Love A Child, Inc.

Consolidated Financial Statements

Years Ended December 31, 2018 and 2017

DIXON HUGHES GOODMAN LLP

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DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

Board of Directors
Love A Child, Inc.

We have audited the accompanying consolidated financial statements of Love A Child, Inc. (the "Organization") which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

DIXON HUGHES GOODMAN LLP

Emphasis of Matter – New Accounting Pronouncement

As discussed in Note 1 to the financial statements, during the year ended December 31, 2018, the Company implemented the provisions of Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities).* Our opinion is not modified in respect to this matter.

Dixon Hughes Goodman LLP

Raleigh, North Carolina
June 27, 2019

Love A Child, Inc.
Consolidated Statements of Financial Postion
December 31, 2018 and 2017

	2018	2017 (As Adjusted)
ASSETS		
Cash and cash equivalents	$ 8,245,557	$ 5,058,660
Prepaid expenses	58,255	-
Investments	350,991	319,726
Property and equipment, net	5,260,502	5,097,773
Deposits	1,858	1,045
Total assets	$ 13,917,163	$ 10,477,204
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable accrued expenses	$ 254,410	$ 474,929
Note payable	1,063,615	1,127,626
Total liabilities	1,318,025	1,602,555
Net assets:		
Net assets without donor restrictions	11,763,407	8,874,649
Net assets with donor restrictions	835,731	-
Total net assets	12,599,138	8,874,649
Total liabilities and net assets	$ 13,917,163	$ 10,477,204

Love A Child, Inc.
Consolidated Statements of Activities
Years Ended December 31, 2018 and 2017

	2018	2017 (As Adjusted)
Net assets without donor restrictions:		
Revenues and gains and other support without donor restrictions:		
Contributions	**$ 15,951,299**	$ 14,444,204
In-kind contributions	**47,637,582**	51,023,926
Investment income, net	**1,162**	1,067
Realized and unrealized gain (loss) on investments	**(15,126)**	35,429
Miscellaneous income	**148,453**	197,305
Total revenues, gains and other support without donor restrictions	**63,723,370**	65,701,931
Expenses:		
Program services:		
Humanitarian	**57,147,599**	60,477,393
Supporting services:		
Management and general	**1,496,119**	1,559,379
Fundraising	**2,190,894**	2,012,478
Total supporting services	**3,687,013**	3,571,857
Total expenses	**60,834,612**	64,049,250
Net increase in net assets without donor restrictions	**2,888,758**	1,652,681
Net assets with donor restrictions:		
Contributions	**835,731**	-
Increase in net assets with donor restrictions	**835,731**	-
Increase in net assets	**3,724,489**	1,652,681
Net assets, beginning of year	**8,874,649**	7,221,968
Net assets, end of year	**$ 12,599,138**	$ 8,874,649

Love A Child, Inc.
Consolidated Statements of Functional Expenses
Years Ended December 31, 2018

	2018				
	Program Services	Supporting Services			
	Humanitarian	Management & General	Fundraising	Total	Total Expenses
Contributed food and supplies	$ 47,549,204	$ -	$ -	$ -	$ 47,549,204
Compensation	2,113,453	787,863	12,721	800,584	2,914,037
Contract labor	10,342	-	15,220	15,220	25,562
Fringe benefits	64,580	30,684	1,511	32,195	96,775
Payroll taxes	144,751	60,988	897	61,885	206,636
Communication	81,882	12,031	83,869	95,900	177,782
Consulting and design	37,523	50,445	959	51,404	88,927
Rent	27,514	23,970	-	23,970	51,484
Supplies	131,401	34,724	-	34,724	166,125
Shipping and freight	1,429,291	10,625	22	10,647	1,439,938
Churches/schools/childcare	2,987,636	-	-	-	2,987,636
TV ministry	609,826	-	1,422,928	1,422,928	2,032,754
Utilities	286,174	4,328	-	4,328	290,502
Insurance	43,927	31,605	401	32,006	75,933
Vehicle maintenance	148,524	546	-	546	149,070
Travel and lodging	188,773	23,492	1,261	24,753	213,526
Postage	238,225	-	648,119	648,119	886,344
Dues and subscriptions	2,094	39,357	2,155	41,512	43,606
Advertising	878	-	831	831	1,709
Equipment lease	-	10,483	-	10,483	10,483
Interest expense	33,316	10,521	-	10,521	43,837
Professional--accounting	-	72,253	-	72,253	72,253
Professional--legal	20,661	11,507	-	11,507	32,168
Bank charges	5,430	30,272	-	30,272	35,702
Credit card processing fees	-	159,751	-	159,751	159,751
Taxes and licenses	67,747	8,132	-	8,132	75,879
Depreciation	555,429	16,093	-	16,093	571,522
Building cleaning and maintenance	337,506	46,217	-	46,217	383,723
Loss on disposal of assets	18,882	-	-	-	18,882
Promotional events	10,654	10,654	-	10,654	21,308
Education/seminars	1,325	925	-	925	2,250
Miscellaneous	651	8,653	-	8,653	9,304
Total expenses	$ 57,147,599	$ 1,496,119	$ 2,190,894	$ 3,687,013	$ 60,834,612

