

PLAN INTERNATIONAL USA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021



Report of Independent Auditors

To the Board of Directors of Plan International USA, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Plan International USA, Inc. (the “Company”), which comprise the statement of financial position as of June 30, 2022, and June 30, 2021, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, including the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2022, and June 30, 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 audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Company’s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors’ 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 auditors’ 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 US GAAS and *Government 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 US GAAS and *Government 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 the Company'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 Company'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.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2022, is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters for the year ended June 30, 2022. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

PricewaterhouseCoopers LLP

Baltimore, Maryland
December 6, 2022

PLAN INTERNATIONAL USA, INC.
Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 15,196,219	\$ 13,186,155
Grants receivable	13,028,111	12,776,878
Prepaid expenses and other assets	927,356	783,105
Bequests and pledges receivable	4,881,926	8,959,061
Investments	19,561,184	23,203,780
Contributions receivable from charitable trusts	439,326	455,480
Beneficial interest in perpetual trusts	431,744	528,459
Right of use lease asset	8,105,600	8,607,008
Land, building and equipment, net	<u>1,343,673</u>	<u>1,753,950</u>
Total assets	<u>\$ 63,915,139</u>	<u>\$ 70,253,876</u>
 <u>Liabilities and Net Assets</u>		
Liabilities:		
Accounts payable and other liabilities	\$ 1,681,917	\$ 1,606,549
Due to Plan International, Inc.	4,549,113	8,181,868
Lease liability	9,821,698	10,353,448
Obligation under split-interest agreements	<u>307,814</u>	<u>324,977</u>
Total liabilities	16,360,542	20,466,842
 Net Assets:		
Without donor restrictions		
Land, building and equipment	1,343,673	1,753,950
Board-designated quasi endowments and similar funds	<u>19,014,995</u>	<u>17,508,503</u>
Total without donor restrictions	20,358,668	19,262,453
Total with donor restrictions	<u>27,195,929</u>	<u>30,524,581</u>
Total net assets	<u>47,554,597</u>	<u>49,787,034</u>
Total liabilities and net assets	<u>\$ 63,915,139</u>	<u>\$ 70,253,876</u>

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

PLAN INTERNATIONAL USA, INC.
Statements of Activities
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>			<u>2021</u>		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:						
Sponsorship contributions	\$ 18,022,155	\$ 1,067,464	\$ 19,089,619	\$ 18,098,508	\$ 1,175,169	\$ 19,273,677
U.S. government grants and contracts	19,299,508	-	19,299,508	22,252,103	-	22,252,103
Contributions	9,414,344	7,243,568	16,657,912	7,908,032	7,866,548	15,774,580
Gifts-in-kind	705,314	-	705,314	3,492,544	-	3,492,544
Contributions from estates, trusts and annuities	3,515,804	90,000	3,605,804	2,727,928	1,215,415	3,943,343
Contributions to endowments	-	101,044	101,044	-	63,684	63,684
Net assets released from restrictions	9,591,660	(9,591,660)	-	8,608,487	(8,608,487)	-
Total operating revenues	60,548,785	(1,089,584)	59,459,201	63,087,602	1,712,329	64,799,931
Expenses:						
Program expenses:						
Program and technical support	40,923,973	-	40,923,973	41,962,135	-	41,962,135
Building relationships	1,260,702	-	1,260,702	1,002,153	-	1,002,153
Development education & advocacy programs	2,663,805	-	2,663,805	5,704,247	-	5,704,247
Total program expenses	44,848,480	-	44,848,480	48,668,535	-	48,668,535
Operating expenses:						
Fundraising	7,106,318	-	7,106,318	5,531,733	-	5,531,733
Management and general	8,809,997	-	8,809,997	9,495,355	-	9,495,355
Total operating expenses	15,916,315	-	15,916,315	15,027,088	-	15,027,088
Total expenses	60,764,795	-	60,764,795	63,695,623	-	63,695,623
Total operating results	(216,010)	(1,089,584)	(1,305,594)	(608,021)	1,712,329	1,104,308
Non-operating results:						
Net investment and other non-operating income	(569,553)	(2,239,068)	(2,808,621)	533,422	3,041,262	3,574,684
Gain on sale of fixed assets	1,881,778	-	1,881,778	-	-	-
Total nonoperating results	1,312,225	(2,239,068)	(926,843)	533,422	3,041,262	3,574,684
Total change in net assets	1,096,215	(3,328,652)	(2,232,437)	(74,599)	4,753,591	4,678,992
Net assets at beginning of year	19,262,453	30,524,581	49,787,034	19,337,052	25,770,990	45,108,042
Net assets at end of year	\$ 20,358,668	\$ 27,195,929	\$ 47,554,597	\$ 19,262,453	\$ 30,524,581	\$ 49,787,034

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

PLAN INTERNATIONAL USA, INC.
Statement of Functional Expenses

For the Year Ended June 30, 2022
With Summarized Financial Information for the Year Ended June 30, 2021

