CHILDREN, INCORPORATED

North Chesterfield, Virginia

FINANCIAL REPORT

JUNE 30, 2023

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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, 2023 and 2022, 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, 2023 and 2022, 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.

Winchester, Virginia
November 30, 2023

CHILDREN, INCORPORATED

Statements of Financial Position
June 30, 2023 and 2022

Assets	2023	2022
Cash	$ 2,771,775	$ 2,781,467
Investments	4,021,664	3,727,236
Beneficial interests in charitable remainder annuity trusts	1,278,723	1,205,256
Property and equipment, net	408,767	442,300
Right of use assets - operating	22,547	- -
Total assets	$ 8,503,476	$ 8,156,259
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 159,335	$ 220,432
Accrued vacation	24,766	19,616
Other payroll and current liabilities	3,748	29,482
Lease liabilities - operating	22,625	- -
	$ 210,474	$ 269,530
Net Assets		
Without donor restrictions	$ 4,860,948	$ 4,520,271
With donor restrictions	3,432,054	3,366,458
	$ 8,293,002	$ 7,886,729
Total liabilities and net assets	$ 8,503,476	$ 8,156,259

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Activities
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, support and other changes in net assets:			
Contributions	$ 531,276	$ 3,356,665	$ 3,887,941
Investment income, net	331,280	- -	331,280
Change in value of beneficial interests in charitable remainder annuity trusts	- -	80,949	80,949
Total revenue, support and other changes in net assets	$ 862,556	$ 3,437,614	$ 4,300,170
Net assets released from restrictions	3,372,018	(3,372,018)	- -
Total revenue, support and other changes in net assets	$ 4,234,574	$ 65,596	$ 4,300,170
Expenses			
Program services	$ 3,433,691	$ - -	$ 3,433,691
Administration	200,394	- -	200,394
Fundraising	259,812	- -	259,812
Total expenses	$ 3,893,897	$ - -	$ 3,893,897
Change in net assets	$ 340,677	$ 65,596	$ 406,273
Net assets, beginning of year	4,520,271	3,366,458	7,886,729
Net assets, end of year	$ 4,860,948	$ 3,432,054	$ 8,293,002

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Activities
For the 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 Functional Expenses
For the Year Ended June 30, 2023

	Program Services	Administration	Fundraising	Total
Compensation	$ 619,811	$ 123,147	$ 88,629	$ 831,587
Employee benefits	66,746	13,262	9,544	89,552
Payroll taxes	46,101	9,159	6,592	61,852
	$ 732,658	$ 145,568	$ 104,765	$ 982,991
Advertising and promotion	- -	- -	140,209	140,209
Bank and credit card fees	33,914	466	117	34,497
Depreciation	31,975	8,526	2,132	42,633
General insurance	13,366	3,564	891	17,821
Office expenses	35,517	9,471	2,368	47,356
Professional fees	45,143	12,038	3,010	60,191
Rent	6,208	1,655	414	8,277
Repairs and maintenance	9,141	2,438	609	12,188
Supplies and services for impoverished children	2,441,795	- -	- -	2,441,795
Software expense	10,958	2,922	731	14,611
Travel	38,412	4,519	2,259	45,190
Other	28,616	7,630	1,908	38,154
Utilities	5,988	1,597	399	7,984
	$ 3,433,691	$ 200,394	$ 259,812	$ 3,893,897

See Notes to Financial Statements.

CHILDREN, INCORPORATED

Statement of Functional Expenses
For the 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

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 406,273	$ (740,723)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	42,633	63,523
Realized loss (gain) on sale of marketable securities	181,185	(77,410)
Unrealized (gain) loss on marketable securities	(402,192)	617,206
Change in value of beneficial interests in charitable remainder annuity trusts	(73,467)	304,945
Amortization of right of use asset - operating leases	5,102	- -
Change in assets and liabilities:		
Decrease in accounts receivable	- -	182,512
Decrease in prepaid expenses	- -	1,668
(Decrease) in accounts payable	(61,097)	(70,968)
Increase in accrued vacation	5,150	6,387
(Decrease) in lease liabilities - operating	(5,024)	- -
(Decrease) increase in other payroll liabilities	(25,734)	14,194
Net cash provided by operating activities	$ 72,829	$ 301,334
Cash Flows from Investing Activities		
Purchases of fixed assets	$ (9,100)	$ (835)
Proceeds from sales of marketable securities	2,253,140	471,336
Purchases of investments	(2,326,561)	(479,372)
Net cash (used in) investing activities	$ (82,521)	$ (8,871)
Net (decrease) increase in cash	$ (9,692)	$ 292,463
Cash		
Beginning of year	2,781,467	2,489,004
Ending of year	$ 2,771,775	$ 2,781,467
Supplemental Disclosure of Noncash Financing and Investing Activities, right of use assets recognized with adoption of ASC 842	$ 27,649	$ - -

