

WORLD CONNECT, INC.

Combined Financial Statements
with Independent Auditor's Report

December 31, 2024 and 2023

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

WORLD CONNECT, INC.

DECEMBER 31, 2024 AND 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
World Connect, Inc.

Opinion

We have audited the accompanying combined financial statements of World Connect, Inc. ("the Organization"), which comprise the combined statements of financial position as of December 31, 2024 and 2023, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Organization'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Galleras Robinson CPAs, LLP

New York, New York
June 23, 2025

WORLD CONNECT, INC.**COMBINED STATEMENTS OF FINANCIAL POSITION****DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 789,322	\$ 432,990
Investments	475,678	478,886
Contributions receivable, net	1,019,151	358,489
Prepaid expenses	5,711	11,602
Other current assets	2,101	-
Property and equipment, net	68,535	53,322
Other assets, net	<u>81,115</u>	<u>102,216</u>
 Total Assets	 <u>\$ 2,441,613</u>	 <u>\$ 1,437,505</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 154,517	\$ 307,567
Deferred revenue	<u>-</u>	<u>11,065</u>
 Total Liabilities	 <u>154,517</u>	 <u>318,632</u>
 Net Assets		
Without donor restrictions		
Board designated funds:		
Local Leaders Fund	112,061	112,199
Endowment	475,678	478,886
Operations	<u>128,989</u>	<u>(57,942)</u>
	716,728	533,143
With donor restrictions	<u>1,570,368</u>	<u>585,730</u>
 Total Net Assets	 <u>2,287,096</u>	 <u>1,118,873</u>
 Total Liabilities and Net Assets	 <u>\$ 2,441,613</u>	 <u>\$ 1,437,505</u>

WORLD CONNECT, INC.

COMBINED STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT						
Contributions and grants	\$ 895,432	\$ 1,777,335	\$ 2,672,767	\$ 979,537	\$ 1,077,284	\$ 2,056,821
Government grants	9,000	-	9,000	11,088	-	11,088
Special event revenues (net of direct benefits to donors of \$78,812 in 2024)	254,104	500,000	754,104	-	-	-
In-kind services	92,561	-	92,561	93,971	-	93,971
Gain (loss) on foreign currency translation	2,213	-	2,213	(8,429)	-	(8,429)
Net investment gain	9,293	-	9,293	30,925	-	30,925
Other income	19,640	-	19,640	12,253	-	12,253
Net assets released from restrictions	1,292,697	(1,292,697)	-	1,204,060	(1,204,060)	-
Total Revenue, Gains and Other Support	2,574,940	984,638	3,559,578	2,323,405	(126,776)	2,196,629
EXPENSES						
Program services	1,713,879	-	1,713,879	2,230,379	-	2,230,379
Management and general	360,550	-	360,550	254,044	-	254,044
Fundraising and development	316,926	-	316,926	270,755	-	270,755
Total Expenses	2,391,355	-	2,391,355	2,755,178	-	2,755,178
CHANGE IN NET ASSETS						
	183,585	984,638	1,168,223	(431,773)	(126,776)	(558,549)
NET ASSETS, BEGINNING OF YEAR	533,143	585,730	1,118,873	964,916	712,506	1,677,422
NET ASSETS, END OF YEAR	\$ 716,728	\$ 1,570,368	\$ 2,287,096	\$ 533,143	\$ 585,730	\$ 1,118,873

WORLD CONNECT, INC.