Natural Expense Classifications	Program Expenses				Operating Expenses			Total Expenses	
	Program and Technical Support	Building Relationships	Development Education & Advocacy	Total Program Expenses	Fundraising	Management and General	Total Operating Expenses	2022	2021
Program Support to Plan International, Inc.	\$ 33,398,573	\$ -	\$ -	\$ 33,398,573	\$ -	\$ -	\$ -	\$ 33,398,573	\$ 33,691,789
Gifts-in-kind	-	48,241	625,506	673,747	2,000	29,567	31,567	705,314	3,492,544
Salary and Salary Related	4,007,811	506,601	1,364,798	5,879,210	2,015,857	6,421,231	8,437,088	14,316,298	16,048,128
Marketing and Media	-	-	2,957	2,957	3,479,622	-	3,479,622	3,482,579	2,633,566
Supplies, Postage, and Printing	17,490	441,547	135,423	594,460	372,868	78,152	451,020	1,045,480	1,034,619
Professional & Consulting Fees	2,555,247	11,846	223,279	2,790,372	870,314	541,891	1,412,205	4,202,577	3,785,700
Occupancy, Repairs, Maintenance, and Service	699,337	149,551	146,322	995,210	261,071	925,760	1,186,831	2,182,041	1,936,065
Other	169,061	74,988	147,269	391,318	78,011	705,934	783,945	1,175,263	776,828
Depreciation and Amortization	76,454	27,928	18,251	122,633	26,575	107,462	134,037	256,670	296,384
Total Expenses	\$ 40,923,973	\$ 1,260,702	\$ 2,663,805	\$ 44,848,480	\$ 7,106,318	\$ 8,809,997	\$ 15,916,315	\$ 60,764,795	\$ 63,695,623
Total 2021	\$ 41,962,135	\$ 1,002,153	\$ 5,704,247	\$ 48,668,535	\$ 5,531,733	\$ 9,495,355	\$ 15,027,088		

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

PLAN INTERNATIONAL USA, INC.
Statement of Functional Expenses

For the Year Ended June 30, 2021

Natural Expense Classifications	Program Expenses				Operating Expenses			Total Expenses
	Program and Technical Support	Building Relationships	Development Education & Advocacy	Total Program Expenses	Fundraising	Management and General	Total Operating Expenses	2021
Program Support to Plan International, Inc.	\$ 33,691,789	\$ -	\$ -	\$ 33,691,789	\$ -	\$ -	\$ -	\$ 33,691,789
Gifts-in-kind	-	-	3,430,927	3,430,927	61,617	-	61,617	3,492,544
Salary and Salary Related	5,172,499	517,368	1,294,442	6,984,309	1,809,440	7,254,379	9,063,819	16,048,128
Marketing and Media	-	20,000	67,440	87,440	2,546,126	-	2,546,126	2,633,566
Supplies, Postage, and Printing	7,225	371,262	126,394	504,881	401,297	128,441	529,738	1,034,619
Professional & Consulting Fees	2,316,722	9,291	532,928	2,858,941	373,152	553,607	926,759	3,785,700
Occupancy, Repairs, Maintenance, and Service	629,781	54,683	109,674	794,138	260,514	881,413	1,141,927	1,936,065
Other	66,756	3,985	125,064	195,805	38,959	542,064	581,023	776,828
Depreciation and Amortization	77,363	25,564	17,378	120,305	40,628	135,451	176,079	296,384
Total Expenses	\$ 41,962,135	\$ 1,002,153	\$ 5,704,247	\$ 48,668,535	\$ 5,531,733	\$ 9,495,355	\$ 15,027,088	\$ 63,695,623

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

PLAN INTERNATIONAL USA, INC.
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ (2,232,437)	\$ 4,678,992
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	256,670	296,384
Receipt of contributed securities	(1,666,359)	(248,134)
Receipt of endowment funds	(101,044)	(63,684)
Net gain on sales of investments	(342,952)	(565,790)
Net gain on sale of fixed assets	(1,881,778)	-
Decrease (increase) in unrealized appreciation on investments	3,570,223	(2,476,811)
(Increase) decrease in:		
Grants receivable	(251,233)	(4,879,540)
Bequests and pledges receivable	4,077,135	(3,084,774)
Other assets	(31,382)	(53,595)
Right of use asset and lease liability	(30,342)	338,032
Increase (decrease) in:		
Accounts payable and other liabilities	58,205	(165,738)
Due to Plan International, Inc.	(3,632,755)	2,553,632
Net cash used in operating activities	<u>(2,208,049)</u>	<u>(3,671,026)</u>
<u>Cash flows from investing activities:</u>		
Purchases of investments	(3,260,488)	(3,075,036)
Proceeds from sales of investments	5,342,172	3,077,119
Purchases of fixed assets	(172,357)	(378,160)
Proceeds from sales of fixed assets	2,207,742	-
Net cash provided by (used in) investing activities	<u>4,117,069</u>	<u>(376,077)</u>
<u>Cash flows from financing activities:</u>		
Receipt of endowment funds	<u>101,044</u>	<u>63,684</u>
Net cash provided by financing activities	<u>101,044</u>	<u>63,684</u>
Net increase (decrease) in cash and cash equivalents	2,010,064	(3,983,419)
Cash and cash equivalents, beginning of year	<u>13,186,155</u>	<u>17,169,574</u>
Cash and cash equivalents, end of year	<u>\$ 15,196,219</u>	<u>\$ 13,186,155</u>
Supplemental cash flow information:		
Noncash contributions	\$ 2,371,673	\$ 3,740,678

