interests in charitable remainder annuity trusts	- -	(304,945)	(304,945)
Total revenue, support and other changes in net assets	$ 99,453	$ 3,088,672	$ 3,188,125
Net assets released from restrictions	3,416,574	(3,416,574)	- -
Total revenue, support and other changes in net assets	$ 3,516,027	$ (327,902)	$ 3,188,125
Expenses			
Program services	$ 3,468,295	$ - -	$ 3,468,295
Administration	202,983	- -	202,983
Fundraising	257,570	- -	257,570
Total expenses	$ 3,928,848	$ - -	$ 3,928,848
Change in net assets	$ (412,821)	$ (327,902)	$ (740,723)
Net assets, beginning of year	4,933,092	3,694,360	8,627,452
Net assets, end of year	$ 4,520,271	$ 3,366,458	$ 7,886,729

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and other changes in net assets:			
Contributions	$ 556,938	$ 4,327,132	$ 4,884,070
Government grants - Paycheck Protection Program	141,600	- -	141,600
Investment income, net	480,634	- -	480,634
Change in value of beneficial interests in charitable remainder annuity trusts	- -	242,796	242,796
Total revenue, support and other changes in net assets	$ 1,179,172	$ 4,569,928	$ 5,749,100
Net assets released from restrictions	3,474,195	(3,474,195)	- -
Total revenue, support and other changes in net assets	$ 4,653,367	$ 1,095,733	$ 5,749,100
Expenses			
Program services	$ 3,828,336	$ - -	$ 3,828,336
Administration	209,806	- -	209,806
Fundraising	260,232	- -	260,232
Total expenses	$ 4,298,374	$ - -	$ 4,298,374
Change in net assets	$ 354,993	$ 1,095,733	$ 1,450,726
Net assets, beginning of year	4,578,099	2,598,627	7,176,726
Net assets, end of year	$ 4,933,092	$ 3,694,360	$ 8,627,452

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Administration	Fundraising	Total
Compensation	$ 579,359	$ 126,344	$ 80,514	$ 786,217
Employee benefits	58,262	12,705	8,097	79,064
Payroll taxes	42,271	9,218	5,874	57,363
	$ 679,892	$ 148,267	$ 94,485	$ 922,644
Advertising and promotion	- -	- -	149,217	149,217
Bank and credit card fees	39,860	258	64	40,182
Depreciation	47,642	12,705	3,176	63,523
General insurance	12,591	3,358	839	16,788
Office expenses	26,528	7,074	1,769	35,371
Professional fees	48,002	12,800	3,200	64,002
Rent	6,459	1,722	431	8,612
Repairs and maintenance	11,780	3,141	785	15,706
Supplies and services for impoverished children	2,540,774	- -	- -	2,540,774
Software expense	18,650	4,973	1,243	24,866
Travel	6,350	747	374	7,471
Other	24,905	6,641	1,663	33,209
Utilities	4,862	1,297	324	6,483
	$ 3,468,295	$ 202,983	$ 257,570	$ 3,928,848

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Administration	Fundraising	Total
Compensation	$ 635,674	$ 136,663	$ 75,580	$ 847,917
Employee benefits	59,613	12,816	7,088	79,517
Payroll taxes	45,466	9,775	5,406	60,647
	$ 740,753	$ 159,254	$ 88,074	$ 988,081
Advertising and promotion	- -	- -	159,427	159,427
Bank and credit card fees	42,415	318	80	42,813
Depreciation	49,682	13,249	3,312	66,243
General insurance	13,189	3,517	879	17,585
Office expenses	28,077	7,487	1,872	37,436
Professional fees	37,412	9,977	2,494	49,883
Rent	6,387	1,703	426	8,516
Repairs and maintenance	9,685	2,583	646	12,914
Supplies and services for impoverished children	2,855,032	- -	- -	2,855,032
Software expense	15,562	4,150	1,038	20,750
Travel	3,153	371	185	3,709
Other	22,290	5,944	1,486	29,720
Utilities	4,699	1,253	313	6,265
	$ 3,828,336	$ 209,806	$ 260,232	$ 4,298,374

