Outreach International

Financial Report
September 30, 2023

Contents

Independent Auditor's Report

Board of Directors
Outreach International

Opinion
We have audited the financial statements of Outreach International (the Organization), which comprise the statements of financial position as of September 30, 2023 and 2022, the related statements of activities and changes in net assets, 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 present fairly, in all material respects, the financial position of the Organization as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

RSM US LLP

Kansas City, Missouri
February 19, 2024

Outreach International

Statements of Financial Position
September 30, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	$ 195,077	$ 1,511,431
Prepaid expenses and other assets	27,419	49,722
Other receivables	-	52,095
Total current assets	222,496	1,613,248
Investments	2,783,277	862,104
Building and equipment:		
Land and building	770,379	770,379
Building improvements	1,382,067	1,382,067
Furniture and equipment	228,192	225,542
Accumulated depreciation	(719,204)	(581,585)
Total building and equipment, net	1,661,434	1,796,403
Mineral rights	38,483	38,483
Total assets	$ 4,705,690	$ 4,310,238

See notes to financial statements.

	2023	2022
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ 32,539**	$ 13,811
Accrued expenses and other liabilities	**25,067**	40,157
Current portion of finance lease obligation	**3,341**	3,341
Total current liabilities	**60,947**	57,309
Long-term liabilities:		
Deferred compensation	**98,299**	81,252
Finance lease obligation, less current portion	**5,805**	8,849
Total long-term liabilities	**104,104**	90,101
Total liabilities	**165,051**	147,410
Net assets:		
Without donor restrictions:		
General operating	**2,439,299**	3,028,620
Board-designated	**1,752,503**	609,958
Total net assets without donor restrictions	**4,191,802**	3,638,578
With donor restrictions	**348,837**	524,250
Total net assets	**4,540,639**	4,162,828
Total liabilities and net assets	**$ 4,705,690**	$ 4,310,238

Outreach International

Statements of Activities
Years Ended September 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, losses and other support:						
Contributions	**$ 3,810,616**	**$ 175,401**	**$ 3,986,017**	$ 3,273,381	$ 348,382	$ 3,621,763
Gifts-in-kind	**-**	**124,776**	**124,776**	-	118,327	118,327
Other revenue:						
Investment income (loss)	**118,742**	**-**	**118,742**	(161,284)	-	(161,284)
Other income	**8,933**	**8**	**8,941**	116,856	-	116,856
Rental income	**55,444**	**-**	**55,444**	23,923	-	23,923
Net assets released from restrictions:						
Program use restrictions satisfied	**447,384**	**(447,384)**	**-**	334,289	(334,289)	-
Total revenues, gains, losses and other support	**4,441,119**	**(147,199)**	**4,293,920**	3,587,165	132,420	3,719,585
Expenses:						
Program services:						
Community development initiatives	**2,556,297**	**-**	**2,556,297**	2,398,097	-	2,398,097
Advocacy and development education	**656,819**	**-**	**656,819**	616,539	-	616,539
Total program services	**3,213,116**	**-**	**3,213,116**	3,014,636	-	3,014,636
Supporting services:						
Fundraising	**349,958**	**28,214**	**378,172**	319,153	43,391	362,544
Administration	**268,716**	**-**	**268,716**	246,096	-	246,096
Rental expense	**56,105**	**-**	**56,105**	41,155	-	41,155
Total supporting services	**674,779**	**28,214**	**702,993**	606,404	43,391	649,795
Total expenses	**3,887,895**	**28,214**	**3,916,109**	3,621,040	43,391	3,664,431
Changes in net assets	**553,224**	**(175,413)**	**377,811**	(33,875)	89,029	55,154
Net assets, beginning of year	**3,638,578**	**524,250**	**4,162,828**	3,672,453	435,221	4,107,674
Net assets, end of year	**$ 4,191,802**	**$ 348,837**	**$ 4,540,639**	$ 3,638,578	$ 524,250	$ 4,162,828

See notes to financial statements.