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

PLAN INTERNATIONAL USA, INC.
Notes to Financial Statements
June 30, 2022 and 2021

NOTE 1 - DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES:

Organization and purpose:

Plan International USA, Inc. ("Plan") is an independent, non-profit organization incorporated in the State of New York. It was founded in 1937 as Foster Parents' Plan for Spanish Children, Inc. for the purpose of seeking contributions to provide material aid and services to children, their families and communities. Plan is part of a global organization that advances girls' rights while working with girls, boys, young people, their communities, our supporters and partners to make change across more than 75 countries. Plan provides the tools girls, young people and communities need to make vital changes that tackle the root causes of gender inequality; to drive change in practice and policy at local, national and global levels; to prepare girls and communities for and be able to respond to crises and to overcome adversity; and to support the safe and successful progression of children from birth to adulthood. Additionally, Plan assists sponsors in developing meaningful relationships with their sponsored children and families, and helps to foster an understanding of lived realities around the world. Plan is the United States member organization of Plan International, Inc. ("PII").

Basis of presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting. All program and operating expenses are recognized as incurred.

Net assets:

Plan reports net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as either net assets without donor restrictions or net assets with donor restrictions.

Net assets without donor restrictions:

Net assets without donor restrictions are free of donor-imposed restrictions, but may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restrictions:

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; Plan must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by re-classifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as an increase of net assets without donor restrictions.

Revenue Recognition:

Contributions (including but not limited to; sponsorships and appeals revenues) are recognized in revenue when cash, securities or other assets, an unconditional promise to give, or 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 substantially met. Federal and private grants and contracts may be conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Contributions received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by re-classifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

As of June 30, 2022, conditional contributions approximating \$18,187,178 have not been recognized in the accompanying consolidated financial statements. The recognition of revenue will occur when the conditions are met.

Under the provisions of the CARES Act, Plan is eligible for a refundable employee retention credit subject to certain criteria. Plan determined to account for the credit as a conditional contribution, similar to other cost reimbursable U.S. government grants and record revenue as conditions are met by incurring qualified expenses. Plan recorded revenue of \$856,879 and \$1,749,755 as of June 30, 2022 and 2021 respectively, on the statements of activities based on the amount of qualified expenses incurred.

Functional Expenses:

The cost of providing the Plan's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Fringe benefits, paid time off, occupancy, information technology, and depreciation are costs common to multiple functions and have been allocated using time-and-effort or square-footage, as applicable.

Cash and cash equivalents:

For purposes of the statements of financial position and the statements of cash flows, cash and cash equivalents are defined as cash on deposit, cash in overnight repurchase agreements, and interest-bearing money market accounts that are not restricted for endowment. The carrying amount approximates fair value due to the short-term nature of these instruments.

Contributed securities:

For the purpose of measuring the value of donations and the cost basis of contributed securities, the securities are stated at fair value on the date the gift was received.

Investments:

Plan reports all investments at fair value in the statements of financial position. Additionally, realized gains/losses and changes in unrealized appreciation/depreciation and investment income are recorded in the statements of activities as changes in net assets without donor restriction, unless their use is restricted by explicit donor-imposed stipulations or law, in which case they are reported as net assets with donor restrictions. Investments as of June 30, 2022 and 2021, respectively, are stated at fair value based on quoted prices in the active market.

In accordance with the guidance provided in the New York Prudent Management of Institutional Funds Act (NYPMIFA), Plan preserves the historical dollar value of donor-restricted (true) endowment funds, absent explicit donor direction to the contrary. As a result, Plan classifies as net assets with donor restrictions the original gift value of true endowments, plus any subsequent gifts and accumulations made in accordance with the directions of the applicable gift instruments.

Fair value of financial instruments:

The fair value of Plan's financial instruments approximates the carrying amount reported in the statements of financial position for cash and cash equivalents, receivables, bequests and pledges receivable, investments, split-interest agreements and payables.

Federal income taxes:

A favorable determination letter has been obtained from the Internal Revenue Service exempting the organization from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for taxes on the change in net assets has been recorded.

Land, building and equipment:

Land, building and equipment are stated at cost less accumulated depreciation (Note 7).

Depreciation is provided under the straight-line method over the estimated useful lives of the assets as follows:

Building and building Improvements	5-50 years
Computer software	3-10 years
Equipment	3-5 years

When capital assets are disposed of, the asset and the associated accumulated depreciation are eliminated and any resulting gain or loss is reflected in the statements of activities.