Love A Child, Inc.
Consolidated Statements of Functional Expenses
Years Ended December 31, 2017

	2017 (As Adjusted)				
	Program Services	Supporting Services			
	Humanitarian	Management & General	Fundraising	Total	Total Expenses
Contributed food and supplies	$ 50,995,709	$ -	$ -	$ -	$ 50,995,709
Compensation	2,122,225	805,989	12,221	818,210	2,940,435
Contract labor	8,985	-	16,200	16,200	25,185
Fringe benefits	61,274	29,269	1,389	30,658	91,932
Payroll taxes	140,136	61,803	852	62,655	202,791
Communication	86,287	16,025	76,329	92,354	178,641
Consulting and design	54,216	83,325	-	83,325	137,541
Rent	18,413	16,810	-	16,810	35,223
Supplies	128,676	27,376	16,533	43,909	172,585
Shipping and freight	1,370,762	6,614	-	6,614	1,377,376
Churches/schools/childcare	2,818,389	-	-	-	2,818,389
TV ministry	622,189	-	1,451,773	1,451,773	2,073,962
Other ministries	13,469	-	-	-	13,469
Utilities	281,166	4,892	-	4,892	286,058
Insurance	33,982	31,789	383	32,172	66,154
Vehicle maintenance	108,447	1,533	-	1,533	109,980
Travel and lodging	173,816	24,802	2,622	27,424	201,240
Postage	266,506	-	266,505	266,505	533,011
Dues and subscriptions	-	37,750	-	37,750	37,750
Advertising	421	-	-	-	421
Equipment lease	-	10,316	-	10,316	10,316
Interest expense	35,227	11,124	-	11,124	46,351
Printing	167,671	-	167,671	167,671	335,342
Professional--accounting	-	77,333	-	77,333	77,333
Professional--legal	18,970	8,018	-	8,018	26,988
Bank charges	12,582	29,936	-	29,936	42,518
Credit card processing fees	-	184,453	-	184,453	184,453
Taxes and licenses	77,433	5,200	-	5,200	82,633
Depreciation	563,332	14,666	-	14,666	577,998
Building cleaning and maintenance	271,580	39,846	-	39,846	311,426
Loss on disposal of assets	15,138	-	-	-	15,138
Promotional events	8,266	8,267	-	8,267	16,533
Education/seminars	2,126	2,566	-	2,566	4,692
Miscellaneous	-	19,677	-	19,677	19,677
Total expenses	$ 60,477,393	$ 1,559,379	$ 2,012,478	$ 3,571,857	$ 64,049,250

Love A Child, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	2018	2017 (As Adjusted)
Operating activities:		
Change in net assets	$ 3,724,489	$ 1,652,681
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	571,522	577,998
Non-operating in-kind contributions	(88,378)	(28,218)
Contributions restricted	(835,731)	-
Realized and unrealized (gain) / loss on investments	15,126	(35,429)
Loss on disposal of property and equipment	18,882	15,138
Net change in:		
Deposits	(813)	-
Prepaid expenses	(58,255)	-
Accounts payable and accrued expenses	(220,519)	53,720
Net cash provided by operating activities	3,126,323	2,235,890
Investing activities:		
Proceeds from sale of investments	1,987	-
Purchase of investments	-	(26,065)
Proceeds from sale of property and equipment	1,600	-
Purchase of property and equipment	(714,733)	(231,327)
Net cash used in investing activities	(711,146)	(257,392)
Financing activities:		
Principal payments on note payable	(64,011)	(61,502)
Proceeds from contributions restricted for purchase of property and equipment	835,731	-
Net cash provided by (used in) financing activities	771,720	(61,502)
Net change in cash and cash equivalents	3,186,897	1,916,996
Cash and cash equivalents at beginning of year	5,058,660	3,141,664
Cash and cash equivalents at end of year	$ 8,245,557	$ 5,058,660
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 43,837	$ 46,351
Noncash investing and financing activities:		
Contributed investments	$ 48,378	$ 16,583
Contributed property and equipment	$ 40,000	$ 11,635

See accompanying notes.

