MISSION LAZARUS

Consolidated Financial Statements & Independent Auditors' Report

For the Year Ended December 31, 2022

smithmarion

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Board of Directors
Mission Lazarus, Inc.
Primm Springs, TN

Independent Auditors' Report

Opinion

We have audited the consolidated financial statements of Mission Lazarus, Inc., which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Mission Lazarus, Inc., as of December 31, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mission Lazarus, 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.

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 Mission Lazarus, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 Mission Lazarus, 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 Mission Lazarus, 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.

Smith Marion & Co.

Redlands, CA
August 11, 2023

ASSETS		
Current Assets		
Cash	$	1,643,370
Undeposited funds		74,570
Advances to employees		2,430
Inventory		2,871
Total Current Assets		1,723,241
Non-Current Assets		
Other assets		36,131
Investments		444,826
Capital assets (net)		3,327,490
Amount due from Lazarus Group		27,213
Investment in Lazarus Group		786,365
Total Non-Current Assets		4,622,025
TOTAL ASSETS	$	6,345,266
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$	63,955
Accrued expenses		10,175
Total Current Liabilities		74,130
Net Assets		
Without donor restrictions		
Undesignated		2,517,309
Designated by the board for endowment		100,000
Invested in property and equipment, net of related debt		3,327,490
		5,944,799
With donor restrictions		
Purpose restrictions		148,206
Endowment		178,131
		326,337
Total Net Assets		6,271,136
TOTAL LIABILITIES AND NET ASSETS	$	6,345,266

Mission Lazarus, Inc.
Consolidated Statement of Activities
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Contributions	$ 1,741,779	$ 205,933	$ 1,947,712
Sales	74,250	-	74,250
Service revenues	20,660	-	20,660
Rental income	17,608	-	17,608
Miscellaneous income	186,786	-	186,786
Investment income, net	(51,763)	-	(51,763)
Gross special events revenue	587,766	-	587,766
Less cost of direct benefit to donors	(156,035)	-	(156,035)
Net special events revenue	431,731	-	431,731
Net Assets Released from Restrictions	204,232	(204,232)	-
TOTAL SUPPORT AND REVENUE	2,625,283	1,701	2,626,984
EXPENSES			
Program services	2,219,612	-	2,219,612
Management and general	418,989	-	418,989
Fundraising	91,341	-	91,341
TOTAL EXPENSE	2,729,942	-	2,729,942
Change in Net Assets	(104,659)	1,701	(102,958)
Beginning net assets	6,044,583	324,636	6,369,219
Prior period adjustment	4,875	-	4,875
Net assets, restated	6,049,458	324,636	6,374,094
Ending Net Assets	$ 5,944,799	$ 326,337	$ 6,271,136

Expenses	**Program**	**Management and General**	**Fundraising**	**Total**
Payroll	$ 840,977	$ 333,177	$ -	$ 1,174,154
Benefits	23,368	-	-	23,368
Payroll tax	3,887	37,471	-	41,358
Total Payroll	868,232	370,648	-	1,238,880
Materials	303	-	-	303
Food	96,907	-	-	96,907
Maintenance and repairs	111,767	-	-	111,767
Mission group travel	162,854	-	-	162,854
Fuel and oil	93,959	-	-	93,959
Construction supplies	25,712	-	-	25,712
Medical fees	29,586	-	-	29,586
Giving	32,851	-	-	32,851
Utilities	37,054	-	-	37,054
Rent	10,000	540	-	10,540
Consulting	58,818	-	57,938	116,756
Travel	81,858	-	-	81,858
Other supplies	50,280	-	-	50,280
Accounting	24,888	3,651	-	28,539
Insurance	56,666	-	-	56,666
Other fees	86,426	-	-	86,426
Postage and shipping	3,456	-	6,735	10,191
Education supplies	88,709	-	-	88,709
Legal	21,363	-	823	22,186
Miscellaneous	25,063	20,345	(425)	44,983
Office supplies	-	4,442	-	4,442
Advertising	-	-	18,340	18,340
Medicine	16,562	-	-	16,562
Website development	-	15,391	-	15,391
Bank fees	-	3,972	-	3,972
Tools	4,096	-	-	4,096
Printing and publications	179	-	7,930	8,109
Total Expenses Before Depreciation	1,987,589	418,989	91,341	2,497,919
Depreciation	232,023	-	-	232,023
Total Expenses	$ 2,219,612	$ 418,989	$ 91,341	$ 2,729,942