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	$ (740,723)	$ 1,450,726
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Forgiveness of PPP and EIDL loans	- -	(151,600)
Depreciation	63,523	66,243
Realized (gain) on sale of marketable securities	(77,410)	(274,633)
Unrealized loss (gain) on marketable securities	617,206	(156,815)
Change in value of beneficial interests in charitable remainder annuity trusts	304,945	(242,796)
Change in assets and liabilities:		
Decrease (increase) in accounts receivable	182,512	(181,537)
Decrease in prepaid expenses	1,668	2,033
(Decrease) in accounts payable	(70,968)	(12,192)
Increase in accrued vacation	6,387	- -
Increase (decrease) in other payroll liabilities	14,194	(1,405)
Net cash provided by operating activities	$ 301,334	$ 498,024
Cash Flows from Investing Activities		
Purchases of fixed assets	$ (835)	$ - -
Proceeds from sales of marketable securities	471,336	2,156,902
Purchases of investments	(479,372)	(2,819,392)
Net cash (used in) investing activities	$ (8,871)	$ (662,490)
Net increase (decrease) in cash	$ 292,463	$ (164,466)
Cash		
Beginning of year	2,489,004	2,653,470
Ending of year	$ 2,781,467	$ 2,489,004

See Notes to Financial Statements.

Note 1. Nature of Operations

Children, Incorporated is a not-for-profit entity that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Its program services consist of arranging and providing funding for supplies and services to meet the basic and educational needs of approximately 20,000 impoverished children in 300 locations, approximately half in the United States and half in other countries.

Program services are provided entirely by volunteers at each location. Funding for supplies and services for impoverished children is transferred from the Richmond office to various organizations that distribute the supplies and services to the children. The volunteers of the organizations decide on the supplies and services needed, arrange for them to be provided, and administer disbursements of the funds. The volunteer staff members are required to retain documentation of the disbursements and provide periodic reports to the paid staff members. Volunteer staff members are periodically visited at their locations by paid staff members.

A summary of program services by location for the years ended June 30, 2022 and 2021 is as follows:

	2022	2021
Program services provided outside the United States of America:		
Central America and the Caribbean	$ 373,726	$ 445,570
East Asia and the Pacific	97,549	131,878
Middle East and North Africa	52,507	42,168
North America	26,933	25,248
South America	486,831	540,452
South Asia	209,258	150,066
SubSahara Africa	226,571	193,878
	$ 1,473,375	$ 1,529,260
Program services provided in the United States of America	1,067,399	1,325,772
	$ 2,540,774	$ 2,855,032

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

Note 2. Significant Accounting Policies

The financial statements of the Organization have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Contributions

Contributions are recognized when received or unconditionally promised. Children, Incorporated reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor 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 statement of activities as net assets released from restrictions.

Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized, or are treated as a refundable advance, until the conditions on which they depend have been met.

Cash and Cash Equivalents

For purposes of reporting cash flows, Children, Incorporated includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly-liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statements of financial position.

Receivables

Accounts receivable consist primarily of noninterest-bearing amounts due for a bequest paid after year end. The Organization determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June, 2022 and 2021, management deemed an allowance for doubtful accounts unnecessary.

Investments

Children, Incorporated records investments in common stocks, fixed income funds, mutual funds, ETFs, ETPs, and interval funds at readily determinable fair values and all investments in debt securities are measured at fair market value.

Property, Equipment, and Depreciation

All purchases of property and equipment have been recorded at cost. Depreciation is determined by the straight-line method over the estimated useful lives of the related assets. Depreciation expense for the years ended June 30, 2022 and 2021 was $63,523 and $66,243, respectively.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Concentrations of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash. The Organization has cash deposits in financial institutions that may at times exceed the federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with these accounts.

Fair Value of Financial Instruments

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under the standards are described as follows:

> Level 1 – Valuations for assets and liabilities traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
>
> Level 2 – Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities or other inputs observable for the asset or liability, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.
>
> Level 3 – Valuations for assets and liabilities that are derived from other valuation methodologies, including option-pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

For the fiscal years ended June 30, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments

The fair value of investments is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

The carrying amounts of the Organization's financial instruments not described above arise in the ordinary course of business and approximate fair value.

Line of Credit

The Organization had a line of credit that is secured by certain certificates of deposit. The interest rate on this line of credit was 3.5%. No amounts were drawn on the line of credit at June 30, 2022 and 2021. The line of credit was closed during fiscal year 2021.

Allocation of Functional Expenses

The cost of administration of the Organization's programs have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services on the basis of the activity benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Compensation	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Advertising and promotion	Time and effort
Bank and credit card fees	Time and effort
Depreciation	Time and effort
General insurance	Time and effort
Office expenses	Time and effort
Professional fees	Time and effort
Rent	Time and effort
Repairs and maintenance	Time and effort
Supplies and services for impoverished children	Direct allocation
Software expense	Time and effort
Travel	Time and effort
Other	Time and effort
Utilities	Time and effort

Upcoming Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct cost as part of the right-of-use asset. ASU No. 2016-02 is effective for the Organization for its year ending June 30, 2023. Early adoption is permitted. The Organization is currently evaluating the impact that the adoption Topic 842 will have on its financial statements.

New Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958), which requires nonprofits to change their financial statement presentation and disclosure of contributed nonfinancial assets, or gifts-in-kind. ASU 2020-07 is effective for the Organization for its year ended June 30, 2022. This guidance is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhanced presentation and disclosure.

This ASU requires that nonfinancial assets are presented as a separate line item in the statement of activities and disclosures include a disaggregation of the amount contributed by category, a description of donor restriction, and valuation techniques for the nonfinancial assets received. The Organization has not historically had contributed nonfinancial assets and thus there were no reclassification. The Organization enhanced its disclosures to adhere to the new standard.

Note 3. Liquidity and Availability

The Organization receives contributions to support its program services. General expenditures consist of sponsorship payments to meet the basic and educational needs of approximately 20,000 impoverished children in 300 locations.

The Organization's cash flows have seasonal variations during the year. To manage liquidity, the Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

	2022	2021
Financial assets, at year-end:		
Cash and cash equivalents	$ 2,781,467	$ 2,489,004
Accounts receivable	- -	182,512
Investments	3,727,236	4,258,996
Beneficial interests in charitable remainder annuity trusts	1,205,256	1,510,201
Total financial assets	$ 7,713,959	$ 8,440,713
Less amounts not available to be used within one year, net assets with donor restrictions	$ 3,366,458	$ 3,694,360
Financial assets available to meet cash needs for general expenditures within one year	$ 4,347,501	$ 4,746,353

In addition, the Organization had a line of credit, secured by certain certificates of deposit that could be drawn on to fund operations. No amounts were drawn on the line of credit at June 30, 2022 and 2021. The line of credit was closed during fiscal year 2021.

Note 4. Investments

Long-term investments as of June 30, 2022 and 2021 were as follows:

	2022		
	Cost	Market Value	Unrealized Gain (Loss)
Common stocks	$ 1,049,242	$ 1,123,502	$ 74,260
Fixed income funds	1,515,732	1,332,716	(183,016)
Mutual funds, ETFs, ETPs, and Interval Funds	1,417,843	1,271,018	(146,825)
	$ 3,982,817	$ 3,727,236	$ (255,581)

	2021		
	Cost	Market Value	Unrealized Gain (Loss)
Common stocks	$ 1,371,088	$ 1,733,433	$ 362,345
Fixed income funds	1,533,914	1,530,229	(3,685)
Mutual funds, ETFs, ETPs, and Interval Funds	973,612	995,334	21,722
	$ 3,878,614	$ 4,258,996	$ 380,382

The following schedule summarizes investment income and investment fees (including custodial fees and investment advisory fees), which are reported net in the accompanying statements of activities for the years ended June 30, 2022 and 2021 as follows:

	2022	2021
Interest and dividends	$ 43,933	$ 66,635
Realized gains	77,410	274,633
Unrealized gains (losses)	(617,206)	156,815
Less management fees	(24,340)	(17,449)
	$ (520,203)	$ 480,634

Note 5. Fair Value Measurements

Children, Incorporated has several portfolios of marketable securities and certificates of deposit, all of which are maintained by various brokers. The following table presents the balance of financial assets measured at fair value on a recurring basis as of June 30, 2022 and 2021:

	Balance as of June 30, 2022	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Common stocks	$ 1,123,502	$ 1,123,502	$ - -	$ - -
Fixed income funds	1,332,716	1,332,716	- -	- -
Mutual funds, ETFs, ETPs, and Interval Funds	1,271,018	1,271,018	- -	- -
	$ 3,727,236	$ 3,727,236	$ - -	$ - -

	Balance as of June 30, 2020	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Levels (Level 2)	Significant Other Unobservable Levels (Level 3)
Common stocks	$ 1,733,433	$ 1,733,433	$ - -	$ - -
Fixed income funds	1,530,229	1,530,229	- -	- -
Mutual funds, ETFs, ETPs, and Interval Funds	995,334	995,334	404,752	- -
	$ 4,258,996	$ 4,258,996	$ 404,752	$ - -

Note 6. Beneficial Interests in Charitable Remainder Annuity Trusts

The Organization is a beneficiary under various wills, the total realizable value of which is not presently determinable. Such amounts are recorded as contributions when clear title is established and the proceeds are clearly measurable. In the absence of donor-imposed conditions, the Organization recognizes its beneficial interest in a trust as a contribution in the period in which it receives notice that the trust agreement conveys an unconditional right to receive benefits.