Software costs are accounted for in accordance with guidance for internal-use software, which requires that certain costs related to developing or obtaining internal-use software should be capitalized. Additionally, costs incurred to develop and maintain the organization's website are accounted for in accordance with guidance for accounting for web site development costs.

Plan incurred implementation costs for a service contract that were capitalized and reported as prepaid expenses and other assets. During the fiscal year ended June 30, 2022, Plan had \$364,363 of unamortized implementation cost on the statements of financial position. In addition, Plan reported \$40,845 of amortized expense in Occupancy, Repairs, Maintenance, and Service on the Statement of Functional Expenses.

Use of estimates:

The preparation of the accompanying financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual results could differ from those estimates.

Building relationships and development education and advocacy:

Two integral components of the Plan mission are Building Relationships and Development Education and Advocacy. In connection with the child sponsorship program, Plan provides a link between individuals in the United States and the children and families in Plan's program countries which facilitates two-way communications between sponsors and their sponsored children. Through correspondence and the exchange of small non-monetary gifts, meaningful relationships can be developed and the understanding between different cultures can be enhanced. Additionally, sponsors can build enhanced relationships and understanding through the periodic receipt of newsletters; updated family profiles for their sponsored families; and field program reports relating to some of the programs which have been implemented in specific communities to help improve lives.

Within the United States, Development Education and Advocacy programs strive to enhance the public's understanding of the causes and conditions of poverty in developing countries and the role that PII can have in the development process. Additionally, Plan facilitates engagement through group meetings, development of school curriculum and through advocacy which reinforces the communications around poverty and community development in the developing world. Further, Plan's domestic youth programs include educational outreach, organized retreats and other special events and activities for youth participation which are designed to help young people in the United States develop a better understanding of the challenges faced by youth in the developing world.

Contributed Non-Financial Assets (Gifts-in-kind):

For the years ended June 30, contributed nonfinancial assets recognized within the statement of activities included:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Media	\$ 625,506	\$ 3,425,927
Office Space	77,808	-
Other	<u>2,000</u>	<u>66,617</u>
Total Gifts-in-Kind	<u>\$ 705,314</u>	<u>\$ 3,492,544</u>

Plan recognized contributed nonfinancial assets within revenue, including contributed media and office space. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. All gifts-in-kind contributions were expended during the year of receipt.

The media was used for programmatic purposes to raise awareness through advocacy. The media was valued based on current rates for similar media placement.

The office space was used for both programmatic and administrative purposes and allocated to functions based on headcount on the statements of functional expenses. Fair value was estimated based on the average price per square foot of similar commercial properties available in the area.

Non-operating activities:

Non-operating activities consist primarily of realized and unrealized investment gains and losses, changes in value of split interest arrangements, and other infrequent transactions.

Recent accounting pronouncements:

In August 2018, the FASB issued Accounting Standards Update (ASU) 2018-15, Intangibles Goodwill and Other Internal-Use Software (Subtopic 350-40). The standard requires capitalization of implementation costs incurred in a cloud computing arrangement that is a service contract. This standard is effective for fiscal year 2022. Plan adopted ASU 2018-15 in the fiscal year 2022 and the adoption was reflected on its financial statements.

In September 2020, The FASB issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires that contributed nonfinancial assets are presented as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard is effective for annual reporting periods commencing after June 15, 2021. Plan Adopted ASU 2020-07 in fiscal year 2022 and the adoption did not have a material impact on its financial statements

Reclassification:

Certain prior year financial information has been reclassified to conform to the current year.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022 are:

Financial assets		
Cash and cash equivalents	\$	15,196,219
Grants receivable		13,028,111
Bequests and pledges receivable		4,881,926
Investments		19,561,184
Beneficial interest in trust		871,070
Total financial assets		<u>53,538,510</u>
Less accounts unavailable for general expenditures within one year, due to		
Restricted by donors with purpose or time restrictions		(14,036,903)
Restricted by donors for endowment		(13,159,026)
Designated by the board of directors		(11,885,997)
Total financial assets available to management for general expenditure within one year	\$	<u><u>14,456,584</u></u>

The above table reflects donor-restricted and board-designated endowment as unavailable. Plan's Board of Directors established a spending rate of up to 7% of the endowment fund's fair value, except for donor-restricted endowments where spending is based on donor stipulations. Note 11 provides more information about those funds.

Funds designated by the board of directors could be made available if necessary. Plan regularly monitors liquidity to meet its operating needs and commitments while maximizing the investment of

available funds. In addition, Plan has a \$4,000,000 committed line of credit available to meet cash flow needs (Note 9).

NOTE 3 - RECEIVABLE:

Grants receivable:

During the fiscal years ended June 30, 2022 and 2021, respectively, Plan incurred \$19,299,508 and \$22,252,103 of reimbursable Federal grant expenses relating to awards from the United States Agency for International Development (“USAID”), the United States Department of State, the United States Department of Labor, other United States government agencies, and as a sub recipient from other organizations that received Federal funds. Unreimbursed, but eligible expenses of \$7,590,849 and \$7,074,121 June 30, 2022 and 2021, respectively, are recorded as grants receivable in the accompanying statements of financial position.