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(102,958)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation		232,023
Unrealized gain/loss		76,440
Loss on disposal of assets		36,091
(Increase) decrease in accounts receivable and undeposited funds		206,755
(Increase) decrease in inventory and other assets		(2,619)
Increase (decrease) in accounts payable		21,662
Increase (decrease) in accrued expenses		6,378
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		473,772
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investment in Lazarus Group		(56,007)
Acquisition of additional capital assets		(498,201)
Purchase of investments		(25,550)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		(579,758)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		-
Net increase (decrease) in cash		(105,986)
Beginning cash		1,749,356
Ending Cash and Cash Equivalents	$	1,643,370
Interest expense for the year amounted to:	$	-

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Mission Lazarus, Inc., (the "Organization") was founded in 2004, to enable a greater degree of financial transparency for missionary couple Jarrod and Allison Brown, who were managing numerous development and humanitarian programs in multiple communities in southern Honduras, as demonstrable acts of God's love and concern for the well-being of humanity. Over the years, the organization has refined its practices and programs to such a degree as to set new standards of excellence in a hybridized style of ministry, development, and business.

Now active in both Honduras and Haiti, its strategy of holistic development employs differing tactics dependent on cultural norms, inherent strengths in the community, and felt needs. All mission programs and initiatives work through church and community leaders to target individuals, families, entire communities, or local economies, to achieve outcomes that are credited to the local church, rather than a foreign power or organization.

One of its largest programs in Honduras is the Refuge, a campus of children's homes that provide a safe residence in a family-like environment to promote healing for neglected, orphaned, and abandoned children. Housed in multiple different homes, the Refuge is a legacy for the future of Honduras and its families.

The Hacienda is a 1400 acre working ranch where the Refuge, the mission's main offices, and the warehouse are located. Additionally, a restaurant, guest lodge, vocational school, coffee farm, private school, and clinic are located on these premises. With a large herd of cattle, horses, and crop production, there are many opportunities for education and character building among students and employees who live and work onsite daily in the mission.

In Haiti, the primary development focus is the family. Disintegration of the family is a common occurrence due to extreme poverty perpetuated by an absence of employment opportunities. The key to improvement in Haiti is to keep families together. The organization achieves this through adult vocational training and job creation, child enrollment in L'Academie Lazare, the mission school which demands parent-teacher participation for its success, and community health interventions that improve overall well-being for families. All of these interventions increase family resilience and decrease the likelihood of family separation resulting in stronger communities and a better future for Haiti.

As a result of these, and other development programs, the Organization has planted, and continues to mentor, twenty-seven congregations throughout southern Honduras and has partnered with numerous congregations throughout Haiti, to spread the good news of Jesus Christ.

Consolidated Financial Statements

The financial statements include the accounts of the Organization and its branches in Honduras and Haiti. All significant inter-branch transactions and accounts are eliminated. Foreign currency may be held in foreign banks in Haiti and Honduras. All foreign bank accounts are converted to the Unites States dollar. All accounting records are maintained in United States currency.

Cash and Cash Equivalents

For purposes of the statement of cash flow, the Organization considers all highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. At December 31, 2022, the Organization had no accounts receivable requiring a valuation allowance.

Inventory
Inventory consists primarily of merchandise sold in the Organization's memorabilia stores and is valued at the lower of cost or market determined by the first-in, first-out method.

Capital Assets
Capital assets are stated at acquisition cost or, if donated, at the approximate fair value at the date of donation less accumulated depreciation. Expenditures for maintenance and repairs are not capitalized, whereas expenditures for renewals and betterments that materially prolong the useful lives of assets are generally capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is included in income.

Depreciation of capital assets is provided over the estimated useful lives of the respective assets on a straight-line basis over estimated useful lives:

Buildings and improvements	15-39 years	Vehicles	5 years
Office equipment	3-7 years	Equipment	3-5 years

It is the Organization's policy to capitalize assets with a cost, or fair market value, greater than $2,000.

Investments
The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Fair Value Measurement
The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

> Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.
> Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.
> Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

Compensated Absences
Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Organization's policy is to recognize these expenses when actually paid.