Outreach International

Statement of Functional Expenses
Year Ended September 30, 2023

	Program Services			Supporting Services				
	Community Development Initiatives	Advocacy and Development Education	Total Program Services	Fundraising	Administration	Rental	Total Supporting Services	Total Expenses
Salaries and wages	$ 70,470	$ 245,934	$ 316,404	$ 161,803	$ 152,073	$ 4,549	$ 318,425	$ 634,829
Payroll taxes and fees	8,021	17,759	25,780	10,963	10,926	347	22,236	48,016
Benefits	14,460	59,359	73,819	35,748	25,959	1,168	62,875	136,694
Other personnel	3,054	2,445	5,499	1,270	1,853	74	3,197	8,696
Professional fees	22,794	18,586	41,380	10,121	14,173	614	24,908	66,288
Advertising and promotion	613	4,348	4,961	201	184	12	397	5,358
Office supplies and printing	1,246	1,630	2,876	601	531	101	1,233	4,109
Information technology	36,385	30,923	67,308	20,819	18,524	2,020	41,363	108,671
Interest	-	-	-	-	297	-	297	297
Depreciation and amortization	50,251	42,154	92,405	21,910	20,560	2,742	45,212	137,617
Insurance	6,978	6,151	13,129	2,111	1,967	4,311	8,389	21,518
Resource development	11,082	168,485	179,567	94,601	12,262	6,345	113,208	292,775
Equipment and maintenance	8,116	6,532	14,648	3,507	3,289	423	7,219	21,867
Field support	577,977	-	577,977	-	-	-	-	577,977
Field operations	1,329,543	-	1,329,543	-	-	-	-	1,329,543
Community development projects	405,281	-	405,281	-	-	-	-	405,281
Site visits and mission trips	-	39,320	39,320	-	-	-	-	39,320
Miscellaneous	10,026	13,193	23,219	14,517	6,118	33,399	54,034	77,253
Total	$ 2,556,297	$ 656,819	$ 3,213,116	$ 378,172	$ 268,716	$ 56,105	$ 702,993	$ 3,916,109

See notes to financial statements.

Outreach International

Statement of Functional Expenses
Year Ended September 30, 2022

	Program Services			Supporting Services				
	Community Development Initiatives	Advocacy and Development Education	Total Program Services	Fundraising	Administration	Rental	Total Supporting Services	Total Expenses
Salaries and wages	$ 76,696	$ 231,800	$ 308,496	$ 144,959	$ 136,873	$ 4,631	$ 286,463	$ 594,959
Payroll taxes and fees	8,315	14,339	22,654	9,303	10,633	357	20,293	42,947
Benefits	14,739	44,806	59,545	29,095	24,082	1,383	54,560	114,105
Other personnel	1,858	2,620	4,478	993	978	103	2,074	6,552
Professional fees	17,680	14,794	32,474	7,643	14,409	978	23,030	55,504
Advertising and promotion	760	5,563	6,323	4,475	308	20	4,803	11,126
Office supplies and printing	1,870	1,859	3,729	841	786	51	1,678	5,407
Information technology	34,036	32,120	66,156	21,625	17,268	2,269	41,162	107,318
Interest	-	-	-	-	379	-	379	379
Depreciation and amortization	50,964	42,752	93,716	22,222	20,853	2,776	45,851	139,567
Insurance	13,435	11,479	24,914	4,910	4,681	6,170	15,761	40,675
Resource development	13,841	145,273	159,114	106,946	9,495	10,089	126,530	285,644
Equipment and maintenance	6,610	5,528	12,138	2,859	2,685	790	6,334	18,472
Field support	507,512	-	507,512	-	-	-	-	507,512
Field operations	1,264,169	-	1,264,169	-	-	-	-	1,264,169
Community development projects	378,987	-	378,987	-	-	-	-	378,987
Site visits and mission trips	-	57,295	57,295	-	-	-	-	57,295
Miscellaneous	6,625	6,311	12,936	6,673	2,666	11,538	20,877	33,813
Total	$ 2,398,097	$ 616,539	$ 3,014,636	$ 362,544	$ 246,096	$ 41,155	$ 649,795	$ 3,664,431

See notes to financial statements.

Outreach International

Statements of Cash Flows
Years Ended September 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Changes in net assets	**$ 377,811**	$ 55,154
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	**137,617**	139,567
Realized and unrealized (gain) loss on investments	**(117,524)**	181,602
Effects of changes in operating assets and liabilities:		
Other receivables	**52,095**	(52,095)
Prepaid expenses and other assets	**22,303**	(14,133)
Accounts payable	**18,728**	2,588
Accrued expenses, deferred compensation and other liabilities	**1,957**	(32,572)
Net cash provided by operating activities	**492,987**	280,111
Cash flows from investing activities:		
Purchase of investments	**(2,700,000)**	(8,150)
Proceeds from sale of investments	**896,351**	47,185
Purchase of building, equipment and building improvements	**(2,648)**	(14,196)
Net cash (used in) provided by investing activities	**(1,806,297)**	24,839
Cash flows from financing activities:		
Principal payments on finance lease obligation	**(3,044)**	(2,962)
Net cash used in financing activities	**(3,044)**	(2,962)
Net (decrease) increase in cash and cash equivalents	**(1,316,354)**	301,988
Cash and cash equivalents, beginning of year	**1,511,431**	1,209,443
Cash and cash equivalents, end of year	**$ 195,077**	$ 1,511,431
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	**$ 276**	$ 380

