

THE BALI CHILDREN'S PROJECT
MORAGA, CALIFORNIA

FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2022

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors
The Bali Children's Project
Moraga, California

I have reviewed the accompanying statements of The Bali Children's Project (a nonprofit organization) which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of The Bali Children's Project management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of The Bali Children's Project and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Hiep Pham, CPA Inc.

Fremont, California
November 7, 2023

THE BALI CHILDREN'S PROJECT
STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

Assets:

Cash in bank	\$ 329,911
Prepaid rent	<u>19,076</u>

Total assets	<u>\$ 348,987</u>
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NET ASSETS

Net assets:

Net assets without donor restrictions	\$ 78,836
Net assets with donor restrictions	<u>270,151</u>

Total net assets	<u>\$ 348,987</u>
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The accompanying notes are an integral part of these financial statements.

THE BALI CHILDREN'S PROJECT
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Grants and contributions	\$ 325,453	\$ 167,902	\$ 493,355
Net assets released from restrictions	273,572	(273,572)	-
Total revenues	599,025	(105,670)	493,355
Expenses:			
Program services:			
Libraries/Learning Centers	57,150	-	57,150
Schools Support	85,401	-	85,401
Child Protection/Sex Education	26,100	-	26,100
Sponsor a Child	284,451	-	284,451
Covid Food Relief	19,269	-	19,269
Total program services	472,371	-	472,371
Support services:			
Management and general	52,273	-	52,273
Fundraising	7,499	-	7,499
Total supportive services	59,772	-	59,772
Total expenses	532,143	-	532,143
Change in net assets	66,882	(105,670)	(38,788)
Net assets, beginning of period	11,954	375,821	387,775
Net assets, end of period	\$ 78,836	\$ 270,151	\$ 348,987

The accompanying notes are an integral part of these financial statements.

THE BALI CHILDREN'S PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2022

	Program Services					Support Services				Total
	Libraries/ Learning Centers	Schools Support	Child Protection/ Sex Education	Sponsor a Child	Covid Food Relief	Subtotal Program Services	Management and General	Fundraising	Subtotal Support Services	
Expenses:										
Personnel costs	\$ 6,756	\$ 16,514	\$ 17,516	\$ 16,244	\$ -	\$ 57,030	\$ 1,861	\$ -	\$ 1,861	\$ 58,891
Professional services	-	-	-	-	-	-	39,059	7,499	46,558	46,558
Office expenses	-	-	-	-	-	-	8,701	-	8,701	8,701
Child Protection/Sex Education	-	-	8,584	-	-	8,584	-	-	-	8,584
Library construction/renovation	50,394	-	-	-	-	50,394	-	-	-	50,394
School building projects	-	68,887	-	65,370	-	134,257	-	-	-	134,257
Sponsorships	-	-	-	202,837	-	202,837	-	-	-	202,837
Program supplies	-	-	-	-	19,269	19,269	-	-	-	19,269
Rent	-	-	-	-	-	-	2,000	-	2,000	2,000
Insurance	-	-	-	-	-	-	652	-	652	652
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>652</u>	<u>-</u>	<u>652</u>	<u>652</u>
Total expenses	<u>\$ 57,150</u>	<u>\$ 85,401</u>	<u>\$ 26,100</u>	<u>\$ 284,451</u>	<u>\$ 19,269</u>	<u>\$ 472,371</u>	<u>\$ 52,273</u>	<u>\$ 7,499</u>	<u>\$ 59,772</u>	<u>\$ 532,143</u>

The accompanying notes are an integral part of these financial statements.

THE BALI CHILDREN'S PROJECT
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

Cash flows from operating activities:	
Change in net assets	\$ (38,788)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in certain assets and liabilities:	
Prepaid rent	<u>2,000</u>
Net cash provided (used) by operating activities	<u>(36,788)</u>
Net increase (decrease) in cash	(36,788)
Cash in bank, beginning of period	<u>366,699</u>
Cash in bank, end of period	<u><u>\$ 329,911</u></u>

The accompanying notes are an integral part of these financial statements.

THE BALI CHILDREN'S PROJECT
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2022

NOTE 1 - GENERAL

The Bali Children's Project (the Organization) is registered as an Internal Revenue Code Section 501(c)(3) non-profit that is dedicated to help children in Bali escape poverty through education. The Organization provides the following programs to help disadvantaged children to access better opportunities in life:

Libraries/Learning Centers – This program improves and equips facilities at elementary schools to promote literacy and extra curricular learning for all children.