Notes to Consolidated Financial Statements

1. Summary of Organization and Significant Accounting Policies

Love A Child, Inc. (the "Organization") exists to support needy individuals, primarily children, through humanitarian care such as medical and educational services, child support programs, orphanages, volunteer work programs, feeding programs and various other projects. The Organization is supported through contributions from the general public. The Organization offers the following programs:

- Food Program
- Medical Outreach
- Children's Education
- Sustainability Programs

The consolidated financial statements include the accounts of Love A Child Holding Limited Liability Company ("LLC"). The Organization is the sole member of the LLC. All significant intercompany transactions and account balances have been eliminated in consolidation.

Basis of Accounting and Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. Net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by action of the Organization and/or the passage of time. Additionally, net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Net assets with donor restrictions were $835,731 as of December 31, 2018. There were no net assets with donor restrictions as of December 31, 2017.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") 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 consolidated financial statements and the reported amounts of revenue and other support and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include checking and money market accounts. The Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all debt securities are reported at their fair value on the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment

Acquisitions of property and equipment in excess of $5,000 are capitalized. Property and equipment are carried at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. The general range of estimated useful lives for buildings, building improvements, and leasehold improvements are 10 to 40 years and the general range for furniture and equipment and vehicles is 3 to 10 years.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restriction unless the donor has restricted the donated assets to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Contributions

All contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Contributions restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the contributions are recognized. Conditional promises to give are recognized when the conditions on which they depend are met. Unconditional promises to give due in the next year, are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported based on the net present value of the projected fair value at the date that those assets are expected to be received, considering the likelihood of the promise being fulfilled. In 2018 and 2017, there were no conditional or unconditional promises to give.

In-kind contributions consist of food, clothes, medical supplies, equipment and investments. These contributions are recorded at fair value when received.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation within the meaning of Section 509(a) of the Internal Revenue Code; accordingly, the accompanying consolidated financial statements do not reflect a provision or liability for federal and state income taxes. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2018.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis on the statements of activities. Accordingly, certain costs have been allocated among program and supporting services. Salaries and other expenses associated with a specific program are charged directly to that program while salaries that benefit more than one program are allocated to the various programs based on management's estimates of how time was spent. Other expenses that benefit more than one program are allocated by use of such methods as floor space usage and salary percentages as appropriate.

New Accounting Pronouncements

During fiscal year 2018, the Organization adopted Accounting Standard Update ("ASU") No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU No. 2016-14 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity of available resources, and the lack of consistency in the type of information provided about expenses and investment return. The fiscal year 2017 financial statements have been adjusted to reflect retrospective application of the new accounting guidance. These disclosures have been presented for 2018 as allowed by ASU No. 2016-14. The retrospective application resulted in unrestricted net assets of $8,874,649 being reported as net assets without donor restrictions as of December 31, 2017.

Recently issued accounting standards:

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, "*Revenue from Contracts with Customers (Topic 606)".* The core principle of this standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The FASB issued four additional standards that amended and/or clarified certain guidance and provisions in ASU 2014-09, all of which are effective January 1, 2019 for the Company. The Company is currently evaluating the impact on its financial statements upon the adoption of these new standards.

Leases

In February 2016, the FASB issued ASU 2016-02, "*Leases*". Under the new standard, lessees will need to recognize a right-of-use asset and a lease liability for virtually all their leases (other than leases that meet the definition of a short-term lease). The liability will be equal to the present value of lease payments. For income statement purposes, the FASB continued the dual model, requiring leases to be classified as either operating or finance. Operating leases will result in straight-line expense (similar to current operating leases) while finance leases will result in a front-loaded expense pattern (similar to current capital leases). Classification will be based on criteria that are largely similar to those applied to current lease accounting. Extensive quantitative and qualitative disclosures will be required to provide greater insight into the extent of revenue and expense recognized and expected to be recognized from existing contracts. The new standard will be effective January 1, 2020 for the Company, and the Company is currently evaluating the effect this ASU may have on its financial statements.