Public Support and Revenue Recognition
Support and revenue are recognized when earned, which is when cash is received, unconditional promises made, in-kind donations are received or when products are sold.

All contributions are considered available for the Organizations' general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted support and increase the respective class of net assets.

Donated Services
No amounts have been reflected in the financial statements for donated services because they do not meet the criteria for recognition. The Organization receives a variety of services from volunteers supporting the Organization's mission. The Organization receives more than 22,200 volunteer hours per year.

Advertising
The Organization expenses advertising costs as incurred. Advertising expense for the year ended December 31, 2022, amounted to $18,340.

Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Income Taxes
Mission Lazarus, Inc., is exempt from income taxes under Internal Revenue Code Section 501(c)(3). The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

Functional Allocation of Expenses
The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Net Assets
Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor- (or grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Subsequent Events
Mission Lazarus, Inc., has evaluated subsequent events through August 11, 2023, the date on which the consolidated financial statements were available to be issued.

There were no subsequent events requiring adjustment to the consolidated financial statements or disclosures as stated herein.

2. LIQUIDITY AND AVAILABILITY

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

Cash and cash equivalents	$ 1,643,370
Investments	444,826
Less funds subject to purpose restrictions:	
Board-designated endowments	(100,000)
Donor-restricted endowment for education	(178,131)
Lazarus Academy	(79,278)
Special medical cases	(68,928)
	$ 1,661,859

Our endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor restricted endowment funds are not available for general expenditure. The donor restricted endowments are intended to be used for educational purposes only and the board restricted endowment funds are not designated for a specific purpose.

3. FINANCIAL INSTRUMENTS AND CREDIT RISK

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash and cash equivalents on deposit. The Organization maintains cash and cash equivalents balances at several financial institutions located in Tennessee, Texas, Honduras, and Haiti. Accounts located in Tennessee institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. Accounts located in Honduras institutions are insured by the Fondo de Seguro de Depositos (FOSE DE) which guarantees repayment of a certain percentage of deposits. Funds held in Texas are held in trust by Mike Calvert Toyota, a Texas Corporation, and deposited with Toyota Financial Services. Funds deposited with Toyota Financial Services are not covered by any deposit insurance. Accounts located in Haiti financial institutions are not insured, therefore the Organization maintains low account balances to minimize their risk.

Investments are made by diversified investment managers whose performance is monitored by the finance committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Board believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

4. OTHER ASSETS

Other assets include investments in animals and crops for Mission Lazarus Hacienda, the working ranch.

5. DEBT

Mission Lazarus, Inc., has a line of credit with a maximum loan amount of $500,000 with Pinnacle Bank due September 22, 2023. The interest rate on this line of credit is subject to change from time to time based on changes in the index which is the Pinnacle base rate. The current interest at prime plus is 1%, with a floor interest of 4%. The loan balance for the year ended December 31, 2022, was $-.

6. INVESTMENT IN LAZARUS GROUP

In October 2018, the Organization made an investment in a new for-profit entity, Lazarus Group, Inc., ("LG") (a Tennessee Corporation) which is 100% owned by the Organization. The investment, totaling $ 786,365, is shown on the accompanying consolidated balance sheet as a non-current asset. LG's primary activities include the sale of leather goods designed and created by local artisans. LG also sells coffee, and lumber products which are locally harvested and processed in southern Honduras. In keeping with the mission of the Organization, these activities provide income opportunities for local Honduran artisans and laborers. The Organization's investment in LG provided inventory, labor costs, and various startup expenses to assist LG in beginning its operations. The Organization's management anticipates LG to become profitable within the next few years. Once profitable, LG will pay dividends to the Organization based on their investmen t and use substantially all of its profits to support the mission of the Organization.

A condensed unaudited balance sheet of Lazarus Group, Inc., on December 31, 2022, is summarized below:

Current assets	$ 446,768	
Fixed assets, net of depreciation	18,262	
Total assets		$ 465,030
Current liabilities	$ 114,435	
Total liabilities		114,435
Equity		$ 350,595

Revenues and net loss for the year ended December 31, 2022, totaled $661,704 and ($71,056), respectively.

7. CAPITAL ASSETS

A summary of the cost of capital assets and related accumulated depreciation for the year ended December 31, 2022:

Land	$ 657,099
Construction in progress	17,145
Building and improvements	3,671,532
Vehicles	630,048
Office furniture and equipment	250,919
Equipment	94,716
Total capital assets	5,321,459
Accumulated depreciation	(1,993,969)
Net Capital Assets	$ 3,327,490

Depreciation expense for the year ended December 31, 2022, totaled $232,023.