In addition, the Organization is a beneficiary of six charitable remainder annuity trusts as of June 30, 2021 and 2020, respectively, for which the Organization will receive between 3% and 30% upon the final termination of the trusts. At that time the final market value of the trusts will be distributed to the Organization. The value of the Organization's portion of the charitable remainder annuity trusts is $1,205,256 and $1,510,201, at June 30, 2022 and 2021, respectively.

Note 7. Property and Equipment

At June 30, 2021 and 2020, property and equipment consisted of the following:

	2022	2021
Property and equipment	$ 1,375,195	$ 1,374,360
Accumulated depreciation	(932,895)	(869,372)
	$ 442,300	$ 504,988

Note 8. Notes Payable

On April 16, 2020, the Organization applied for and was approved for a $141,600 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for six months after the funding of the loan. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was uncollateralized and was fully guaranteed by the Federal government. The Organization received full forgiveness on January 7, 2021 and the loan was recognized as revenue in the statement of activities for the year ended June 30, 2021.

In addition, on April 21, 2020, the Organization applied for and was approved for a $10,000 loan under the Economic Injury Disaster Loan Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 2.75%, but payments were not required to begin for one year after the funding of the loan. The loan was generally collateralized by the assets of the Organization. The Organization received full forgiveness during the current year and the loan was recognized as revenue in the statement of activities for the year ended June 30, 2021.

Note 9. Net Assets with Donor Restrictions

Net assets with donor restriction were available for the following purposes as of June 30, 2022 and 2021:

	2022	2021
Subject to expenditure for specific purpose:		
Child Sponsorships	$ 685,205	$ 690,672
Purpose-restricted net assets:		
Shared Hope Fund	307,775	298,732
Higher Education Fund	246,008	239,792
Warm Clothing Fund	72,916	66,533
Dulin	55,519	61,847
International Student Exchange	44,302	44,302
Jeunesse Global	- -	43,797
Other purpose-restricted net assets	129,628	122,478
Time-restricted beneficial interests in charitable remainder annuity trusts	1,205,256	1,510,201
Other time-restricted net assets	47,502	43,659
	$ 2,794,111	$ 3,122,013
Endowments:		
Subject to endowment spending policy and appropriation:		
Program services	$ 572,347	$ 572,347
Total net assets with donor restrictions	$ 3,366,458	$ 3,694,360

Net assets with donor restrictions were released due to satisfaction of purpose restrictions during the years ended June 30, 2022 and 2021:

	2022	2021
Child Sponsorships	$ 2,584,361	$ 2,692,599
Time-restricted net assets	596,567	524,141
Purpose restricted net assets releases		
Shared Hope Fund	62,996	41,880
Higher Education Fund	- -	9,294
Warm Clothing Fund	23,525	9,650
Dulin	6,328	11,984
Jeunesse Global	43,797	48,213
Other	99,000	136,434
	$ 3,416,574	$ 3,474,195

Note 10. Endowment Funds

Three contributions made in prior years established permanent endowments: $100,000 in December 1999; $119,788 in July 2010; and $352,559 in January 2012. Correspondence from the donors required Children, Incorporated to establish permanent endowments and use the investment earnings to provide funding for supplies and services for impoverished children.

Note 11. Donated Works of Art

During the year ended June 30, 2016, the Organization received contributions of certain artwork and coins in the form of a donation. The Organization intends to sell the artwork and coins at a future date and use the proceeds to further its mission. As of June 30, 2022, five of the items have been sold and the entire coin collection. The estimated value of the items totaled $12,947 as of June 30, 2022 and 2021. Due to the potential change and uncertainty in the value of the items, the Organization has recorded a valuation allowance to cover the total value of the items. Consequently, the contributed artwork and coins are reflected in the accompanying statements of financial position with a balance of $0 as of June 30, 2022 and 2021.

Note 12. In-Kind Contributions

Donated materials, services and use of facilities are recorded at fair value when an unconditional commitment is received and are recognized as in-kind contributions as revenue and expense in the accompanying financial statements. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The value of such services is recorded based on the estimated fair value of services provided and is classified as in-kind contributions revenue and expense charged to programs and supporting services based on the program or support services directly benefited. No significant contributions of such goods or services were received during the years ended June 30, 2022 and 2021, respectively.

Many individuals volunteer their time and perform a variety of activities that support the Organization. The value of these contributed services is not recorded as in-kind contributions as the criteria for recognition was not met under the standards. Therefore, no contributed services for volunteer time has been reflected in the financial statements for the years ended June 30, 2022 and 2021.

Note 13. Subsequent Events

Children, Incorporated has evaluated all subsequent events through November 11, 2022, the date the financial statements were available to be issued. Children, Incorporated has determined there are no subsequent events that require recognition or disclosure.