Bequests and pledges receivable:

As of June 30, 2022 Plan had bequests and pledges receivable as follows:

Less than one year	\$ 90,000
One to five years	4,791,926
Total bequests and pledges receivable	<u>\$ 4,881,926</u>

NOTE 4 - INVESTMENTS:

Investments are composed of the following as of:

	<u>June 30, 2022</u>		<u>June 30, 2021</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	\$ 18,977,521	\$ 19,440,575	\$ 18,979,419	\$ 23,012,996
Money market funds	105,748	105,748	129,029	129,029
Stocks/other	-	-	51,955	51,655
Government sponsored securities	14,861	14,861	10,100	10,100
Totals	<u>\$ 19,098,130</u>	<u>\$ 19,561,184</u>	<u>\$ 19,170,503</u>	<u>\$ 23,203,780</u>

Net investment income for the fiscal years ended June 30, 2022 and 2021, respectively, is included in total public support and revenue on the accompanying statements of activities and is composed of the following for the years ended:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Interest and dividends	\$ 431,416	\$ 387,986
Net gain on sales of investments	342,952	565,790
Unrealized gain on investments	<u>(3,570,223)</u>	<u>2,476,811</u>
Total investment income	<u>\$ (2,795,855)</u>	<u>\$ 3,430,587</u>

NOTE 5 - SPLIT-INTEREST AGREEMENTS:

Plan is a party to various types of split-interest agreements. Charitable gift annuities (“CGAs”) are arrangements whereby a donor contributes assets in exchange for a promise from Plan to pay the donor a fixed amount for a specified period of time. Assets received are recognized at fair value, and an annuity payment liability is recognized at the present value of the future cash flows expected to be paid. Contribution without donor restrictions is recognized as the difference between these two amounts. To calculate the present value of the CGAs, the 1994 Group Annuity Mortality Tables and the actual rates in each annuity agreement were used. The value of CGAs of \$618,327 and \$738,891 as of June 30, 2022 and 2021, respectively, is included in investments on the accompanying statements of financial position. The related liabilities of \$306,713 and \$323,876 as of June 30, 2022 and 2021, respectively, are included in obligation under split-interest agreements on the accompanying statements of financial position.

A beneficial interest in a perpetual trust is an arrangement in which a donor establishes and funds a perpetual trust for the benefit of one or more non-profit beneficiaries. The assets are administered and managed by an independent third-party. Under the terms of these arrangements, Plan has the irrevocable right to receive the investment income earned on the trust assets in perpetuity. The value of these perpetual trusts of \$431,744 and \$528,459 as of June 30, 2022 and 2021, respectively, is included in beneficial interest in perpetual trusts on the accompanying statements of financial position.

Additionally, there are various trusts that have several different varieties and terms. With regard to these trusts under which Plan is a beneficiary, the assets are administered and managed by an independent third-party. The value of such trusts of \$439,326 and \$455,480 as of June 30, 2022 and 2021, respectively, is included in contributions receivable from charitable trusts on the accompanying statements of financial position.

NOTE 6 - FAIR VALUE MEASUREMENTS:

Plan establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest level of priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under this standard are as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are financial instruments whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant judgment or estimation.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement; however, the determination of what constitutes “observable” requires significant judgment by Plan.

Plan considers observable data to be that market data which is readily available; regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to Plan's perceived risk of that instrument. Plan uses prices and inputs that are current as of the measurement date.

The availability of observable inputs can vary from product to product and is affected by many factors, including for example, the type of product, whether the product is new and not yet established in the marketplace, the liquidity of markets and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment.

Accordingly, the degree of judgment exercised by Plan in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

In determining an instrument's placement within the hierarchy, Plan separates the investment portfolio into the following categories: mutual funds, government sponsored securities, stocks, split-interest agreements and cash equivalents.

Mutual funds: Mutual funds include investments in common stock. Plan's actively traded mutual funds are listed on a national exchange. Therefore, they are valued at the last price quoted by the exchange and are categorized as Level 1.

Government sponsored securities: Government sponsored securities include investments in various U.S. Treasury instruments (such as mortgage-backed securities and asset-backed securities, and bank debt). Government sponsored securities are based upon market price quotations and are categorized as Level 1.

Cash equivalents: Cash equivalents principally include shares owned in money market funds and are categorized as Level 1.

Stocks: The fair values of publicly traded fixed income and equity securities are based on quoted market prices and are generally categorized as Level 1. Investments that are listed on an exchange are valued, in general, at the last reported sale price (or, if there is no sales price, at the last reported bid price, or, in the absence of reported bid prices, at the mean between the last reported bid and asked prices thereof).

