

LANGHAM PARTNERSHIP USA, INC., NFP

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2023 AND 2022**

TOGETHER WITH AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Langham Partnership USA, Inc., NFP:

Opinion

We have audited the accompanying financial statements of Langham Partnership USA, Inc., NFP which, which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Langham Partnership USA, Inc., NFP as of June 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. 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 Langham Partnership USA, Inc., NFP. 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, which raise substantial doubt about Langham Partnership USA, Inc., NFP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

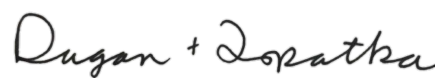
Auditor's Responsibilities for the Audit of the Financial Statements

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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Langham Partnership USA, Inc., NFP'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, which raise substantial doubt about the Langham Partnership USA, Inc., NFP'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.



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LANGHAM PARTNERSHIP USA, INC., NFP
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

<u>A S S E T S</u>	<u>2023</u>	<u>2022</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,212,794	\$ 2,961,173
Promises to give, current portion	68,554	71,810
Prepaid expenses	70,263	36,796
Due from related party, current portion	12,000	12,000
Investments	3,235,468	1,147,602
Total current assets	<u>4,599,079</u>	<u>4,229,381</u>
PROPERTY AND EQUIPMENT:		
Building and improvements	810,000	750,000
Less - Accumulated depreciation	<u>431,250</u>	<u>412,500</u>
Net property and equipment	<u>378,750</u>	<u>337,500</u>
OTHER ASSETS:		
Due from related party, net of current portion	95,950	108,000
Promise to give, net of current portion	<u>-</u>	<u>68,554</u>
Total other assets	<u>95,950</u>	<u>176,554</u>
	<u>\$ 5,073,779</u>	<u>\$ 4,743,435</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	<u>\$ 110,889</u>	<u>\$ 53,285</u>
NET ASSETS:		
Without donor restrictions	1,764,744	1,478,697
With donor restrictions	<u>3,198,146</u>	<u>3,211,453</u>
Total net assets	<u>4,962,890</u>	<u>4,690,150</u>
Total liabilities and net assets	<u>\$ 5,073,779</u>	<u>\$ 4,743,435</u>

The accompanying notes are an integral part of this statement.

LANGHAM PARTNERSHIP USA, INC., NFP
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE:						
Contributions	\$ 3,683,208	\$ 2,841,299	\$ 6,524,507	\$ 3,063,750	\$ 3,202,337	\$ 6,266,087
Investment income	137,096	-	137,096	(172,480)	-	(172,480)
Other revenue	2,655	-	2,655	2,779	-	2,779
Total support and revenue	3,822,959	2,841,299	6,664,258	2,894,049	3,202,337	6,096,386
Net assets released from restrictions	2,854,606	(2,854,606)	-	2,669,857	(2,669,857)	-
Net public support and revenue	6,677,565	(13,307)	6,664,258	5,563,906	532,480	6,096,386
FUNCTIONAL EXPENSES:						
Program services	4,114,649	-	4,114,649	3,507,597	-	3,507,597
Management and general	551,499	-	551,499	452,396	-	452,396
Fundraising	1,725,370	-	1,725,370	1,736,656	-	1,736,656
Total functional expenses	6,391,518	-	6,391,518	5,696,649	-	5,696,649
CHANGE IN NET ASSETS	286,047	(13,307)	272,740	(132,743)	532,480	399,737
NET ASSETS, Beginning of year	1,478,697	3,211,453	4,690,150	1,611,440	2,678,973	4,290,413
NET ASSETS, End of year	\$ 1,764,744	\$ 3,198,146	\$ 4,962,890	\$ 1,478,697	\$ 3,211,453	\$ 4,690,150

The accompanying notes are an integral part of this statement.

LANGHAM PARTNERSHIP USA, INC., NFP
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from public support and revenue	\$ 6,586,237	\$ 6,320,942
Cash paid for programs services, employees and supplies	(6,348,631)	(5,611,857)
Interest and dividends received	62,516	23,384
	<u>300,122</u>	<u>732,469</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments (to) received from related party	12,050	(120,000)
Sale of land	-	65,000
Purchases of fixed assets	(60,000)	-
Net sales of investments	(2,000,551)	49,029
	<u>(2,048,501)</u>	<u>(5,971)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	(1,748,379)	726,498
CASH AND CASH EQUIVALENTS, Beginning of year	2,961,173	2,234,675
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,212,794</u>	<u>\$ 2,961,173</u>
RECONCILIATION OF CHANGE IN TOTAL NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Change in total net assets	\$ 272,740	\$ 399,737
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	18,750	18,750
Net realized and unrealized loss (gain) on investments	(87,315)	184,996
Decrease in promises to give	71,810	62,944
(Increase) decrease in prepaid expenses	(33,467)	59,200
Increase in accounts payable and accrued expenses	57,604	6,842
	<u>300,122</u>	<u>732,469</u>
Net cash provided by operating activities	<u>\$ 300,122</u>	<u>\$ 732,469</u>

The accompanying notes are an integral part of this statement.