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Program Services	Management and General	Fundraising and Development	Total	Program Services	Management and General
					Fundraising and Development	Total
Salaries	\$ 756,784	\$ 149,996	\$ 150,651	\$ 1,057,431	\$ 722,805	\$ 135,173
Payroll taxes	40,548	12,334	10,869	63,751	29,989	9,503
Employee benefits	52,522	18,810	24,686	96,018	63,848	5,376
Total personnel services expenses	849,854	181,140	186,206	1,217,200	816,642	150,052
Grants	499,056	-	-	499,056	897,042	-
Professional fees	125,459	31,432	41,036	197,927	237,462	50,483
Contributed service	-	92,561	-	92,561	43,202	17,515
Travel and site visit costs	104,501	3,709	28,995	137,205	105,422	5,676
Venue and catering	-	-	78,812	78,812	-	-
Information and technology	29,411	18,265	1,871	49,547	33,299	10,331
Office, occupancy and equipment expenses	45,457	2,516	29,329	77,302	46,698	4,012
Dues and subscriptions	11,531	5,170	525	17,226	6,500	378
Insurance	15,311	3,208	-	18,519	14,559	2,826
Printing	1,103	-	12,483	13,586	7,019	-
Depreciation and amortization	24,687	8,207	2,853	35,747	15,207	6,836
Miscellaneous	7,509	14,342	13,628	35,479	7,327	5,935
	1,713,879	360,550	395,738	2,470,167	2,230,379	254,044
Less: Expenses deducted directly from revenues	-	-	(78,812)	(78,812)	-	-
Cost of direct benefits to donors of special event revenues	-	-	-	-	-	-
Total Expenses	\$ 1,713,879	\$ 360,550	\$ 316,926	\$ 2,391,355	\$ 2,230,379	\$ 254,044
					\$ 270,755	\$ 2,755,178

WORLD CONNECT, INC.**COMBINED STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2024 AND 2023**

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,168,223	\$ (558,549)
Adjustments to reconcile change in net assets to net cash from (used in) operating activities:		
Depreciation and amortization	35,747	24,896
Loss on write off of equipment	7,263	-
Net investment losses (gains)	16,663	(19,355)
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Contributions receivable	(660,662)	262,523
Prepaid expenses	5,891	(7,175)
Other current assets	(2,101)	12,951
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(153,050)	143,425
Deferred revenue	(11,065)	11,065
Net cash from (used in) operating activities	<u>406,909</u>	<u>(130,219)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(988,730)	(1,853,131)
Purchase of property and equipment	(37,122)	(57,117)
Proceeds from sale of investments	<u>975,275</u>	<u>1,854,071</u>
Net cash used in investing activities	<u>(50,577)</u>	<u>(56,177)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	356,332	(186,396)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>432,990</u>	<u>619,386</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 789,322</u>	<u>\$ 432,990</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

No taxes or interest were paid during the years ended December 31, 2024 and 2023, respectively.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

1. ORGANIZATION AND NATURE OF ACTIVITIES

World Connect, Inc. (the "Organization") is a nonprofit corporation that activates power inside communities by co-investing with them to advance development on their own terms. Co-investments made by the Organization drive community-led improvements in health, education, environment, and economic opportunity, significantly impacting the Global South and in New York City, including greater leadership roles for women and girls.

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization was incorporated in December 2005 under the laws of the Commonwealth of Massachusetts. The Organization registered in the State of New York in October 2014 and is currently located in New York, New York. The Organization is independently registered in the United Kingdom, Malawi, and Rwanda under the names World Connect International, UK, Mudzi Connect, and World Connect, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Combination

All of the above organizations have been combined in these financial statements due to financial interdependence, control through overlapping boards of directors and the mutual work done together to achieve the same overarching goal. Collectively, the organizations are known as the "Organization" in the combined financial statements. All intercompany balances and transactions have been eliminated.

Basis of Accounting and Presentation

The Organization prepares its combined financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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. These net assets may be used at the discretion of the Organization's management and the board of directors.

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.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the combined statements of activities.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Use of Estimates

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, except for cash held in investment accounts.

Contributions Receivable

Contributions are recognized when the donor makes a gift to the Organization that is, in substance, unconditional. Contributions receivable due in one year are recorded at their net realizable value. Contributions receivable due in more than one year are recorded at the present value of their net realizable value, using risk-free interest rates to discount the amounts applicable to the years in which the contributions are received.

Allowance for Doubtful Accounts

The Organization determines whether an allowance for doubtful accounts should be provided for contributions receivable. Such estimates are based on management's assessment of the aged basis of the receivables, current economic conditions and historical information. Contributions receivable are written off against the allowance for doubtful accounts when all reasonable collection efforts have been exhausted. Interest is not charged on outstanding receivables. Bad debt expense is charged based upon management's estimate of future write-offs and the adequacy of the allowance to cover them.