Split-interest agreements: Investments for split-interest agreements primarily consist of Charitable Gift Annuities, Irrevocable Charitable Remainder Unitrusts ("CRUTs"), Pooled Income Funds, Charitable Lead Trust, and Perpetual Trusts. Investments are fair valued using the present value of future commitments. These amounts include equities and fixed income investments. Associated liabilities are recorded, and fair valued, each reporting period. The liabilities are fair valued using a discounted cash approach, which is consistent with the exit value Plan would pay to relieve its liability at year-end.

The following table presents the financial instruments carried on the statements of financial position as of June 30, 2022:

Assets and Liabilities at Fair Value as of June 30, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>Quoted</u>	<u>Other</u>	<u>Significant</u>	
	<u>Prices</u>	<u>Significant</u>	<u>Unobservable</u>	
	<u>Inputs</u>	<u>Inputs</u>	<u>Inputs</u>	
<u>Cash equivalents</u>				
Money Market Funds	\$ 89,004	\$ -	\$ -	\$ 89,004
Total Cash Equivalents	<u>\$ 89,004</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,004</u>
<u>Investments</u>				
Money Market Funds	\$ 105,748	\$ -	\$ -	\$ 105,748
Mutual Funds	18,829,054	-	-	18,829,054
Stocks/other	-	-	-	-
Total Investments	<u>\$ 18,934,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,934,802</u>
<u>Organizational interest in trusts</u>				
Contributions receivable from charitable remainder trusts	\$ -	\$ -	\$ 414,031	\$ 414,031
Contributions receivable from charitable lead trusts	-	-	25,295	25,295
Beneficial interest in perpetual trust:	-	-	431,744	431,744
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 871,070</u>	<u>\$ 871,070</u>
<u>Assets of charitable gift annuities and pooled income fund</u>				
Mutual Funds	\$ 611,521	\$ -	\$ -	\$ 611,521
Money Market Funds	14,861	-	-	14,861
Total Assets of CGA and PIF	<u>\$ 626,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 626,382</u>
<u>Liabilities of charitable gift annuities and pooled income fund</u>				
CGA and PIF	\$ -	\$ -	\$ 307,814	\$ 307,814
Total Liabilities of CGA and PIF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,814</u>	<u>\$ 307,814</u>

The following table presents the financial instruments carried on the statements of financial position as of June 30, 2021:

Assets and Liabilities at Fair Value as of June 30, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	Quoted Prices	Other Significant Observable Inputs	Significant Unobservable Inputs	
<u>Cash equivalents</u>				
Money Market Funds	\$ 8,580	\$ -	\$ -	\$ 8,580
Total Cash Equivalents	<u>\$ 8,580</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,580</u>
<u>Investments</u>				
Money Market Funds	\$ 129,029	\$ -	\$ -	\$ 129,029
Mutual Funds	22,274,806	-	-	22,274,806
Stocks/other	51,655	-	-	51,655
Total Investments	<u>\$ 22,455,490</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,455,490</u>
<u>Organizational interest in trusts</u>				
Contributions receivable from charitable remainder trusts	\$ -	\$ -	\$ 404,890	\$ 404,890
Contributions receivable from charitable lead trusts	-	-	50,590	50,590
Beneficial interest in perpetual trusts	-	-	528,459	528,459
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 983,939</u>	<u>\$ 983,939</u>
<u>Assets of charitable gift annuities and pooled income fund</u>				
Mutual Funds	\$ 738,190	\$ -	\$ -	\$ 738,190
Money Market Funds	10,100	-	-	10,100
Total Assets of CGA and PIF	<u>\$ 748,290</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 748,290</u>
<u>Liabilities of charitable gift annuities and pooled income fund</u>				
CGA and PIF	\$ -	\$ -	\$ 324,977	\$ 324,977
Total Liabilities of CGA and PIF	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 324,977</u>	<u>\$ 324,977</u>

The following table includes a roll forward of the amounts for the twelve months ended June 30, 2022 for financial instruments classified within Level 3:

	<u>Level 3 Assets and Liabilities at Fair Value</u>	
	Split Interest Agreements	
	Interest in trusts Assets	CGAs/PIFs Liabilities
Balance as of June 30, 2021	\$ 983,939	\$ 324,977
Additions	-	5,105
Disbursements	(46,905)	(53,825)
Net investment income	(75,105)	-
Change in actuarial calculation	9,141	31,557
Balance as of June 30, 2022	<u>\$ 871,070</u>	<u>\$ 307,814</u>

The following table includes a roll forward of the amounts for the twelve months ended June 30, 2021 for financial instruments classified within Level 3:

	<u>Level 3 Assets and Liabilities at Fair Value</u>	
	Split Interest Agreements	
	Interest in trusts Assets	CGAs/PIFs Liabilities
Balance as of June 30, 2020	\$ 860,697	\$ 339,266
Additions	-	-
Disbursements	(46,276)	(55,015)
Net investment income	109,532	-
Change in actuarial calculation	59,986	40,726
Balance as of June 30, 2021	<u>\$ 983,939</u>	<u>\$ 324,977</u>

