




Love A Child, Inc.

Independent Auditor's Report and Consolidated Financial Statements

December 31, 2024 and 2023



Love A Child, Inc.
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December 31, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Love A Child, Inc.
Fort Myers, Florida

Opinion

We have audited the consolidated financial statements of Love A Child, Inc. (the "Organization") which comprise the consolidated statements of financial position as of December 31, 2024 and 2023, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Love A Child, Inc. as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Consolidated Financial Statements section of our report. We are required to be independent of Love A Child, Inc. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Love A Child, Inc.'s ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Love A Child, Inc.'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Love A Child, Inc.'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.

Forvis Mazars, LLP

Norfolk, Virginia
June 20, 2025

Love A Child, Inc.
Consolidated Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12,334,695	\$ 29,015,406
Investments	21,608,669	732,131
Prepaid expenses and other assets	182,021	92,430
Cash restricted for project	19,235	225,589
Total Current Assets	34,144,620	30,065,556
Property and Equipment, Net	8,446,408	8,857,670
Right of Use Asset on Operating Lease	13,941	21,958
Total Assets	<u>\$ 42,604,969</u>	<u>\$ 38,945,184</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 374,590	\$ 231,363
Operating lease liability, current	4,213	8,402
Total Current Liabilities	378,803	239,765
Long-Term Operating Lease Liability	9,319	13,532
Total Liabilities	<u>388,122</u>	<u>253,297</u>
Net Assets		
Without donor restrictions	42,197,612	38,466,298
With donor restrictions	19,235	225,589
Total Net Assets	<u>42,216,847</u>	<u>38,691,887</u>
Total Liabilities and Net Assets	<u>\$ 42,604,969</u>	<u>\$ 38,945,184</u>

Love A Child, Inc.
Consolidated Statements of Activities
Years Ended December 31, 2024 and 2023

	2024	2023
Net Assets without Donor Restrictions		
Revenue and Gains and other Support without Donor Restrictions		
Contributions	\$ 15,220,654	\$ 18,066,430
Contributed nonfinancial assets and services	28,109,237	22,406,455
Other revenue	23,779	54,885
Investment income, net	1,058,794	543,926
Realized and unrealized gain on investments	453,212	188,854
Foreign exchange gain	7,633	16,695
Net assets released from restriction	225,589	384,400
Total Revenues, Gains and other Support without Donor Restrictions	45,098,898	41,661,645
Expenses		
Program Services		
Humanitarian	37,269,454	30,752,074
Supporting Services		
Management and general	1,620,111	1,768,928
Fundraising	2,478,019	2,443,144
Total Supporting Services	4,098,130	4,212,072
Total Expenses	41,367,584	34,964,146
Net Increase in Net Assets without Donor Restrictions	3,731,314	6,697,499
Net Assets with Donor Restrictions		
Contributions	19,235	225,589
Net assets released from restriction	(225,589)	(384,400)
Net Decrease in Net assets with Donor Restrictions	(206,354)	(158,811)
Increase in Net Assets	3,524,960	6,538,688
Net Assets, Beginning of Year	38,691,887	32,153,199
Net Assets, End of Year	\$ 42,216,847	\$ 38,691,887

Love A Child, Inc.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services	Supporting Services			Total Expenses
	Humanitarian	Management & General	Fundraising	Total	
Goods distributed	\$ 28,007,342	\$ -	\$ -	\$ -	\$ 28,007,342
Disaster, hunger/medical relief and community development	2,763,347	-	-	-	2,763,347
Salaries, benefits, taxes - U.S.	1,600,231	919,436	198,861	1,118,297	2,718,528
Salaries and taxes - Haiti	1,909,662	-	-	-	1,909,662
Airtime	-	-	1,756,671	1,756,671	1,756,671
Shipping	859,448	3,286	235	3,521	862,969
Depreciation	842,207	16,668	1,191	17,859	860,066
Print and supplies	39,782	127,733	462,523	590,256	630,038
Office	190,685	273,198	3,589	276,787	467,472
Maintenance and repairs	339,475	50,158	3,328	53,486	392,961
Occupancy	278,535	40,166	45,275	85,441	363,976
Professional services	224,137	124,456	-	124,456	348,593
Travel and lodging	118,944	24,007	1,839	25,846	144,790
Other	95,659	41,003	4,507	45,510	141,169
Total Expenses	\$ 37,269,454	\$ 1,620,111	\$ 2,478,019	\$ 4,098,130	\$ 41,367,584