LANGHAM PARTNERSHIP USA, INC., NFP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023				2022			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Scholarships and program expenses	\$ 2,790,495	\$ 1,500	\$ -	\$ 2,791,995	\$ 2,300,681	\$ -	\$ -	\$ 2,300,681
Salaries	593,686	122,920	506,451	1,223,057	534,533	111,387	481,054	1,126,974
Benefits	144,728	35,925	116,463	297,116	149,041	33,986	124,098	307,125
Lodging/meals/travel	148,279	124,632	159,691	432,602	115,319	39,397	170,746	325,462
Professional fees	129,468	167,112	90,788	387,368	140,862	182,540	103,694	427,096
Consulting fees	204,265	25,038	260,699	490,002	172,085	7,450	207,525	387,060
Printing and duplication	7,502	6,139	159,237	172,878	8,010	5,653	145,459	159,122
Meetings	6,314	5,077	315,471	326,862	2,449	7,704	350,584	360,737
Rent	-	-	10,100	10,100	2,696	8,457	11,157	22,310
Office supplies and equipment	12,938	10,640	11,242	34,820	13,376	16,283	8,488	38,147
Other expenses	35,946	6,950	19,039	61,935	36,178	7,974	24,526	68,678
Property and directors' insurance	-	12,582	-	12,582	-	8,273	-	8,273
Depreciation	18,750	-	-	18,750	18,750	-	-	18,750
Postage	1,300	8,834	39,690	49,824	309	5,204	41,952	47,465
Marketing	18,734	-	34,378	53,112	11,415	-	65,931	77,346
Bank and payroll service charges	2	23,456	1	23,459	-	16,696	-	16,696
Fax/telephone	2,242	694	2,120	5,056	1,893	1,392	1,442	4,727
Total functional expenses	<u>\$ 4,114,649</u>	<u>\$ 551,499</u>	<u>\$ 1,725,370</u>	<u>\$ 6,391,518</u>	<u>\$ 3,507,597</u>	<u>\$ 452,396</u>	<u>\$ 1,736,656</u>	<u>\$ 5,696,649</u>

The accompanying notes are an integral part of this statement.

LANGHAM PARTNERSHIP USA, INC., NFP
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Langham Partnership USA, Inc., NFP (LPUSA), the U.S. member of Langham Partnership International, has been working for over 40 years alongside Christian leaders around the world, especially in the global east and south, to equip them with skills and tools for growing the church with depth and maturity. LPUSA's vision is to see churches in the Majority World equipped for mission and growing to maturity in Christ through the ministry of pastors and leaders who believe, teach and live by the Word of God.

The mission of Langham Partnership International is to pursue its vision by equipping a new generation of Bible teachers through three integrated programs:

Langham Scholars Program: Provides financial support for evangelical doctoral students from the Majority World so they may train Christian pastors and leaders - usually at seminary or university level - with sound biblical teaching.

Langham Literature Program: Provides evangelical resources in multiple languages through grants and distribution and fosters the indigenous creation of resources through sponsored editing and writing and publisher development.

Langham Preaching Program: Partners with national leaders to nurture indigenous preaching movements for pastors and lay preachers all around the world. This partnership provides practical on-site support for preachers, organizing training seminars, providing resources, encouraging preachers' groups, and building a local movement committed to Bible exposition.

The financial statements were available to be issued on November 7, 2023, with subsequent events being evaluated through this date.

Accounting Method -

The financial statements of LPUSA have been prepared using the accrual basis of accounting, which recognizes revenues as they are earned and expenses as they are incurred.

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC), *Financial Statements for Not-for-Profit Organizations*. Under the ASC, LPUSA is required to report information regarding two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of LPUSA. These net assets may be used at the discretion of management and the board of directors.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation - (Continued)

With donor restrictions - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of LPUSA and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Estimates -

LPUSA prepares its financial statements in conformity with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents -

For the purpose of the statement of cash flows, all highly liquid instruments with an original maturity of three months or less are considered to be cash equivalents.