NOTE 7 - LAND, BUILDING AND EQUIPMENT:

Land, building and equipment is composed of the following:

	June 30, 2022	June 30, 2021
Land	\$ -	\$ 184,588
Building and building improvements	-	3,212,017
Computer software	1,898,896	1,634,074
Equipment	318,018	1,011,974
Leasehold Improvements	727,016	721,911
Work in progress	-	342,880
Subtotal	<u>2,943,930</u>	<u>7,107,444</u>
Less: accumulated depreciation	<u>(1,600,257)</u>	<u>(5,353,494)</u>
Total	<u>\$ 1,343,673</u>	<u>\$ 1,753,950</u>

On July 26, 2021, Plan entered into a Purchase and Sale Agreement to sell the building and land located on 155 Plan Way, Warwick, RI 02886. On December 8, 2021, the title was transferred to the buyer and the gain on sale of \$1,881,778 was reported in non-operating results of the Statements of Activities.

NOTE 8 – OBLIGATIONS UNDER LEASES:

Plan has entered into various lease agreements for certain office space. Rent expense under such agreements was \$922,486 and \$826,157 for the years ended June 30, 2022 and 2021, respectively. As of June 30, 2022, the future minimum rental commitments under such lease agreements are as follows:

Year Ending <u>June 30,</u>	
2023	\$ 1,032,470
2024	993,830
2025	955,758
2026	979,652
2027	1,004,143
After 2028	<u>5,791,862</u>
Total Minimum Payments	<u>\$ 10,757,715</u>

On January 28, 2019, Plan signed a 13-year lease for office space in Washington D.C. that commenced on November 1, 2019. Under the terms of the lease, Plan has the option to extend the lease for an additional 5-year period at the prevailing fair market rental rate. On February 25, 2022, Plan signed a lease for office space in Providence RI, that commenced on March 1, 2022 and will end on December 31, 2023. Plan elected to use a risk-free rate as the discount rate in calculating the right-of-use asset and lease liability. Non-lease components and lease components are accounted for as a single lease component. Operating leases with a term of 12 months or less are not recorded on the statements of financial position. The right of use lease asset of \$8,105,600 and \$8,607,008 as of June 30, 2022 and 2021, respectively, is included on the accompanying statements of financial position. The related lease liability of \$9,821,698 and \$10,353,448 as of June 30, 2022 and 2021, respectively, is included on the accompanying statements of financial position.

NOTE 9 – LINE OF CREDIT:

Plan has a \$4,000,000 revolving line of credit agreement. Under the terms of the agreement, the interest on the outstanding balance is the greater of the BSBY Daily Floating Rate or 3.3%. The principal balance can be prepaid in full or in part at any time without incurring a prepayment fee or premium and is payable in full on the expiration date. The facility is secured by all personal property owned by Plan and contains certain restrictive covenants.

NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are restricted for the following:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Time restricted for sponsorship	\$ 1,689,913	\$ 1,826,499
Purpose restricted for grants & community projects	11,494,606	11,844,260
Unappropriated endowment income	3,598,243	6,453,748
Charitable remainder trusts and pooled income fund agreements	420,640	411,876
Endowment funds	9,560,783	9,459,739
Perpetual trusts	431,744	528,459
	<u>\$ 27,195,929</u>	<u>\$ 30,524,581</u>

Net assets were released for the following purposes:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Designated project funds disbursed on specified project or purpose	\$ 7,689,751	\$ 7,337,283
Release of time restricted sponsorship funds	1,204,052	1,163,823
Appropriation of endowment fund earnings	697,857	107,381
	<u>\$ 9,591,660</u>	<u>\$ 8,608,487</u>

NOTE 11 - ENDOWMENTS:

Plan's endowment consists of 284 individual funds established primarily for unrestricted purposes. The endowment includes both donor restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles in the United States, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Plan's management has interpreted the State of New York's enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the historic dollar value of donor-restricted endowment funds (absent explicit donor stipulations to the contrary). The term historic dollar value is defined as the aggregate fair value in dollars of (i) an endowment fund at the time it became an endowment, (ii) each subsequent donation to the fund at the time it is made, and (iii) each accumulation made pursuant to a direction in the applicable gift instrument at the time the accumulation is added to the fund. As a result of this interpretation, Plan classifies as net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) appreciation (depreciation), gains (losses) and income earned on the fund. There were \$13,159,026 and \$15,913,487 of net assets with donor restrictions related to Plan's endowment funds as of June 30, 2022 and 2021, respectively.

Management further understands that expenditures from a donor-restricted fund are limited to the uses and purposes for which the endowment fund is established and the use of net appreciation, realized gains (with respect to all assets) and unrealized gains (with respect only to readily marketable assets) is limited to the extent that the fair value of a donor-restricted fund exceeds the historic dollar value of the fund (unless the applicable gift instrument indicates that net appreciation shall not be expended), and to the extent that such expenditure is prudent, considering the long and short term needs of Plan in carrying out its purposes, its present and anticipated financial requirements, expected total return on its investments, price level trends and general economic conditions.