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, 2023 and 2022 is as follows:

	2023	2022
Program services provided outside the United States of America:		
Central America and the Caribbean	$ 339,787	$ 373,726
East Asia and the Pacific	78,828	97,549
Middle East and North Africa	41,759	52,507
North America	34,908	26,933
South America	419,341	486,831
South Asia	159,262	209,258
SubSahara Africa	192,700	226,571
	$ 1,266,585	$ 1,473,375
Program services provided in the United States of America	1,175,210	1,067,399
	$ 2,441,795	$ 2,540,774

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.

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, 2023 and 2022 was $42,633 and $63,523, 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, 2023 and 2022, 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.

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

Recently Adopted Accounting Pronouncements

Leases

In February 2016, the FASB issued ASC Topic 842, *Leases*, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their balance sheets as a right-of-use (ROU) asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis. Topic 842 also requires additional disclosure of key quantitative and qualitative information for leasing arrangements. Similar to the previous lease guidance, the update retains a distinction between finance leases (similar to capital leases in Topic 840, *Leases*) and operating leases, with classification affecting the pattern of expense recognition in the income statement. The Organization adopted Topic 842 on July 1, 2022, using the optional transition method to the modified retrospective approach, which eliminates the requirement to restate the prior-period financial statements. Under this transition provision, the Organization has applied Topic 842 to reporting periods beginning on July 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC Topic 840, *Leases*.

The Organization elected the "package of practical expedients" under the transition guidance within Topic 842, in which the Organization does not reassess (1) the historical lease classification, (2) whether any existing contracts at transition are or contain leases, or (3) the initial direct costs for any existing leases. The Organization has not elected to adopt the "hindsight" practical expedient, and therefore will measure the ROU asset and lease liability using the remaining portion of the lease term upon adoption of ASC 842 on July 1, 2022.

The Organization determines if an arrangement is or contains a lease at inception, which is the date on which the terms of the contract are agreed to, and the agreement creates enforceable rights and obligations. A contract is or contains a lease when (i) explicitly or implicitly identified assets have been deployed in the contract and (ii) the Organization obtains substantially all of the economic benefits from the use of that underlying asset and directs how and for what purpose the asset is used during the term of the contract. The Organization also considers whether its service arrangements include the right to control the use of an asset.

The Organization made an accounting policy election available under Topic 842 not to recognize ROU assets and lease liabilities for leases with a term of 12 months or less. For all other leases, ROU assets and lease liabilities are measured based on the present value of future lease payments over the lease term at the commencement date of the lease (or July 1, 2022, for existing leases upon the adoption of Topic842). The ROU assets also include any initial direct costs incurred and lease payments made at or before the commencement date and are reduced by any lease incentives. To determine the present value of lease payments, the Organization made an accounting policy election available to non-public companies to utilize a risk-free borrowing rate, which is aligned with the lease term at the lease commencement date (or remaining term for leases existing upon the adoption of Topic 842).

Future lease payments may include fixed rent escalation clauses or payments that depend on an index (such as the consumer price index), which is initially measured using the index or rate at lease commencement. Subsequent changes of an index and other periodic market-rate adjustments to base rent are recorded invariable lease expense in the period incurred. Residual value guarantees or payments for terminating the lease are included in the lease payments only when it is probable they will be incurred.

The Organization has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its real estate, vehicle and equipment asset classes. The non-lease components typically represent additional services transferred to the Organization, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of ROU assets and lease liabilities at July 1, 2022 of $27,649.

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 10,000 impoverished children in 235 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.

	2023	2022
Financial assets, at year-end:		
Cash and cash equivalents	$ 2,771,775	$ 2,781,467
Accounts receivable	- -	- -
Investments	4,021,664	3,727,236
Beneficial interests in charitable remainder annuity trusts	1,278,723	1,205,256
Total financial assets	$ 8,072,162	$ 7,713,959
Less amounts not available to be used within one year, net assets with donor restrictions	$ 3,432,054	$ 3,366,458
Financial assets available to meet cash needs for general expenditures within one year	$ 4,640,108	$ 4,347,501

Note 4. Investments

Long-term investments as of June 30, 2023 and 2022 were as follows:

	2023		
	Cost	Market Value	Unrealized Gain (Loss)
Common stocks	$ 1,040,899	$ 1,212,508	$ 171,609
Fixed income funds	1,460,650	1,453,661	(6,989)
Mutual funds, ETFs, ETPs, and Interval Funds	1,432,864	1,355,495	(77,369)
	$ 3,934,413	$ 4,021,664	$ 87,251

