

**THE WORLD ORPHAN FUND, INC.**

FINANCIAL STATEMENTS

December 31, 2022 and 2021

# CONTENTS

Independent Auditor's Report .....	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses .....	6
Statements of Cash Flows .....	7
Notes to Financial Statements .....	8

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
The World Orphan Fund, Inc.  
Randolph, Wisconsin

### **Opinion**

We have audited the financial statements of The World Orphan Fund, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The World Orphan Fund, Inc. as of December 31, 2022 and 2021, 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 World Orphan Fund, 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.

### **Adoption of New Accounting Guidance**

As discussed in Note 1 to the financial statements, The World Orphan Fund, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update No 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, effective January 1, 2022. Our opinion is not modified with respect to this matter.

### **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 World Orphan Fund, Inc.'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 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 World Orphan Fund, 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The World Orphan Fund, 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.



Wegner CPAs, LLP  
Madison, Wisconsin  
March 7, 2023

**THE WORLD ORPHAN FUND, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Cash	\$ 626,465	\$ 544,724
Unconditional promises to give	100,000	200,000
Note receivable	21,000	-
Investments	28,935	21,673
Organization costs, net of \$2,712 and \$2,487 of accumulated amortization	663	888
<b>Total assets</b>	<b>\$ 777,063</b>	<b>\$ 767,285</b>
<b>LIABILITIES</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET ASSETS</b>		
Without donor restrictions	\$ 444,515	\$ 567,285
With donor restrictions	332,548	200,000
Total net assets	777,063	767,285
<b>Total liabilities and net assets</b>	<b>\$ 777,063</b>	<b>\$ 767,285</b>

See accompanying notes.

**THE WORLD ORPHAN FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
Contributions	\$ 859,833	\$ 232,548	\$ 1,092,381
In-kind contributions	38,681	-	38,681
Investment return	(1,781)	-	(1,781)
	<u>896,733</u>	<u>232,548</u>	<u>1,129,281</u>
<b>EXPENSES</b>			
Program services	1,110,375	-	1,110,375
Management and general	9,010	-	9,010
Fundraising	118	-	118
	<u>1,119,503</u>	<u>-</u>	<u>1,119,503</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>			
Satisfaction of time restrictions	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>
<b>Change in net assets</b>	(122,770)	132,548	9,778
Net assets at beginning of year	<u>567,285</u>	<u>200,000</u>	<u>767,285</u>
<b>Net assets at end of year</b>	<u>\$ 444,515</u>	<u>\$ 332,548</u>	<u>\$ 777,063</u>

See accompanying notes.

**THE WORLD ORPHAN FUND, INC.**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE</b>			
Contributions	\$ 886,599	\$ 200,000	\$ 1,086,599
In-kind contributions	22,507	-	22,507
Investment return	1,329	-	1,329
	<u>910,435</u>	<u>200,000</u>	<u>1,110,435</u>
Total unrestricted revenue	910,435	200,000	1,110,435
<b>EXPENSES</b>			
Program services	531,105	-	531,105
Management and general	10,542	-	10,542
Fundraising	18,074	-	18,074
	<u>559,721</u>	<u>-</u>	<u>559,721</u>
Total expenses	559,721	-	559,721
<b>Change in net assets</b>	350,714	200,000	550,714
Net assets at beginning of year	<u>216,571</u>	<u>-</u>	<u>216,571</u>
<b>Net assets at end of year</b>	<u>\$ 567,285</u>	<u>\$ 200,000</u>	<u>\$ 767,285</u>

See accompanying notes.

**THE WORLD ORPHAN FUND, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
Years Ended December 31, 2022 and 2021

	2022			Total
	Program Services	Management and General	Fundraising	
Grant expense	\$ 1,069,290	\$ -	\$ -	\$ 1,069,290
Meetings and conferences	29,291	-	-	29,291
Office expenses	11,453	6,440	-	17,893
Professional services	-	2,570	-	2,570
Amortization	225	-	-	225
Events	-	-	118	118
Website expense	116	-	-	116
<b>Total expenses</b>	<b>\$ 1,110,375</b>	<b>\$ 9,010</b>	<b>\$ 118</b>	<b>\$ 1,119,503</b>

  

	2021			Total
	Program Services	Management and General	Fundraising	
Grant expense	\$ 508,087	\$ -	\$ -	\$ 508,087
Meetings and conferences	14,699	-	-	14,699
Office expenses	7,487	7,417	-	14,904
Professional services	-	3,125	-	3,125
Amortization	225	-	-	225
Events	-	-	18,074	18,074
Website expense	607	-	-	607
<b>Total expenses</b>	<b>\$ 531,105</b>	<b>\$ 10,542</b>	<b>\$ 18,074</b>	<b>\$ 559,721</b>

See accompanying notes.