8. INVESTMENTS

The following table presents investments measured at fair value on a recurring basis, except those measured at cost as a practical expedient at December 31, 2022:

	Total	Level 1	Level 2	Level 3
Operating investments				
Cash and Money Market funds (at cost)	$ 2,444	$ -	$ -	$ -
Mutual funds	164,251	164,251	-	-
	$ 166,695	$ 164,251	$ -	$ -
Endowment investments				
Cash and Money Market funds (at cost)	$ 7,842	$ -	$ -	$ -
Exchange traded products	270,289	270,289	-	-
	$ 278,131	$ 270,289	$ -	$ -

9. ENDOWMENT

The Endowment consists of funds that were either donated as a restricted endowment gift(s) and/or unrestricted funds reserved and restricted to the endowment by the Board and/or donors.

The Board of Directors has interpreted the Tennessee Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2022, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA.

As of December 31, 2022, the Organization had the following endowment net asset composition:

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 100,000	$ -	$ 100,000
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	210,000	210,000
Accumulated investment gains/(losses)	-	(31,869)	(31,869)
	$ 100,000	$ 178,131	$ 278,131

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2022, endowment funds with donor restrictions with principal balances of $210,000 had negative investment earnings resulting in an ending balance of $178,131 that was $31,869 less than the original donor-restricted gift amount.

Investment and Spending Policies

We have adopted investment and spending policies for the Endowment with the intent to keep its original assets permanently intact. For the short-term the Board has elected to leave both principal and income intact until its total balance is at least $1,000,000. The long-term goal is to use a portion of its income to fund the two areas of operation as follows:

Educational Program Services – two-thirds of the proceeds that released for spending shall be used to fund the ongoing Educational Program Services.
Annual Budget – one-third of the proceeds that are released for spending shall be used to fund either program services or ongoing administrative cost.

The desired investment objective is a long-term rate of return on assets that is at least 5%, which is 2 .5% greater than the anticipated rate of inflation as measured by the Consumer Price Index (CPI). Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, assets will be diversified across asset classes. Certain asset classes require substantial time to adjust levels, particularly private equity, and real assets, as well as multi-strategy mandates. Consequently, implementation of adjustments to targeted ranges may require several years to achieve.

Prior to the first release of funds the Finance Committee will draft and recommend to the Board the final set of withdraw guidelines. The guidelines will include the maximum percent income that can be withdrawn annually, not to exceed 5% (on a rolling three-year average). The Board will apply a smoothing rule to mitigate the effects of short-term market volatility when calculating the level of annual spending. One of the following rules will be applied:

Moving average. The equilibrium-spending-rate will be applied to an average of the past three years of the portfolio's market values.
Preset increment over last year. The level of spending will be increased by percent over that of the previous year.
Judging the need for spending. The Board will determine the amount be spent based on the needs of the recipient organizations.

Changes in endowment net assets for the year ended December 31, 2022, are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 100,000	$ 200,000	$ 300,000
Investment return, net	-	(31,869)	(31,869)
Contributions	-	10,000	10,000
Appropriation of endowment assets pursuant to spending-rate policy	-	-	-
Endowment net assets, end of year	$ 100,000	$ 178,131	$ 278,131

10. NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to expenditure for specified purpose:	
Lazarus Academy	$ 79,278
Special medical cases	68,928
	148,206
Endowment	
Perpetual in nature, earnings from which are subject to endowment spending policy and appropriation:	
Education	178,131
	178,131
	$ 326,337

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2022:

Satisfaction of purpose restrictions:	
Lazarus Academy	$ 147,769
Special medical cases	-
Haiti and Honduras support	-
Restricted-purpose spending-rate distributions and appropriations:	
Education	56,463
	$ 204,232

11. PRIOR PERIOD ADJUSTMENT

During the fiscal year ended December 31, 2022, a prior period adjustment to retained earnings was made related to accrued expenses for the year ended December 31, 2021. The Organization had an adjustment to correct beginning net asset balances that was not posted in the year ended December 31, 2021, in the amount of $4,875. Additional retained earnings were recognized for the year ended December 31, 2022.

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