Contributions

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958); Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* ASU 2018-08 clarifies existing guidance in order to address diversity in practice in classifying grants (including governmental grants) and contracts received by not-for-profit entities. This guidance will likely result in more grants and contracts being accounted for as contributions rather than exchange transactions. The standard clarified the guidance on how entities determine when a contribution is conditional. The clarified guidance applies to all entities (including business entities) that make or receive contributions, except for certain transactions such as transfers of assets business entities receive from government entities (e.g., a government grant to a for-profit biotechnology company). The provisions of ASU 2018-08 are effective for annual periods beginning after December 15, 2018 and interim periods thereafter. Early adoption is permitted. Amendments should be applied on a modified prospective basis to agreements that are not completed as of the effective date and to agreements entered into after the effective date. Retrospective application is permitted. The Center is currently evaluating the potential impact of ASU 2018-08 on its consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the consolidated financial statement preparation to correspond to the current year's format. Total net assets and changes in net assets are unchanged due to these reclassifications.

Subsequent Events

The Organization evaluated the effect of subsequent events would have on the consolidated financial statements through June 27, 2019, which is the date the consolidated financial statements were available to be issued.

2. Investments

Investments at December 31 are summarized as follows:

	2018	2017
Coins	$ -	$ 22,508
Marketable equity securities	350,991	297,218
Total investments	$ 350,991	$ 319,726

Investment income at December 31 are summarized as follows:

	2018	2017
Interest and dividends	$ 1,162	$ 1,067
Realized gains (losses)	(10,205)	8,242
Unrealized gains (losses)	(4,921)	27,187
	$ (13,964)	$ 36,496

3. Fair Values of Assets and Liabilities

Fair value as defined under U.S. GAAP is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. Accounting principles generally accepted in the United States of America establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1: Observable inputs such as quoted prices in active markets.
- Level 2: Inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: Unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization’s assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value of assets and liabilities and their placement within the fair value hierarchy levels.

Assets and Liabilities at Fair Value on a Recurring Basis

When quoted prices are available in active markets for identical instruments, investment securities are classified within Level 1 of the fair value hierarchy. Level 1 investments include common stocks, mutual funds, and exchange-traded funds which are valued based on prices readily available in the active markets in which those securities are traded. Level 2 investments include coins which are valued on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets.

The Organization does not have any financial assets or liabilities measured at fair value on a recurring basis categorized as Level 3, and there were no transfers in or out of Level 3 during 2018. There were no changes during 2018 to the Organization's valuation techniques used to measure asset and liability fair values on a recurring basis.

The table below presents the balances of assets measured at fair value on a recurring basis.

	December 31, 2018			
	Total	**Level 1**	**Level 2**	**Level 3**
Common stocks	**$ 197,458**	**$ 197,458**	**$ -**	**$ -**
Mutual funds	**66,375**	**66,375**	**-**	**-**
Exchange-traded funds	**16,667**	**16,667**	**-**	**-**
Total investments	**$ 280,500**	**$ 280,500**	**$ -**	**$ -**

The Organization had $70,491 of cash included within investments which are not included in the fair value hierarchy.

	December 31, 2017			
	Total	**Level 1**	**Level 2**	**Level 3**
Common stocks	$ 183,884	$ 183,884	$ -	$ -
Coins	22,508	-	22,508	-
Mutual funds	60,158	60,158	-	-
Exchange-traded funds	18,868	18,868	-	-
Total investments	$ 285,418	$ 262,910	$ 22,508	$ -

The Organization had $34,308 of cash included within investments which are not included in the fair value hierarchy.

4. Property and Equipment

Property and equipment include the following at December 31:

	2018	**2017**
Furniture and equipment	**$ 753,070**	$ 536,548
Vehicles	**1,668,143**	1,606,955
Land	**2,293,171**	2,293,171
Land improvements	**401,065**	380,877
Buildings	**5,947,150**	5,959,972
Building improvements	**1,203,454**	1,203,454
Construction in progress	**418,645**	-
	12,284,698	11,980,977
Less accumulated depreciation	**(7,424,196)**	(6,883,204)
Property and equipment, net	**$ 5,260,502**	$ 5,097,773

5. Note Payable

In May 2011, the Organization purchased an office building in Fort Myers, Florida in part using the proceeds of a $1,704,250 note payable. Monthly payments of principal and interest at 3.95% will be made over a 60 month amortization period with a balloon payment of all principal and interest due in June 2021. The note payable is secured by the assignment of rents as well as essentially all property located in the United States of the Organization. The note payable is subject to certain debt covenants including a requirement to maintain a debt service coverage ratio of 1.3 to 1 at fiscal year end. The Organization was in compliance with this covenant for the year ended December 31, 2018.