Love A Child, Inc.
Consolidated Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services	Supporting Services			Total Expenses
	Humanitarian	Management & General	Fundraising	Total	
Goods distributed	\$ 22,375,008	\$ -	\$ -	\$ -	\$ 22,375,008
Salaries, benefits, taxes - U.S.	1,691,632	1,136,634	176,370	1,313,004	3,004,636
Disaster, hunger/medical relief and community development	2,212,714	-	-	-	2,212,714
Salaries and taxes - Haiti	1,799,872	-	-	-	1,799,872
Airtime	-	-	1,678,402	1,678,402	1,678,402
Occupancy	610,660	46,278	58,086	104,364	715,024
Depreciation	667,858	17,147	1,270	18,417	686,275
Print and supplies	78,171	90,716	510,318	601,034	679,205
Shipping	531,989	2,958	219	3,177	535,166
Office	178,860	234,668	3,253	237,921	416,781
Maintenance and repairs	354,037	49,308	3,398	52,706	406,743
Professional services	29,335	131,925	-	131,925	161,260
Travel and lodging	127,230	20,636	6,867	27,503	154,733
Other	94,708	38,658	4,961	43,619	138,327
Total Expenses	\$ 30,752,074	\$ 1,768,928	\$ 2,443,144	\$ 4,212,072	\$ 34,964,146

Love A Child, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Operating Activities		
Increase in net assets	\$ 3,524,960	\$ 6,538,688
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	860,066	686,275
Non-operating contributed nonfinancial assets	(101,893)	(27,435)
Contributions restricted	(19,235)	(225,589)
Realized and unrealized gain on investments	(453,212)	(187,418)
Gain on disposal of property and equipment	(600)	-
Noncash operating lease expense	8,017	10,354
Net change in		
Prepaid expenses and other assets	(89,591)	(11,940)
Accounts payable and accrued expenses	143,227	(1,198)
Operating lease liabilities	(8,402)	(10,474)
Net Cash Provided by Operating Activities	3,863,337	6,771,263
Investing Activities		
Proceeds from sale of investments	14,893,404	13,883
Purchase of investments	(35,214,837)	-
Proceeds from sale of property and equipment	600	-
Purchase of property and equipment	(448,804)	(3,105,222)
Net Cash Used in Investing Activities	(20,769,637)	(3,091,339)
Financing Activities		
Restricted contributions received	19,235	225,589
Net Change in Cash and Cash Equivalents	(16,887,065)	3,905,513
Cash and Cash Equivalents		
Beginning of Year	29,240,995	25,335,482
End of Year	\$ 12,353,930	\$ 29,240,995
Cash Reported in the Consolidated Statements of Financial Position as Follows		
Cash and cash equivalents	\$ 12,334,695	\$ 29,015,406
Cash restricted for project	19,235	225,589
Total Cash, Cash Equivalents, and Restricted Cash	\$ 12,353,930	\$ 29,240,995
Noncash Investing and Financing Activities		
Contributed investments	\$ 101,893	\$ 27,435
Right-of-use assets obtained in exchange for new and existing operating lease liabilities	\$ -	\$ 15,183

Note 1. Nature of Activities and Basis of Consolidation

Love A Child, Inc. (the “Organization”) was established in 1985 as a Florida not-for-profit corporation. The Organization’s purpose is to support children and needy individuals in Haiti through humanitarian care. The Organization is supported by contributions from the general public.

The Organization’s programs include:

Food Distributions – Reaching the poor, homeless, and hungry children and families in Haiti through the distribution of nutritious meals.

Medical Outreach – Providing quality health care for the most vulnerable populations in Haiti, including children, the elderly, pregnant women, and those that are chronically ill. This is accomplished through a regional medical center, remote medical clinics, a malnutrition center, a birthing center, and dental and eye care clinics.

Education – Providing education, nutrition, and healthcare to children attending schools operated by the Organization throughout Haiti.