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Outreach International (the Organization) is a nonprofit organization incorporated in the state of Missouri in 1979. Outreach International operates out of an office in Missouri and has a presence in many countries in the following areas of the world: Asia, Africa, the Caribbean, Haiti, and Central and South America. Outreach International empowers community-led development to create lasting solutions to chronic poverty.

The primary programs and activities of the Organization include the following:

Programs: The Organization operates the following programs:

Community development initiatives: Outreach International impacts thousands of people living in extreme poverty annually. It accomplishes this through a community-led approach to development it originated and has fine-tuned over the past four decades. This process now leads to a five-year village transformation – and leaders within those villages are positioned to assist surrounding communities. Initiatives led by village leaders using the Outreach community development process include a broad range of topics, including health and sanitation, economic and social services, nutrition and food security, water access and quality, education, among others. Outreach International believes significant progress in eliminating poverty can only be achieved when those who face the problems are the primary actors in resolving those challenges.

Advocacy and development education: As a long-term implementer and advocate for community-led development, Outreach International is well positioned to assist individuals, governments, foundations, and charities with evidence-based best practices by conducting rigorous evaluation and research activities. The outcomes from such activities provide insights on how to strengthen interventions, and also contribute to global scholarship that advocates for the often undervalued, yet highly effective potential of community-led development. Research output includes numerous publications (peer-reviewed and international blogs), large scale research projects, and international conference presentations. The organization also sustained relationships in ongoing INGO research consortia and established new partnerships with researchers at higher education institutions.

Use of estimates: The preparation of 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

Financial statement presentation: Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Presentation of Financial Statements of Not-for-Profit Entities. Under this topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions: Net assets are not subject to donor-imposed restrictions but may be subject to designation by the Board for the Organization's mission in specific countries.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets are subject to donor-imposed restrictions that may or will be met either by the passage of time or by actions of the Organization. Some net assets are purpose-restricted by donors to a particular geographic region for direct program or mission expenses. Other net assets include contributed net assets that require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. As of September 30, 2023 and 2022 net assets with donor restrictions are purpose restricted for allocated support or program.

Contributions receivable: Contributions, which include unconditional promises to give, are recognized as revenues in the period received or promised. Conditional contributions are recorded when the donor's conditions are met. There were no contribution receivables at September 30, 2023 and 2022.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor or by law. Amounts received that are designated for future periods or restricted by the donor for specific purposes, are reported as donor restricted support and increase that net asset class. 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 statements of activities and changes in net assets as net assets released from restrictions.

Unconditional gifts are expected to be collected within one year and are reported at their net realizable value and are recognized as revenue in the period when the promise is received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized when the barriers on which they depend are substantially overcome and the gift becomes unconditional.

All receivables recorded are expected to be collected.

Cash and cash equivalents: Cash and cash equivalents consist of readily liquid accounts that are available for current operations with initial maturities of three months or less.

Concentration of credit risk: The Organization at times maintains deposits with banks in excess of the insured limits. The Organization has not experienced any losses in such accounts.

Investments: Investments are recorded at fair value. Fair value of mutual funds is determined by quoted market prices or the value of the underlying assets within the fund. See Note 3 for a discussion of fair value measurements.

Income tax status: The Organization is tax-exempt under section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation.

Uncertain tax provisions, if any, are recorded in accordance with ASC 740, Income Taxes, which requires the recognition of a liability for tax positions taken that do not meet the more likely than not standard that the position will be sustained upon examination by taxing authorities. There is no liability for uncertain tax positions recorded at September 30, 2023 and 2022.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Building and equipment: The purchased building and equipment are valued at historical cost less accumulated depreciation. The Organization follows a policy that only items costing greater than $1,000 are capitalized. Contributed items are valued at their estimated fair market value at the date of gift. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building	40 years
Building improvements	15 years
Furniture and equipment	3-5 years

Impairment of long-lived assets: The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. There were no impairments of long-lived assets at September 30, 2023 and 2022.