	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)

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, 2023 and 2022 as follows:

	2023	2022
Interest and dividends	$ 128,820	$ 43,933
Realized (losses) gains	(181,185)	77,410
Unrealized gains (losses)	402,192	(617,206)
Less management fees	(18,547)	(24,340)
	$ 331,280	$ (520,203)

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, 2023 and 2022:

	2023		
	Cost	Market Value	Unrealized Gain (Loss)
Common stocks	$ 1,040,899	$ 1,212,508	$ 171,609
Fixed income funds	1,460,650	1,453,661	(6,989)
Mutual funds, ETFs, ETPs, and Interval Funds	1,432,864	1,355,495	(77,369)
	$ 3,934,413	$ 4,021,664	$ 87,251

	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)

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, 2023 and 2022, 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 $1,278,723 and $1,205,256, at June 30, 2023 and 2022, respectively.

Note 7. Property and Equipment

At June 30, 2023 and 2022, property and equipment consisted of the following:

	2023	2022
Property and equipment	$ 1,374,190	$ 1,375,195
Accumulated depreciation	(965,423)	(932,895)
	$ 408,767	$ 442,300

Note 8. Net Assets with Donor Restrictions

Net assets with donor restriction were available for the following purposes as of June 30, 2023 and 2022:

	2023	2022
Subject to expenditure for specific purpose:		
Child Sponsorships	$ 673,910	$ 685,205
Purpose-restricted net assets:		
Shared Hope Fund	322,944	307,775
Higher Education Fund	252,379	246,008
Warm Clothing Fund	106,381	72,916
Dulin	51,823	55,519
International Student Exchange	- -	44,302
Other purpose-restricted net assets	116,242	129,628
Time-restricted beneficial interests in charitable remainder annuity trusts	1,278,723	1,205,256
Other time-restricted net assets	57,305	47,502
	$ 2,859,707	$ 2,794,111
Endowments:		
Subject to endowment spending policy and appropriation:		
Program services	$ 572,347	$ 572,347
Total net assets with donor restrictions	$ 3,432,054	$ 3,366,458

Net assets with donor restrictions were released due to satisfaction of purpose restrictions during the years ended June 30, 2023 and 2022:

	2023	2022
Child Sponsorships	$ 2,525,598	$ 2,584,361
Time-restricted net assets	643,837	596,567
Purpose restricted net assets releases:		
Shared Hope Fund	53,508	62,996
Higher Education Fund	2,630	- -
Warm Clothing Fund	22,149	23,525
Dulin	3,696	6,328
International Student Exchange	51,302	- -
Jeunesse Global	- -	43,797
Other	69,298	99,000
	$ 3,372,018	$ 3,416,574

Note 9. Leases

The Organization has two rental agreements for office equipment. The leases expire at various times through 2028.

Other leases are either short-term in nature or insignificant resulting in no right-of-use asset or lease liability reflected in the accompanying statements of financial position.

Total rent expense for office equipment was $8,277 and $8,612 for the years ended June 30, 2023 and 2022, respectively, and is included in rent on the statement of functional expenses. As of June 30, 2023, the Organization's weighted average discount rate for its operating lease was 2.89%, and the weighted average remaining lease term was 4.31 years.

The following table summarizes the maturity of the Organization's operating lease liabilities on an undiscounted cash flow basis and a reconciliation to the lease liabilities recognized in the Organization's statement of financial position.

2024	$ 5,828
2025	5,853
2026	5,853
2027	3,835
2028	1,817
Thereafter	909
Total lease payments	$ 24,095
Less imputed interest	(1,470)
Present value of minimum lease payments	$ 22,625
Less current portion	(5,828)
	$ 16,797

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.

Changes in endowment net assets for the years ending June 30, 2023 and 2022 were as follows:

	Net Assets With Donor Restrictions
Endowment net assets, June 30, 2021	$ 572,347
Investment return, net	8,535
Contributions	- -
Appropriation of endowment assets for expenditure	(8,535)
Endowment net assets, June 30, 2022	$ 572,347
Investment return, net	34,297
Contributions	- -
Appropriation of endowment assets for expenditure	(34,297)
Endowment net assets, June 30, 2023	$ 572,347

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, 2023 and 2022. 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, 2023 and 2022.

Note 12. Contributions of Nonfinancial Assets

Contributed nonfinancial assets include donated materials, services and use of facilities which are recorded at fair value when an unconditional commitment is received. They 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, 2023 and 2022, 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, 2023 and 2022.

Note 13. Subsequent Events

Children, Incorporated has evaluated all subsequent events through November 30, 2023, the date the financial statements were available to be issued. Children, Incorporated has determined there are no subsequent events that require recognition or disclosure.