Orphanage Care – Operation of a full care orphanage for children in Fond Parisien, Haiti.

Sustainability – Helping Haitians be empowered to help themselves through “Development for Sustainability” programs such as sustainable agriculture training and supporting a local marketplace, Farmer John’s butcher shop, chicken farm and Tilapia fish farm.

Building Programs – Construction of new buildings and land improvements to support the Haitian community at large.

Disaster Relief – Providing shelter, water, and food during times of natural disasters for vulnerable communities throughout Haiti.

In conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), the consolidated financial statements of the Organization include the accounts of Love A Child Holdings, LLC (the “LLC”). The LLC is a Florida limited liability company formed for the purpose of holding certain property. The Organization is the sole member of the LLC. All significant interorganization transactions and balances have been eliminated in consolidation. References to the Organization in these notes refer to the consolidated entity unless otherwise stated.

The Organization conducts humanitarian and other program operations in Haiti. The Organization’s revenues are from sources primarily within the United States, although revenues are received from other countries. The Organization maintains bank accounts in the United States, Haiti, and the Dominican Republic. Account balances relating to foreign operations are reflected in the consolidated financial statements in United States dollars.

Note 2. Summary of Significant Accounting Policies

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, this includes net assets subject to donor-imposed stipulations that are required to 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 \$19,235 and \$225,589 as of December 31, 2024 and 2023, respectively.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents.

Cash Restricted for Project

Cash restricted for project consist of amounts restricted for capital projects or asset purchases.

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. All investments are trading securities. 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 using the following lives:

Buildings and building improvements	10 to 40 years
Furniture and fixtures	3 to 10 years
Vehicles	3 to 10 years

Donations of property and equipment are recorded as contributed nonfinancial assets at their estimated fair value. Such donations are reported as contributions 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.

Leases

The Organization determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of right-of-use ("ROU") assets and lease liabilities on the consolidated statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk free rate is determined using a period comparable with the lease term or the remaining term for existing leases at date of adoption in 2022. In addition, when the rate implicit in the lease is readily determinable for an individual lease, the Organization uses that rate, rather than the risk-free rate.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Organization has elected not to record leases with an initial term of 12 months or less on the consolidated statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Revenue Recognition

Contributed nonfinancial assets are recognized as revenue when the Organization receives these donations at the Organization's facilities in Haiti, due to the timing of shipments between the United States and the Dominican Republic and unpredictable border closures between the Dominican Republic and Haiti.

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor restricted contributions in which restriction is expired in the same period are recorded as net assets without donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Contributions considered to be nonexchange transactions that include donor-imposed conditions are recognized as revenue when the condition is met. Unconditional promises to give due in the next year are recorded at their net realizable value. Funds received by the Organization for conditional contributions are recorded as a liability until the conditions are met.

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 2024 and 2023, there were no conditional or unconditional promises to give.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and statutes of Florida, 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, 2024 and 2023.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis on the consolidated statements of activities and consolidated statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services. Expenses directly attributed to a specific functional category are reported as expenses of those functional categories. Indirect costs that benefit multiple functional categories are allocated among the various functional categories by use of methods such as floor space usage and employee time usage, as appropriate.

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.

Subsequent Events

The Organization evaluated the effect that subsequent events would have on the consolidated financial statements through June 20, 2025, which is the date the consolidated financial statements were available to be issued.

Note 3. 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 Organization invests in short-term investments such as stocks, mutual funds, exchange-traded funds, and bonds.

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 sheet by excluding the assets that are unavailable for general expenses in the next 12 months.

Financial assets available for general expenditure within one year of the consolidated statement of financial position consist of the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents (with and without restrictions)	\$ 12,353,930	\$ 29,240,995
Investments	21,608,669	732,131
Restricted by donors	<u>(19,235)</u>	<u>(225,589)</u>
	<u>\$ 33,943,364</u>	<u>\$ 29,747,537</u>

Note 4. Investments

At December 31, 2024, investments consisted of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain (Loss)</u>
Common stocks	\$ 10,031,157	\$ 10,528,869	\$ 497,712
Money market funds	2,363,560	2,363,560	-
Exchange traded funds	6,738,344	6,849,687	111,343
Bonds	<u>1,878,621</u>	<u>1,866,553</u>	<u>(12,068)</u>
	<u>\$ 21,011,682</u>	<u>\$ 21,608,669</u>	<u>\$ 596,987</u>

At December 31, 2023, investments consisted of the following:

	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain</u>
Common stocks	\$ 88,768	\$ 554,043	\$ 465,275
Mutual funds	41,711	151,214	109,503
Exchange traded funds	<u>1,504</u>	<u>26,874</u>	<u>25,370</u>
	<u>\$ 131,983</u>	<u>\$ 732,131</u>	<u>\$ 600,148</u>

Note 5. 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 bonds.