Investments

Investments are stated at the readily determinable fair market value in accordance with the Not-for-Profit Entities topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). Net investment gain (loss) includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses. Dividends and interest income are recognized when earned and realized gains or losses are recognized upon the sale of the security using the trade-date basis. Net investment gain (loss) is reported in the combined statements of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To increase the comparability of fair value measurements, a three-tier fair value hierarchy, which prioritizes the inputs used in the valuation methodologies, is used by the Organization as follows:

Level 1 - Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 - Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Valuations based on unobservable inputs reflecting the Organization's own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

Refer to Note 4 - Investments and Fair Value Measurements for assets measured at fair value.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Maintenance and repair costs are charged to expense as incurred, and cost of renewals and improvements are capitalized. The Organization capitalizes property and equipment with a cost of \$5,000 or more.

Depreciation are provided utilizing the straight-line method over the estimated useful lives of the respective assets as follows:

	<u>Estimated Useful Lives</u>
Furniture, fixtures, and equipment	7 years
Vehicle	5 years

Other Assets

Other assets are stated at cost, less accumulated amortization. Amortization expense is provided on a straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred, and the costs of renewals and improvements are capitalized. The Organization capitalizes other assets with a useful life of two years or more and a cost of \$1,000 or more.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2024 and 2023.

Contributions

Contributions are provided to the Organization either with or without donor restrictions. Revenues and net assets are separately reported to reflect the nature of those gifts - with or without donor restrictions. The value recorded for each contribution or grant is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts and grants, with or without restrictions</i>	
Gifts and grants that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, i.e., the donor-imposed barrier is met
<i>Unconditional gifts and grants, with or without restrictions</i>	
Received at date of gift - cash and other assets	Fair value
Received at date of gift - property, equipment and long-lived assets	Estimated fair value
Expected to be collected within a year	Net realizable value
Expected to be collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions - Continued

Contributions received and unconditional promises to give are recorded as public support at fair value in the period received and are considered to be net assets without donor restrictions unless specifically restricted by the donor. Contributions are recorded net of estimated uncollectible amounts. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. The Organization records contributions as donor restricted if they are received with donor stipulations that limit their use either through purpose or time restrictions.

When donor restrictions expire, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Government Grants

Government grants are recorded as revenues when the conditions attached to the grant are substantially met.

Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. All proceeds received are recorded as special event revenues in the accompanying combined financial statements. Revenue is recognized on the date of the event, which is the date the Organization expects to be entitled to consideration in exchange for attending the event.

In-Kind Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of services are recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donations.

Functional Allocation of Expenses

The breakdown of functional expenses into program services, management and general, and fundraising and development is provided by management using their best estimates as to the appropriate allocation. Grants expenses are directly charged to program expenses. Expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques including square footage and time and effort.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Foreign Currency Translation

The Organization applies the current rate method of translation for its accounts in foreign financed institutions. All foreign assets and liabilities accounts are translated to U.S. Dollars ("USD") using the exchange rate in effect at the date of the combined statement of financial position. Revenues, expenses, gains and losses are translated using the average exchange rate for the year. Gains or losses on foreign currency translation are recognized in the accompanying combined financial statements. The translation gain (loss) for 2024 and 2023 of \$2,213 and (\$8,429), respectively, are reflected as gain (loss) on foreign currency translation in the combined statements of activities.

Grants Expenses

Grants expenses are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grant is approved by management.

Accounting for Uncertainty in Income Taxes

The Organization applies the provisions pertaining to uncertain tax provisions, FASB ASC Topic 740, and has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2021.

3. CONTRIBUTIONS RECEIVABLE, NET

Contributions receivable, net as of December 31, 2024 and 2023 consist of receivables from individual donors and are due as follows:

	2024	2023
Less than a year	\$ 760,749	\$ 248,489
One to five years	<u>281,667</u>	<u>110,000</u>
	1,042,416	358,489
Less: Discount to present value (ranging from 4.25% to 4.27%)	<u>(23,265)</u>	<u>-</u>
Total	<u>\$ 1,019,151</u>	<u>\$ 358,489</u>

WORLD CONNECT, INC.**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED****4. INVESTMENTS AND FAIR VALUE MEASUREMENTS**

The Organization measures its investments at fair value. Fair value is an exit price, representing the amount that would be received on the sale of an asset or that would be paid to transfer a liability in an orderly transaction between market participants. As a basis for considering such assumptions, a three-tier fair value hierarchy is used which prioritizes the inputs in the valuation methodologies in measuring fair value.