Concentration of Risk -

LPUSA maintains several bank accounts. Accounts at banking institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The amount in excess of this insured amount at June 30, 2023 was approximately \$530,000. Cash is also maintained in non-federally insured accounts. LPUSA maintains its cash with high-quality financial institutions, which LPUSA believes limits these risks.

Investments -

LPUSA invests in various mutual funds, exchange traded funds, real estate investment trusts and stocks. Investment securities, in general, are exposed to various risks, such as interest risk, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. Investments in marketable securities are stated at fair value based on quoted market prices.

Property and Equipment -

Property and equipment are stated at cost. Capital expenditures of \$1,000 (\$5,000 for computers) or greater and with a useful life of three or more years are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the assets of 3 to 40 years. Donated fixed assets are recorded at fair market value on the date received. Fixed assets given to scholars to keep beyond their scholarship period are ministry expenses and are not capitalized.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Property and Equipment - (Continued)

The asset (building and improvements) on the statement of financial position is a house located in London, England. This house is the residence and office of the International Ministries Director. The land on which the house is situated is not owned by LPUSA due to laws in England regarding the ownership of land. The purchase price of the building includes the right to use the land for a period of 86 years.

Revenue recognition for Contributions and Grants -

LPUSA recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Restricted Resources -

LPUSA reports gifts of cash and other assets as with donor restriction revenue if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

LPUSA reports gifts of land, buildings and equipment as without donor restriction revenue unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restriction revenue. Absent explicit donor stipulations about how long those long-lived assets must be maintained, LPUSA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated Services -

A substantial number of unpaid volunteers have made significant contributions of their time to LPUSA. These volunteers have a significant impact on making the ministry effective. However, the value of these services is not reflected in the financial statements, because they do not meet the definition of donated services under the Accounting Standards Codification for *Contributions Received and Contributions Made*.

Allocation of Expenses -

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, lodging/meals/travel, professional fees, consulting fees, conferences and meetings and other expenses which are allocated on the basis of estimated of time and effort.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Income Taxes -

LPUSA is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and state laws. Accordingly, no provision for income taxes has been established.

LPUSA files income tax returns in the U.S. federal jurisdiction, Illinois, and California. With few exceptions, LPUSA is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2020. LPUSA does not expect a material net change in unrecognized tax benefits in the next twelve months.

(2) PROMISES TO GIVE:

Unconditional promises to give as of June 30, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 71,810	\$ 71,810
Receivable in more than one year	<u>-</u>	<u>71,810</u>
Total unconditional promises to give	71,810	143,620
Less – Discount rate of 4.75% to net present value	<u>3,256</u>	<u>3,256</u>
Net unconditional promises to give	<u>\$ 68,554</u>	<u>\$ 140,364</u>

(3) INVESTMENTS:

	<u>2023</u>	<u>2022</u>
Investments consist of the following:		
Mutual funds	\$ 545,984	\$ 507,724
Common stocks	355,654	315,964
Exchange traded funds	2,314,436	298,355
Real estate investment trust	<u>19,394</u>	<u>25,559</u>
	<u>\$ 3,235,468</u>	<u>\$ 1,147,602</u>

(3) INVESTMENTS: (Continued)

	<u>2023</u>	<u>2022</u>
Investment income includes:		
Interest and dividends	\$ 62,516	\$ 23,384
Net realized and unrealized gains (loss)	87,315	(184,996)
Investment management fees	<u>(12,735)</u>	<u>(10,868)</u>
	<u>\$ 137,096</u>	<u>\$ (172,480)</u>

(4) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value measurements establishes a single definition of fair value and a framework for measuring fair value, sets out a fair value hierarchy to be used to classify the source of information used in fair value measurement and expands disclosures about fair value measurements required under other accounting pronouncements. It does not change existing guidance as to whether or not an instrument is carried at fair value.

The standard established market and observable inputs as the preferred source of values, followed by assumptions based on hypothetical transaction in the absence of market inputs.

The valuation techniques are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect LPUSA's market assumptions. These two types of inputs create the following fair value hierarchy:

Level 1 - Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Observable inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; through corroboration with observable market data, such as quoted market prices for similar markets or quoted market prices that are not active.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the asset or liability. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2023 and 2022.

Mutual Funds: Valued at the closing price reported on the active market on which the individual funds are traded.

(4) FAIR VALUE MEASUREMENTS: (Continued)

Exchange traded funds, REITs and Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while LPUSA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at June 30, 2023 and 2022.