Love A Child, Inc.
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

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 2024 and 2023. There were no changes during 2024 and 2023 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, 2024			
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 10,528,869	\$ -	\$ -	\$ 10,528,869
Mutual funds	2,363,560	-	-	2,363,560
Exchange-traded funds	6,849,687	-	-	6,849,687
Bonds	-	1,866,553	-	1,866,553
Total investments	<u>\$ 19,742,116</u>	<u>\$ 1,866,553</u>	<u>\$ -</u>	<u>\$ 21,608,669</u>

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Common stocks	\$ 554,043	\$ -	\$ -	\$ 554,043
Mutual funds	151,214	-	-	151,214
Exchange-traded funds	26,874	-	-	26,874
Total investments	<u>\$ 732,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,131</u>

Note 6. Property and Equipment

Property and equipment include the following at December 31:

	2024	2023
Furniture and equipment	\$ 828,639	\$ 835,189
Vehicles	1,937,510	1,744,277
Land	2,293,171	2,293,171
Land improvements	1,188,633	1,188,633
Buildings	8,008,623	7,899,828
Building improvements	4,313,524	4,279,561
Construction in progress	<u>158,637</u>	<u>100,274</u>
	18,728,737	18,340,933
Accumulated depreciation	<u>(10,282,329)</u>	<u>(9,483,263)</u>
Property and equipment, net	<u>\$ 8,446,408</u>	<u>\$ 8,857,670</u>

Depreciation expense was \$860,066 and \$686,275 for 2024 and 2023, respectively.

Love A Child, Inc.
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

As of December 31, 2024 and 2023, the Organization held property and equipment in Haiti with carrying values (net of accumulated depreciation) of approximately \$5,900,000 and \$6,400,000, respectively. Note 7 describes the risks associated with operations in Haiti.

Note 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:

	<u>2024</u>	<u>2023</u>
MAP International	\$ 25,920,696	\$ 20,127,466
Feed My Starving Children	1,928,352	1,693,077
Other	138,281	167,760
Hope Seeds	109,305	-
World Vision	<u>12,603</u>	<u>418,152</u>
Total	<u>\$ 28,109,237</u>	<u>\$ 22,406,455</u>

Love A Child continues to operate effectively in Haiti. However, due to the current political instability, gang civil wars and recent sanctions against Haiti, the organization is at risk for disruptions to operations. These potential disruptions may include humanitarian aid distribution, damage or loss of assets, and supply chain and travel disruptions. Informal economies dominate the country, creating potential risks to the country's banking systems which could affect internal controls and create cash restrictions. The organization has operated in Haiti without significant disruption since 1985 and expects to continue to aid Haiti in its recovery.

Note 8. Contributed Nonfinancial Assets

During 2024 and 2023, the Organization recognized the following contributed nonfinancial assets:

	<u>2024</u>	<u>2023</u>
Pharmaceuticals and medical supplies	\$ 25,940,541	\$ 20,457,148
Food	2,037,657	1,693,077
Investments	101,893	27,435
Clothes	17,100	17,156
Program Supplies	12,046	-
Equipment	<u>-</u>	<u>211,639</u>
	<u>\$ 28,109,237</u>	<u>\$ 22,406,455</u>

Love A Child, Inc.
Notes to Consolidated Financial Statements
December 31, 2024 and 2023

Contributed items were utilized in the following programs:

Contributed Items	Programs
Pharmaceuticals and Medical Supplies	Medical Outreach
Food	Food Distributions, Disaster Relief, Education, Medical Outreach, Sustainability
Clothes	Disaster Relief, Medical Outreach, Orphanage Care
Equipment	Sustainability
Investments	Where Most Needed