Items Measured at Fair Value on a Recurring Basis

The following table presents the Organization's assets that are measured at fair value on a recurring basis at December 31, 2024 and 2023:

	2024		2023	
	Level 1	Total	Level 1	Total
Assets				
Investments				
Money market	\$ 240,170	\$ 240,170	\$ 1,732	\$ 1,732
Exchange-traded funds	235,508	235,508	83,605	83,605
U.S. Treasury Securities	-	-	393,549	393,549
	<u>\$ 475,678</u>	<u>\$ 475,678</u>	<u>\$ 478,886</u>	<u>\$ 478,886</u>

Net investment gain consists of the following for the years ended December 31, 2024 and 2023:

	2024	2023
Interest and dividends	\$ 25,956	\$ 11,570
Unrealized (losses) gains	(8,748)	27,266
Realized losses	<u>(7,915)</u>	<u>(7,911)</u>
Net investment gain	<u>\$ 9,293</u>	<u>\$ 30,925</u>

Fair Value Hierarchy

Investments categorized as Level 1 in the table above are valued using quoted prices for identical assets in active markets.

WORLD CONNECT, INC.**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED****5. PROPERTY AND EQUIPMENT, NET**

Property and equipment, net consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Furnitures, fixtures, and equipment	\$ 2,121	\$ 10,754
Vehicle	<u>85,606</u>	<u>48,484</u>
	87,727	59,238
Less: Accumulated depreciation	<u>(19,192)</u>	<u>(5,916)</u>
	<u>\$ 68,535</u>	<u>\$ 53,322</u>

Depreciation expense amounted to \$13,276 and \$3,795 for the years ended December 31, 2024 and 2023, respectively.

In 2024, the Organization changed their capitalization threshold from \$1,000 to \$5,000. Equipment with original cost not exceeding \$5,000 were written off. Total equipment with a cost of \$8,633 and accumulated depreciation of \$1,370 were written off in 2024.

6. OTHER ASSETS, NET

Other assets, net consist of the following as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Website costs	\$ 142,633	\$ 142,633
Logo	<u>68,355</u>	<u>68,355</u>
	210,988	210,988
Less: Accumulated amortization	<u>(129,873)</u>	<u>(108,772)</u>
	<u>\$ 81,115</u>	<u>\$ 102,216</u>

The costs of other assets are amortized over 10 years. Amortization expense amounted to \$21,101 for the years ended December 31, 2024 and 2023.

7. IN-KIND SERVICES

In-kind services for the years ended December 31, 2024 and 2023 of \$92,561 and \$93,971, respectively, consisted of donated legal services.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

8. BOARD DESIGNATED NET ASSETS

The Organization's governing board has designated certain net assets for specific purposes as follows:

- a. Local Leaders Fund was established in 2018 to ensure the stability of ongoing operations.
- b. Endowment fund consists of a board-designated fund established in 2021, primarily to provide long-term support for its charitable programs.

Earnings on these funds are also designated for the same purposes as the underlying principal. The board may modify or release these designations at its discretion.

Board-designated net assets as of December 31, 2024 and 2023 consist of:

	2024	2023
Local Leaders Fund	\$ 112,061	\$ 112,199
Endowment	475,678	478,886
	<u>\$ 587,739</u>	<u>\$ 591,085</u>

9. COMMITMENTS

The Organization uses a donated space in New York, New York, for administrative purposes. Management believes that the fair value of the donated space is immaterial and, therefore, has not been recognized in the financial statements. In addition, the Organization utilizes co-working spaces in the United Kingdom and Nigeria and maintains a full office in Lilongwe, Malawi. Rental expense, included in office, occupancy and equipment expenses in the combined statements of functional expenses, amounted to \$8,762 and \$11,366 for the years ended December 31, 2024 and 2023, respectively.