Fair values of assets measured on a recurring basis at June 30, 2023 and 2022 are as follows:

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 545,984	\$ -	\$ -	\$ 545,984
Common stocks	355,654	-	-	355,654
Exchange traded funds	2,314,436	-	-	2,314,436
Real estate investment trust	19,394	-	-	19,394
	<u>\$ 3,235,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,235,468</u>

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 507,724	\$ -	\$ -	\$ 507,724
Common stocks	315,964	-	-	315,964
Exchange traded funds	298,355	-	-	298,355
Real estate investment trust	25,559	-	-	25,559
	<u>\$ 1,147,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,147,602</u>

(5) EMPLOYEE RETIREMENT PLAN:

LPUSA provides a 403(b)(7) retirement plan for eligible employees. LPUSA contributes six percent of eligible employees' compensation to the plan. LPUSA made contributions to the plan of \$58,872 and \$64,044 in 2023 and 2022, respectively.

(6) LEASE COMMITMENT:

LPUSA rents two office spaces under month-to-month leases. One lease is paid monthly and requires total monthly payments of \$600 per month. The second lease requires an annual payment of \$2,400. Rental expense for the years ended June 30, 2023 and 2022 amounted to \$10,100 and \$11,157, respectively.

(7) RELATED PARTY TRANSACTIONS:

LPUSA is the U.S. member of the Langham Partnership International. As such, LPUSA grants funds to its partner in the U.K. to carry out portions of the Literature, Scholars and Preaching programs. These grants represented 39% and 35% of LPUSA's total expenses in 2023 and 2022, respectively. 2019 was the first of a ten-year All in Campaign regarding transfers to their partners. The funds were distributed as follows:

	<u>2023</u>	<u>2022</u>
Literature Program	\$ 774,265	\$ 750,255
Preaching Program	874,530	618,032
Scholars Program	<u>842,882</u>	<u>640,523</u>
	<u>\$ 2,491,677</u>	<u>\$ 2,008,810</u>

LPUSA is a guarantor of a loan to Langham Partnership UK & Ireland (a member of Langham Partnership International) up to £1,000,000 as of June 30, 2021. The guaranty expires May 1, 2022.

(8) NET ASSETS:

Net assets with donor restrictions are as follows:

	<u>2023</u>	<u>2022</u>
Growth campaign	\$ 2,727,317	\$ 2,761,587
Preaching	188,594	132,544
Publishing	76,879	108,315
Scholars	86,752	22,367
Francophone	36,850	40,000
Time restricted pledges receivable	68,554	131,498
Other	<u>13,200</u>	<u>15,142</u>
Total net assets with donor restrictions	<u>\$ 3,198,146</u>	<u>\$ 3,211,453</u>

(9) CONDITIONAL GRANTS:

In December 2019, LPUSA received a three year grant agreement from a foundation in the amount of \$750,000. The grant agreement consists of three payments of \$250,000. Year two and three are contingent on LPUSA meeting certain measurable barriers in relation to progress being done on the grant. As of June 30, 2022, LPUSA has recognized \$750,000 as revenue, with no remaining balance as conditional.

(10) DUE FROM RELATED PARTY:

In September, 2021, LPUSA made a payment to a related party official in the amount of \$120,000. The amount of the payment is expected to be repaid to LPUSA over the course of ten yearly payments of \$12,000. The loan is interest free. Payments are to begin on December 31, 2022. The balance of the employee receivable as of June 30, 2023 is \$107,950. Future receipts are as follows:

2024	\$	12,000
2025		12,000
2026		12,000
2027		12,000
Thereafter		<u>59,950</u>
	\$	<u>107,950</u>

In October 2023, the related party official’s position with LPUSA changed and the individual was no longer related to LPUSA. In October 2023, the individual and LPUSA entered into a revised agreement for the note receivable. LPUSA agreed to forgive \$24,000 of the note receivable and the remaining balance of \$84,000 will be paid off by the individual in equal annual installments of \$12,000 beginning December 31, 2025, with the final installment on December 31, 2031.

(11) LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year, comprise the following:

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash	\$ 1,212,794	\$ 2,961,173
Investments	3,235,468	1,147,602
Promises to give, current portion	<u>68,554</u>	<u>71,810</u>
Total financial assets	<u>4,516,816</u>	<u>4,180,585</u>
Less: Donor imposed restrictions	<u>3,198,146</u>	<u>3,211,453</u>
Financial assets available to meet cash needs for general expenditures that are without donor or other restrictions limiting their use within one year	<u>\$ 1,318,670</u>	<u>\$ 969,132</u>

LPUSA manages its liquidity and reserves adhering to the following principles:

- operating within a prudent range of financial soundness and stability;
- maintaining adequate liquid assets to fund near-term operating needs;
- maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.