The following basis was used for valuing contributed items:

Contributed Items	Valuation Basis
Pharmaceuticals and Medical Supplies	For items sold in the United States ("U.S.") market, the Organization has determined that the U.S. is the principal or most advantageous market for purposes of estimating fair value. The Organization's management estimates the fair value of donated pharmaceuticals using "wholesale acquisition cost," listed in reference materials, including the IBM Micromedex RED BOOK, a widely-used drug and pricing reference guide for the pharmaceutical industry in the United States.
Food	Estimated costs to acquire products in the United States.
Clothes	Estimated costs to acquire products in the United States.
Equipment	Donor's purchase price (estimated cost to acquire product in the United States)
Investments	Fair value of security at date of donation

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. Contributions of services include services received from personnel of an affiliate.

Note 9. Net Assets with Donor Restrictions

Net assets consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Net assets without restrictions		
General purposes	\$ 20,588,943	\$ 38,466,298
Board designated		
Quasi Endowment	<u>21,608,669</u>	<u>-</u>
Total net assets without restrictions and board designated	<u>\$ 42,197,612</u>	<u>\$ 38,466,298</u>
Net assets with restrictions		
Trucks	\$ 19,235	\$ -
Construction Project	-	206,944
Sustainability & Job Creation	-	18,545
Other	<u>-</u>	<u>100</u>
Total net assets with restrictions	<u>\$ 19,235</u>	<u>\$ 225,589</u>

The board has designated that the Organization maintain a Quasi Endowment unrestricted fund consisting of investments to be managed in perpetuity to provide long-term funding for general operations, consistent with the vision and mission of the Organization.

Note 10. Operating Leases

The Organization is obligated under two non-cancelable operating leases for equipment with terms through 2029. The Organization also incurred lease cost on facilities for terms less than one year.

Lease cost is included in occupancy expense within the consolidated statements of activities and for the years ended December 31, 2024 and 2023 and consists of the following:

	<u>2024</u>	<u>2023</u>
Lease cost:		
Operating lease cost - equipment	\$ 8,700	\$ 9,028
Short-term lease cost - administrative facilities	<u>43,962</u>	<u>95,563</u>
Total lease cost included in occupancy expense	<u>\$ 52,662</u>	<u>\$ 104,591</u>
Other information		
Weighted-average remaining lease terms		
Operating leases	3.78 years	3.91 years
Weighted-average discount rate		
Operating leases	4.09%	3.39%

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	<u>2024</u>	<u>2023</u>
Total future undiscounted lease payments	\$ 14,653	\$ 23,687
Less, imputed interest	<u>(1,121)</u>	<u>(1,753)</u>
Lease liabilities	<u>\$ 13,532</u>	<u>\$ 21,934</u>

Lease liabilities are presented on the consolidated statements of financial position as follows:

Lease liability, current	\$ 4,213	\$ 8,402
Long-term lease liability	<u>9,319</u>	<u>13,532</u>
Lease liabilities	<u>\$ 13,532</u>	<u>\$ 21,934</u>

Future minimum lease payments at December 31, 2024 are as follows:

2025	\$ 4,684
2026	3,233
2027	3,233
2028	3,233
2029	270
2030 and thereafter	<u>-</u>
Total future undiscounted lease payments	<u>\$ 14,653</u>

Note 11. Airtime

The Organization promotes its programs through television broadcasting. Such costs are expensed as incurred. During 2024 and 2023, the Organization incurred airtime expense of \$1,756,671 and \$1,678,402, which is recognized as fundraising expense in the consolidated statements of activities.

Note 12. Retirement Plan

The Organization contributes to a 401(k) profit-sharing plan (the "Plan") for its employees. All employees who are at least twenty-one years of age and have completed six months of service are eligible to participate in the Plan. Participating employees may elect to make salary deferral contributions to the Plan. The Plan requires the Organization to make matching contributions of up to 3% of an employee's annual compensation. The Organization may also make an annual discretionary contribution to the Plan on behalf of its employees. Employees vest in employer contributions over a five-year period. The Organization's contributions to the Plan were approximately \$49,100 and \$48,500 for 2024 and 2023, respectively.