Bequests: The Organization records all bequests when the bequest is deemed unconditional. The Organization has been notified that it is the designated beneficiary of a number of wills and trusts. In most cases, the beneficiary designation is revocable by the donor; accordingly, the gifts are not recognized within the Organization's financial statements due to their conditional nature. The gifts are recognized, and an asset is recorded, when they become irrevocable. For the years ended September 30, 2023 and 2022, there were no revocable bequests carried by the Organization.

Gifts-in-kind: The Organization records in-kind support for contributed services if these services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by an individual possessing those skills and would typically need to be purchased if not provided by donation. Such support could be used in the program activities of the Organization as well as in fundraising and administrative activities. The value of services meeting these requirements, to the extent measurable, is reflected in the accompanying financial statements.

The Organization receives a substantial amount of support from nonprofessional volunteers that do not meet the criteria listed above. Nonprofessional volunteers donate services for fundraising, education and administration that are not valued or recorded in the financial statements.

Functional allocation of expenses: The costs of providing the Organization's various programs and activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited according to formulas developed by management to appropriately reflect actual costs and efforts expended on each program or supporting service.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Fundraising costs: The Organization expenses fundraising costs as incurred.

Leases: In February 2016, the FASB issued ASC 842, Leases, to increase transparency and comparability among organizations related to their leasing arrangements. The update requires lessees to recognize most leases on their statements of financial position 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. ASC 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 ASC 840, Leases) and operating leases, with classification affecting the pattern of expense recognition in the statements of activities. The Organization adopted ASC 842 on October 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 ASC 842 to reporting periods beginning on October 1, 2022, while prior periods continue to be reported and disclosed in accordance with the Organization's historical accounting treatment under ASC 840, Leases.

The Organization elected the package of practical expedients under the transition guidance within ASC 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 October 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 ASC 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 October 1, 2022, for existing leases upon the adoption of ASC 842). 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 nonpublic 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 ASC 842). As the implicit interest rate is not readily identifiable in the leases, the Organization estimates its collateralized borrowing rate to calculate the present value of lease payments.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

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 in variable 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.

Adoption of ASC 842 resulted in the recording of additional ROU assets and lease liabilities related to the Organization's finance leases of $11,816 and $12,190, respectively, at October 1, 2022. The adoption of the new lease standard did not materially impact net earnings or cash flows and did not result in a cumulative-effect adjustment to the opening balance of unrestricted net assets.

Recent accounting pronouncements: In June 2016, the FASB issued Accounting Standards Update (ASU) 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The ASU requires that credit losses on available-for-sale debt securities be presented as an allowance rather than as a direct write-down. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statements of activities as the amounts expected to be collected change. The ASU is effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Organization is currently evaluating the impact of adopting this new guidance on its financial statements.

Note 2. Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of September 30, the following financial assets are available to meet annual operating needs for the following fiscal year:

	2023	2022
Cash and cash equivalents	$ 195,077	$ 1,511,431
Other receivables	-	52,095
Investments	2,783,277	862,104
	2,978,354	2,425,630
Less donor-restricted funds	(348,837)	(524,250)
Less restricted investments	(98,299)	(81,252)
Less board-designated endowments	(1,752,503)	(609,958)
Financial assets available to meet cash needs	$ 778,715	$ 1,210,170

Note 3. Investments and Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures topic of the ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the topic establishes a fair value hierarchy for valuation inputs that gives the highest priority to 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 topic are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation of other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's 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.

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The Organization evaluates its hierarchy disclosures based on various factors. It is possible that an asset or liability may be classified differently from year to year. However, the Organization expects that changes between the different levels will be rare.

Note 3. Investments and Fair Value of Financial Instruments (Continued)

Assets recorded at fair value on a recurring basis: A description of the valuation methodologies used for assets recorded on a recurring basis is set forth below:

Investments: Securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Levels 1, 2 and 3 of the valuation hierarchy, as appropriate. Investments are carried at fair value and consist of mutual funds and money market funds. Fair value of the mutual funds are based on quoted market prices. The fair value of money market funds approximate cost.

Mineral rights: The fair value measurements for mineral rights are calculated using an industry standard formula based upon the average of the past three years' royalty income times a factor of 10. The factor was obtained from an applicable regional oil and mineral association. The fair value of the mineral rights is classified as Level 3 within the valuation hierarchy.