Plan's Board of Directors established a spending rate of up to 7% of the endowment fund's fair value, except for donor-restricted endowments where spending is based on donor stipulations. This spending policy is consistent with Plan's objectives to maintain the purchasing power of the assets through long-term returns which provide for future growth of the endowment while also generating current income to support mission critical programs or operating expenses.

Plan, in compliance with NYPMIFA, notified available donors who had established endowments prior to June 30, 2011 of the new law, and offered these donors the option of requiring Plan to maintain historical dollar value for their endowment funds. For those donors who requested this option, Plan has designed procedures to ensure that the historical dollar value is maintained by

not expending the payout on any fund whose fair value is less than its historical dollar value (i.e., "underwater").

The activities relating to endowment net assets are displayed in the following table:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets as of June 30, 2021	<u>\$ 2,284,942</u>	<u>\$ 15,913,487</u>	<u>\$ 18,198,429</u>
Investment return:			
Investment income	89,765	597,796	687,561
Net change in unrealized appreciation	<u>(396,437)</u>	<u>(2,755,444)</u>	<u>(3,151,881)</u>
Total investment income	<u>(306,672)</u>	<u>(2,157,648)</u>	<u>(2,464,320)</u>
Contributions	-	101,044	101,044
Appropriation of endowment assets for expenditures	<u>(112,000)</u>	<u>(697,857)</u>	<u>(809,857)</u>
Net assets as of June 30, 2022	<u>\$ 1,866,270</u>	<u>\$ 13,159,026</u>	<u>\$ 15,025,296</u>

Donor-restricted endowment funds that can be used to support operations are invested in income-generating investment vehicles or, to the extent that historic dollar value is sustained, in investment vehicles that may generate appreciation while ensuring the preservation of capital. Funds that are restricted for a specific use by the donor or by law, or those that are board-designated, are invested in investment vehicles that afford opportunities for appreciation. In general, the endowment funds are invested for growth in funds that all have net asset values that are available daily and which meet certain quality criteria.

Plan's endowments consisted of the following net asset composition by type of fund as of June 30, 2022 and 2021, respectively:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals as of June 30, 2022</u>
Donor-restricted endowment funds	\$ -	\$ 13,159,026	\$ 13,159,026
Board designated endowment funds	<u>1,866,270</u>	<u>-</u>	<u>1,866,270</u>
Total endowment funds	<u>\$ 1,866,270</u>	<u>\$ 13,159,026</u>	<u>\$ 15,025,296</u>

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals as of June 30, 2021</u>
Donor-restricted endowment funds	\$ -	\$ 15,913,487	\$ 15,913,487
Board designated endowment funds	<u>2,284,942</u>	<u>-</u>	<u>2,284,942</u>
Total endowment funds	<u>\$ 2,284,942</u>	<u>\$ 15,913,487</u>	<u>\$ 18,198,429</u>

NOTE 12 - RELATED PARTY TRANSACTIONS:

For each fiscal year, Plan transmits to PII the net of total revenue recorded for the year plus amounts of revenue received in prior years that were restricted by the donors, but have been released from restriction in the current year minus the sum of (a) total operating expenses for the year, (b) amounts of revenue for the year that have been designated by donors and remain restricted at year-end and (c) amounts otherwise designated by the Board of Directors. These net amounts for the years ended June 30, 2022 and 2021 were \$33,398,573 and \$33,691,789 respectively, and are included in program and technical support expense on the accompanying statements of activities. These amounts, when combined with the amounts sent to PII by the other National Organizations, are the resources that are used by PII to fund the programmatic and other operating costs of its field operations and international headquarters. Due to certain timing differences, the amount of cash transmitted through the end of each fiscal year is not equal to the net amount discussed above, but prior to the year-end Plan provides PII with an unconditional promise to adjust the remittances to reflect the net amount discussed above on an accrual basis. The accompanying statements of financial position include a liability of \$4,549,113 and \$8,181,868 as of June 30, 2022 and 2021, respectively, in relation to this unconditional promise.

NOTE 13 - RETIREMENT PLAN:

Plan offers a contributory, defined contribution retirement plan ("the plan") for the benefit of all qualified employees. To be qualified for employer contributions, an employee must have completed one year of service, must have worked at least 1,000 hours per year and be at least 21 years of age. Plan makes contributions at designated percentages of earnings in accordance with the plan provisions. Employer contributions totaled \$846,914 and \$943,201 for the years ended June 30, 2022 and 2021, respectively.

NOTE 14 – COMMITMENTS & CONTINGENCIES:

Amounts received and expended by Plan under various federal programs are subject to audit by governmental agencies. In the opinion of Plan's management, audit adjustments, if any, will not have a significant effect on the financial position, changes in net assets, or cash flows of Plan.

NOTE 15 – SUBSEQUENT EVENTS:

Plan has evaluated subsequent events through December 6, 2022, the date the report was available to be issued.