Schools Support – This program renovates, equips and trains kindergartens to offer a better standard of early stage education in Bali.

Child Protection/Sex Education Workshops – The Organization's team delivers fun but important workshops to help youngsters understand, identify and escape from abuse. The Sexual Health Awareness program provides health education and workshops to give teenagers the ability to make informed decisions about their health.

Sponsor a Child – School sponsorships ensures that children from the poorest families can pay their bills and graduate from high school. The Organization also sponsors a School Entry Backpacks program that provides one-time backpacks, fully equipped with all the items needed for children to go to elementary school.

Covid Food Relief – Food packages are distributed to Balinese families in their time of need, as the pandemic continues to destroy livelihoods.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The financial statements and records of the Organization are prepared on the accrual basis of accounting and, therefore, include all support and revenues when earned and all expenses when incurred, regardless of whether the support and revenues or expenses were received or paid as of the end of the period. Grants are recognized as support when earned in accordance with the terms of each grant or agreement. Contributions are recognized at their fair market value as revenues in the period received.

THE BALI CHILDREN'S PROJECT
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 and the provisions of the American Institute of Certified Public Accountants (AICPA) *Audit and Accounting Guide for Not-for-Profit Organizations*. Under the provisions, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net Assets with Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

C. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, cash and cash equivalents include cash on deposit with financial institutions with a maturity of three months or less.

D. Prepaid Rent

Prepaid rent represents rent paid in advance.

E. Grants

Grants awarded by government agencies or passed through to the Organization from another donor that received funding from the government agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes. Revenue is recognized when qualified expenditures are incurred and conditions under the grant agreement are met.

F. Contributions

Contributions represent donations to the Organization from private organizations and individuals, and are recognized as support when received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

THE BALI CHILDREN'S PROJECT
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Revenue Recognition

Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute are accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income, and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an "exchange transaction") is recognized when earned and therefore measured as services are provided in accordance with Topic 606.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

H. Functional Allocation of Expenses

Directly identifiable expenses are charged directly to program services and supportive services. Expenses related to more than one function are charged to program services and supportive services on the basis of periodic time and expense studies. Administration expenses include those expenses that provide for the overall support and direction of the Organization.

I. Concentration of Credit Risk

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash and cash equivalents.

The Organization maintains cash and cash equivalents with commercial banks and other major financial institutions. Cash equivalents include overnight investments, and money market funds. At times, such amounts might exceed Federal Deposit Insurance Corporation (FDIC) limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash.

J. Contingencies

The Organization participates in grants. Disbursement of funds received under these grants requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

THE BALI CHILDREN'S PROJECT
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

K. Use of Estimates

The financial statements have been prepared in conformity with U.S. generally accepted accounting principles and, as such, include amounts based on informed estimates and judgments of management with consideration given to materiality. Actual results could differ from those estimates.

L. Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Organization carries commercial insurance.

M. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 7, 2023, the date the financial statements were available to be issued.

NOTE 3 - INCOME TAXES

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from California franchise taxes under Section 23701(d) of the Revenue and Taxation Code and, therefore, has made no provision for Federal or California income taxes. Contributors, donors and grantors may obtain tax benefits. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2022. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

THE BALI CHILDREN'S PROJECT
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended December 31, 2022

NOTE 4 - CASH IN BANK

The cash balances as of December 31, 2022 are as follows:

Mechanics Bank	\$ <u>329,911</u>
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The account balances were insured under the \$250,000 blanket umbrella by the Federal Deposit Insurance Corporation (FDIC). The remaining balances were uninsured and held by the financial institutions in the Organization's name. It is the opinion of management that the solvency of the financial institutions is not of particular concern at this time.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 were available for the following purposes:

	<u>Beginning Balance 12/31/21</u>	<u>Contributions</u>	<u>Releases</u>	<u>Ending Balance 12/31/22</u>
Subject to Expenditure for Specified Purpose				
Program Services	\$ <u>375,821</u>	\$ <u>167,902</u>	\$ <u>(273,572)</u>	\$ <u>270,151</u>

NOTE 6 - AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of December 31, 2022, reduced by amounts not available for general use within one year of the year end date because of contractual or donor-imposed restrictions or internal designations. Amounts not available include amounts set aside for long-term investing in the operating and other reserves that could be drawn upon if the governing board approves that action.

Cash in bank	\$ <u>329,911</u>
Total financial assets	329,911
Donor-imposed restrictions	<u>(270,151)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 59,760</u>