10. CONCENTRATIONS

The Organization maintains several bank accounts at one financial institution, which accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. From time to time, the total cash balance exceeds the insured amounts. Management believes that credit risk related to these accounts is minimal. The Organization also maintains a bank account in United Kingdom which is insured by the Financial Services Compensation Scheme for up to £85,000. The balance in the accounts did not exceed the insured amounts for the years ended December 31, 2024 and 2023.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

10. CONCENTRATIONS - CONTINUED

The Organization also maintains two bank accounts each in Malawi and Rwanda. Malawi and Rwanda maintain a United States Dollar (USD) and a local currency account. The USD accounts were established to negotiate better foreign exchange rates when converting to the local currency. The balance in the accounts amounted to \$48,939 and \$35,853 for the years ended December 31, 2024 and 2023, respectively.

The Organization received contributions from two donors that amounted to approximately 29% and 23% of its revenue, gains and other support for 2024 and 2023, respectively. As of December 31, 2024 and 2023, contributions receivable from three donors and two donors comprised approximately 65% and 50%, respectively, of total contributions receivable. Management does not believe significant credit risk exists at year end.

11. RETIREMENT PLAN

The Organization has established a qualified 401(k) retirement plan covering all employees. Employees may contribute a minimum of 1% and up to the maximum of the annual Internal Revenue Service allowed amount. In 2023, the Organization made annual discretionary contributions based on a percentage of the annual compensation of employees who are in the plan. In 2024, the Organization updated its plan document to provide a safe-harbor non-elective contribution equal to 3% of its eligible employees' compensation. The Organization made contributions to this plan in the amount of \$20,927 and \$15,058 for the years ended December 31, 2024 and 2023, respectively.

The Organization also contributes to a mandatory national pension fund for its employees in the United Kingdom, Malawi and Rwanda. The Organization's contributions for the United Kingdom, Malawi and Rwanda plan were \$29,889 and \$21,059 for the years ended December 31, 2024 and 2023, respectively.

12. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2024 and 2023 were subject to the following restrictions:

	2024	2023
Project-specific programming in:		
Guatemala	\$ 902,464	\$ -
Rwanda	295,221	423,082
Nigeria	194,929	-
Malawi	83,504	-
Ecuador	80,000	152,648
Burkina Faso	8,000	-
New York City	6,250	10,000
	<u>\$ 1,570,368</u>	<u>\$ 585,730</u>

WORLD CONNECT, INC.**NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED****12. NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED**

Net assets released from restrictions consist of the following for the years ended December 31, 2024 and 2023:

	2024	2023
Project-specific programming in:		
New York City	\$ 511,102	\$ 502,064
Rwanda	250,564	235,778
Malawi	178,267	174,356
Beekeeping	100,000	100,000
Guatemala	97,536	-
Nigeria	80,046	80,536
Ecuador	75,182	50,000
Kenya	-	5,000
Research projects	-	1,326
Time restrictions	-	55,000
	<u>\$ 1,292,697</u>	<u>\$ 1,204,060</u>

13. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of December 31, 2024 and 2023, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses and purchases of property and equipment, were as follows:

	2024	2023
Cash and cash equivalents	\$ 789,322	\$ 432,990
Investments	475,678	478,886
Contributions receivable, net	<u>1,019,151</u>	<u>358,489</u>
Total financial assets	2,284,151	1,270,365
Board designated funds:		
Local Leaders Fund	(112,061)	(112,199)
Endowment	(475,678)	(478,886)
With donor restrictions	<u>(809,618)</u>	<u>(190,054)</u>
Financial assets available to meet cash needs		
for general expenditures within one year	<u>\$ 886,794</u>	<u>\$ 489,226</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization's expenditures are not subject to significant seasonal fluctuations. The amount deducted in the above table for net assets with donor restrictions is net of amounts expected to be released in the ensuing year.

WORLD CONNECT, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the combined financial statements through June 23, 2025, which is the date that the combined financial statements were available to be issued. During this period, there were no material subsequent events requiring disclosures.