The following tables summarize assets and liabilities measured on a recurring basis as of September 30 segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Flexible premium variable annuity	$ 98,299	$ -	$ -	$ 98,299
Foreign large growth	22,401	-	-	22,401
Foreign large blend	148,838	-	-	148,838
Foreign small blend	39,433	-	-	39,433
Domestic small growth	33,705	-	-	33,705
Domestic small value	42,770	-	-	42,770
Domestic mid-cap growth	77,763	-	-	77,763
Domestic mid-cap value	163,197	-	-	163,197
Domestic large growth	241,922	-	-	241,922
Domestic large value	253,336	-	-	253,336
Bond funds	1,348,640	-	-	1,348,640
Money market	312,973	-	-	312,973
Other:				
Mineral rights	-	-	38,483	38,483
Total investments	$ 2,783,277	$ -	$ 38,483	$ 2,821,760

Note 3. Investments and Fair Value of Financial Instruments (Continued)

	September 30, 2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Mutual funds:				
Flexible premium variable annuity	$ 81,252	$ -	$ -	$ 81,252
Foreign large growth	-	-	-	-
Foreign large blend	44,961	-	-	44,961
Foreign small blend	5,939	-	-	5,939
Domestic small growth	13,680	-	-	13,680
Domestic small value	17,738	-	-	17,738
Domestic mid-cap growth	30,387	-	-	30,387
Domestic mid-cap value	68,240	-	-	68,240
Domestic large growth	105,158	-	-	105,158
Domestic large value	128,639	-	-	128,639
Diversified emerging markets	22,579	-	-	22,579
Bond funds	342,366	-	-	342,366
Money market	1,165	-	-	1,165
Other:				
Mineral rights	-	-	38,483	38,483
Total investments	$ 862,104	$ -	$ 38,483	$ 900,587

The following is a reconciliation of the beginning and ending balances of assets and liabilities, measured at fair value on a recurring basis using significant unobservable (Level 3) inputs during the years ended September 30:

	Mineral Rights
Balance, September 30, 2021	$ 38,483
Contributions	-
Withdrawals	-
Changes in fair market value	-
Balance, September 30, 2022	38,483
Contributions	-
Withdrawals	-
Changes in fair market value	-
Balance, September 30, 2023	$ 38,483

Investment income (loss) for the years ended September 30, 2023 and 2022, was $118,742 and $(161,284), respectively.

Note 4. Line of Credit

On October 17, 2018, the Organization entered into a revolving bank line of credit for $500,000 with a variable interest rate. The line of credit requires monthly interest payments with principal balance due at maturity on April 30, 2024. The line is secured by the Organization's securities. The line of credit had an interest rate of 2.75% and had an ending balance of $0 as of September 30, 2023 and 2022.

Note 5. Lease Commitments

The Organization leases certain equipment under finance lease agreements that expires August 12, 2026 and has an interest rate of 7%. The Organization's finance lease generally does not contain any material restrictive covenants or residual value guarantees.

Finance lease cost is recognized as a combination of the amortization expense for the ROU assets and interest expense for the outstanding lease liabilities, and results in a front-loaded expense pattern over the lease term. The components of lease expense are as follows for the year ended September 30, 2023:

Finance lease cost—amortization of ROU assets	$ 3,101
Finance lease cost—interest on lease liabilities	240
Total lease cost	$ 3,341

At September 30, office equipment includes the following amounts related to the finance lease:

	Years Ending September 30	
	2023	2022
Office equipment	$ 15,412	$ 15,412
Accumulated depreciation	(6,678)	(3,596)
	$ 8,734	$ 11,816

Future undiscounted cash flows for each of the next three years and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of September 30, 2023:

	Finance Lease
Years ending September 30:	
2024	$ 3,341
2025	3,341
2026	2,224
Total minimum lease payments	8,906
Less amount related to interest	(240)
	9,146
Less current maturities	(3,341)
Total long-term maturities	$ 5,805

Note 5. Lease Commitments (Continued)

Future minimum lease commitments as determined under Topic 840, for all noncancelable leases are as follows as of September 30, 2022:

	Capital Lease
Years ending September 30:	
2023	$ 3,341
2024	3,341
2025	3,341
2026	2,838
Total minimum lease payments	12,861
Less amount related to interest	(671)
	13,532
Less current maturities	(3,341)
Total long-term maturities	$ 10,191

Note 6. Composition of Net Assets

Net assets with donor restrictions are restricted for endowments, community development projects and allocated support. The board of directors (Board) designate excess funds raised throughout the year to the endowment for future operational use as needed. The remaining Board-designated net assets without donor restrictions for these purposes is $1,752,503 and $609,958 as of September 30, 2023 and 2022, respectively.