**THE WORLD ORPHAN FUND, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years Ended December 31, 2022 and 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 9,778	\$ 550,714
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Amortization	225	225
Donated stock	(45,799)	(94,171)
Unrealized gain (loss) on investments	4,489	(2,301)
(Increase) decrease in assets		
Unconditional promises to give	100,000	(200,000)
<b>Net cash flows from operating activities</b>	<b>68,693</b>	<b>254,467</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from the sale of investments	34,048	90,797
Issuance of note receivable	(26,000)	-
Collections on notes receivable	5,000	-
<b>Net cash flows from investing activities</b>	<b>13,048</b>	<b>90,797</b>
<b>Net change in cash</b>	<b>81,741</b>	<b>345,264</b>
Cash at beginning of year	544,724	199,460
<b>Cash at end of year</b>	<b>\$ 626,465</b>	<b>\$ 544,724</b>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Noncash investment and financing transactions		
Donated stock	\$ 45,799	\$ 94,171

See accompanying notes.

**THE WORLD ORPHAN FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

---

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

The World Orphan Fund, Inc. (the Fund) was formed in 2011 for the purposes of supporting orphanages around the world and raising awareness of the need to support orphanages and creating a system to assist orphanages in accessing supplies and resources. All contributions are directed to providing food, shelter, medical assistance, education and a loving environment to orphaned children. The Fund is primarily supported by contributions.

**Investments**

The Fund reports investments in equity securities with readily determinable fair values at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

**Promises to Give**

Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Income Tax Status**

The Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Fund's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

**Donated Materials**

Donated materials are recorded at their estimated fair values in the period received. Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

**THE WORLD ORPHAN FUND, INC.**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022 and 2021

---

---

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Expense Allocation**

The costs of providing the various program and other activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The following program services and supporting activities are included in the accompanying financial statements:

*Program Services*—The Fund supports funding for clean water, food, medical care, physical, speech and sensory therapy for disabled and delayed children, college tuition, transition support programs, farm equipment, educational materials, caregiver’s and therapeutic equipment for special needs children and vocational training for orphaned children around the world.

*Management and General*—Activities relate to the overall direction of the Fund and include the functions necessary to ensure proper administrative functioning of the Fund, manage the financial and budgetary responsibilities, and perform other administrative functions.

*Fundraising*—Fundraising activities relate to soliciting contributions and any special event activities.

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

**Date of Management’s Review**

Management has evaluated subsequent events through March 7, 2023, the date which the financial statements were available to be issued.

**Adoption of New Accounting Guidance**

On September 17, 2020, the Financial Accounting Standards Board issued Accounting Standards Update No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The intent of this Update is to improve transparency in the reporting of contributed nonfinancial assets (also known as contributions in-kind) received by not-for-profit entities. The Update requires a not-for-profit entity to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets. The Update also requires enhanced disclosures about the valuation of contributed nonfinancial assets and their use in programs and other activities, including any donor-imposed restrictions on such use. The Fund adopted the requirements of this Update effective January 1, 2022. The changes required by this Update have been applied retrospectively to all periods presented.

**THE WORLD ORPHAN FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

---

**NOTE 2 – CONCENTRATIONS OF CREDIT RISK**

The Fund maintains cash balances in one financial institution located in Wisconsin. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022 and 2021, the Fund's uninsured cash balance was \$281,254 and \$243,302, respectively.

**NOTE 3 – UNCONDITIONAL PROMISES TO GIVE**

Unconditional promises to give at December 31, 2022 and 2021 consisted of the following:

	2022	2021
Contributions receivable in less than one year	\$ 100,000	\$ 100,000
Contributions receivable in one to five years	-	100,000
Unconditional promises to give	\$ 100,000	\$ 200,000

**NOTE 4 – NOTE RECEIVABLE**

During December 31, 2022 the Fund issued a \$26,000 loan to one of the ministries that it supports. This was a zero percent interest loan that is expected to be paid fully in 2023. Notes receivable balances are written off only when they are deemed to be permanently uncollectible.

**NOTE 5 – INVESTMENTS**

At December 31, 2022 and 2021 investments consist solely of equity mutual funds.

Fair values of equity mutual funds are based on quoted net asset values of the shares as reported by the funds. The mutual funds held by the Fund are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price.

**NOTE 6 – NET ASSETS**

Net assets with donor restrictions are restricted for the following purposes or periods:

	2022	2021
Time	\$ 100,000	\$ 200,000
Food for Orphan Population	122,548	-
Ukraine Orphans	110,000	-
Net assets with donor restrictions	\$ 332,548	\$ 200,000

**NOTE 7 – IN-KIND CONTRIBUTIONS**

The fair value of donated travel, website, supplies, and other expenses received during the years ending December 31, 2022 and 2021 was \$38,681 and \$22,507, respectively. Donated goods are valued and reported at the estimated fair value in the financial statements based on prices paid by the donor. For the years ended, December 31, 2022 and 2021, all donated goods were used for programmatic purposes.

**THE WORLD ORPHAN FUND, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2022 and 2021

---

NOTE 8 – LIQUIDITY AND AVAILABILITY

The following reflects the Fund's financial assets as of June 30, 2022 and 2021, reduced by amounts not available for general expenditures within one year because of donor-imposed restrictions. The financial assets available for general expenditure within one year of the statements of financial position dates includes the following:

	2022	2021
Cash	\$ 626,465	\$ 544,724
Unconditional promises to give	100,000	200,000
Note receivable	21,000	-
Investments	28,935	21,673
Total financial assets	776,400	766,397
Less those unavailable for general expenditure within one year, due to:		
Purpose restrictions	(232,548)	-
Time restrictions	-	(100,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 543,852	\$ 666,397

As part of the Fund's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures as they come due.