Maturities of the note payable as of December 31 are as follows:

2019	$ 67,104
2020	69,697
2021	926,814
Total	$ 1,063,615

6. Operating Leases

The Organization is obligated under non-cancelable operating leases for certain administrative facilities and equipment. Most of the leases include options for renewal at the end of the current lease term. Total lease and rent expense for 2018 and 2017 was approximately $62,000 and $46,000, respectively. The following is a schedule by year of future minimum lease payments as of December 31, 2018:

2019	$ 8,520
2020	6,080
2021	932
	$ 15,532

7. Concentrations

Financial instruments that potentially expose the Organization to concentrations of credit risk, as defined by U.S. GAAP, consist primarily of bank accounts with balances in excess of amounts insured by the Federal Deposit Insurance Corporation.

The Organization receives in-kind contributions from various organizations which consist primarily of food, seeds, vitamins, medicines, and labor related to the enhancement of the Organization's mission. The Organization received its in-kind contributions from the following organizations:

	2018	2017
MAP International	**$ 40,342,722**	$ 44,184,721
Children's Care Outreach	**83,228**	162,118
Feed My Starving Children	**5,805,043**	5,514,221
World Vision	**1,121,857**	772,757
International Aid	**99,847**	154,559
Hope Seed	**25,630**	60,165
Other	**159,255**	175,385
Total	**$ 47,637,582**	$ 51,023,926

8. Foreign Operations

The Organization conducts humanitarian and other program operations in Haiti and has property and equipment, with a net book value of approximately $2,814,000 and $2,637,000 located in Haiti at December 31, 2018 and 2017, respectively. The Organization's revenues are from sources within the United States and it maintains its bank accounts in the United States. Account balances relating to foreign operations are reflected in the consolidated financial statements in United States dollars.

9. Donated Materials and Services

The Organization receives donated materials from a variety of sources as disclosed in Note 7. The Organization also receives donated services from a variety of unpaid volunteers. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services and materials for the years ended December 31 are summarized as follows:

	2018	2017
Clothes, food and medicine	**$ 47,549,204**	$ 50,995,708
Equipment	**40,000**	11,635
Investments	**48,378**	16,583
Total	**$ 47,637,582**	$ 51,023,926

10. Join Activities Disclosures

During the years ended December 31, 2018 and 2017, the Organization incurred $2,032,754 and $2,073,962, respectively, of costs related to production of television programming. The joint costs related to this activity that have been allocated among functional expenses are as follows:

	2018	2017
Program services	**$ 609,826**	$ 622,189
Fundraising	**1,422,928**	1,451,773
	$ 2,032,754	$ 2,073,962

11. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31:

	2018	2017
Birthing Center	**$ 492,960**	$ -
University Road	**267,937**	-
Gas Station	**50,523**	-
Other	**24,311**	-
	$ 835,731	$ -

12. 401(k) Plan

The Organization maintains a 401(k) plan for all eligible employees. An eligible employee is one that is a U.S. Citizen, has attained the age of twenty-one and has completed six months of service. The Organization makes matching contributions on the first 3% of compensation. The Organization contributed approximately $50,000 and $44,000 to the plan for the years ended December 31, 2018 and 2017.

13. Liquidity and Availability

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenses, liabilities, and other obligations come due. In addition, the Company invests cash in excess of daily operating funds in short-term investments such as stocks, mutual funds, and exchange-traded funds.

The following schedule reflects the Organization's financial assets to meet cash needs for general expenses within one year. The financial assets were derived from the total assets on the balance sheets by excluding the assets that are unavailable for general expenses in the next 12 months.

The Organization seeks to maintain sufficient liquid assets to cover three months' operating and capital expenses.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

	2018	2017
Cash and cash equivalents	**$ 8,245,557**	$ 5,058,660
Investments	**350,991**	319,729
Less: Restricted by donors	**(835,731)**	-
	$ 7,760,817	$ 5,378,389