Note 7. Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses or satisfying the restricted purpose specified by donors during the years ended September 30 as follows:

	2023	2022
Allocated support	$ 126,276	$ 118,327
Community development	321,108	215,962
	$ 447,384	$ 334,289

Note 8. Endowments

In June 1983, an endowment fund was established as a donor restricted fund to support the Organization's program services. As required by U.S. GAAP, net assets associated with endowment funds, including any funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Board of the Organization has interpreted Missouri's enactment of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. Consequently, the Organization classifies net assets with donor restrictions as:

- The original value of gifts donated to the restricted endowment, and

- The original value of subsequent gifts to the restricted endowment.

Note 8. Endowments (Continued)

The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization's Board. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce results similar to the S&P Index, while assuming a moderate level of investment risk.

Spending policy: The Organization has a policy of appropriating, for distribution, each year 5% of its endowment fund's average balance over the prior four years preceding the fiscal year in which the distribution is planned. Because this amount is calculated for the next fiscal year, any amount appropriated for the following fiscal years is added to temporarily restricted net assets in the current year.

In establishing this policy, the Organization considers the greater predictability of spendable income for budgeting purposes and for gradual, steady growth of invested assets for the support of operations. Accordingly, over the long term, the Organization expects the current spending policy will allow its endowment to retain the original corpus of the gift.

Strategies employed for achieving objectives: The Organization relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Organization targets a diversified asset allocation that emphasizes fixed-income securities to achieve its long-term objectives within prudent risk constraints.

Note 8. Endowments (Continued)

Changes in endowment net assets for the fiscal year ended September 30, 2023, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	$ 609,958	$ 170,945	$ 780,903
Investment return:			
Investment income	85,224	-	85,224
Contribution	1,100,000	-	1,100,000
Appropriation of endowment assets for expenditure	(42,679)	-	(42,679)
Net assets, end of year	$ 1,752,503	$ 170,945	$ 1,923,448

Changes in endowment net assets for the fiscal year ended September 30, 2022, were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Net assets, beginning of year	$ 819,787	$ 170,945	$ 990,732
Investment return:			
Investment loss	(165,039)	-	(165,039)
Contribution	1,200	-	1,200
Appropriation of endowment assets for expenditure	(45,990)	-	(45,990)
Net assets, end of year	$ 609,958	$ 170,945	$ 780,903

Note 9. Gifts-in-Kind

For the years ended September 30, contributed nonfinancial assets recognized within the statements of activities and changes in net assets included:

	2023	2022
Services for fundraising	$ 28,350	$ 43,391
Services for administration	46,900	8,241
Services for program	49,526	66,695
	$ 124,776	$ 118,327

The Organization recognized contributed nonfinancial assets within revenue, including all services. All contributed nonfinancial assets are received with donor-imposed restrictions.

Contributed services recognized comprise professional services from individuals, attorneys and corporations assisting the Organization with specific work. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services.

Note 10. Employee Benefit Plans

The Organization has adopted a simplified employee pension plan. The plan is employer-funded with an amount equal to 13% of an employee's gross wages being contributed to the plan. All full-time and some part-time, U.S. employees of the Organization are eligible to participate in the plan. The Organization contributed $113,760 and $105,686 to the plan for the years ended September 30, 2023 and 2022, respectively.

The Organization adopted a nonqualified deferred compensation plan for certain key employees during 2009. Under this plan, participants may elect to defer earnings per section 457(3)(15) of the Internal Revenue Code. The deferred compensation of the participant is held in a trust and administered by an outside entity. The participants are fully vested in the program and have balances of $98,299 and $81,252 at September 30, 2023 and 2022, respectively.

Note 11. Foreign Currency Translation

Grants made to foreign organizations are stated in U.S. dollars, and the grantee assumes the risk of currency gains or losses. Gains must be used for the grant purpose.

Due to the international operations, some minor risk exists throughout the year related to translation gains and losses. Management does not believe that any such risks have the potential to be significant to the financial statements.

Note 12. Related Party

The Organization was originally formed as an affiliate of Community of Christ (the Church, formerly known as the Reorganized Church of Jesus Christ of Latter-Day Saints). In May 1988, the Organization received Internal Revenue Service approval to be recognized as a separate 501(c)(3) tax-exempt entity. The Organization continues to have significant ties to the Church. Grants from the Church for the years ended September 30, 2023 and 2022, totaled $133,000 for each respective year.

Note 13. Subsequent Events

Management has evaluated and disclosed subsequent events up to and including February 19, 2024.

In December 2023, the Organization received a $200,000 unrestricted contribution.