



# Financial Statements

World Savvy  
San Francisco, California

For the years ended June 30, 2023 and 2022



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World Savvy  
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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
World Savvy  
San Francisco, California

### Opinion

We have audited the accompanying financial statements of World Savvy (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of World Savvy as of June 30, 2023 and 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 audit 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 World Savvy 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 World Savvy ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 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 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 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 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.



**Abdo**  
Minneapolis, Minnesota  
October 12, 2023



## FINANCIAL STATEMENTS

World Savvy  
Statements of Financial Position  
June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,089,652	\$ 2,620,625
Accounts receivable	68,863	25,316
Pledges receivable, current	1,596,305	1,499,030
Prepaid expenses	44,337	26,194
Total Current Assets	3,799,157	4,171,165
Property and Equipment		
Furniture and equipment	11,811	11,970
Less Accumulated Depreciation	(2,362)	-
Total Property and Equipment, Net	9,449	11,970
Intangible Assets		
Website	52,500	63,375
Total Intangible Assets	52,500	63,375
Less: Accumulated amortization	-	(61,850)
Total Intangible Assets, Net	52,500	1,525
Noncurrent Assets		
Pledges receivable, noncurrent, net of discount of \$107,000 and \$139,000 in 2023 and 2022, respectively	1,974,667	2,586,000
Operating right of use asset	129,333	-
Security deposits	7,612	7,612
Total Noncurrent Assets	2,111,612	2,593,612
Total Assets	\$ 5,972,718	\$ 6,778,272
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 34,190	\$ 88,836
Deferred revenue	-	8,500
Refundable advance	309,310	-
Operating short term lease liability	91,971	-
Total Current Liabilities	435,471	97,336
Noncurrent Liabilities		
Operating long term lease liability	38,584	-
Total Liabilities	474,055	97,336
Net Assets		
Without donor restrictions	1,796,638	2,609,938
With donor restrictions	3,702,025	4,070,998
Total Net Assets	5,498,663	6,680,936
Total Liabilities and Net Assets	\$ 5,972,718	\$ 6,778,272

See Independent Auditor's Report and Notes to the Financial Statements.

World Savvy  
Statements of Activities  
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Support						
Foundation and corporate support	\$ 355,106	\$ 746,882	\$ 1,101,988	\$ 190,883	\$ 441,000	\$ 631,883
Contributions	231,502	1,038,000	1,269,502	916,355	1,667,923	2,584,278
Special events, net of direct expenses of \$54,430 and \$96,892 in 2022 and 2021, respectively	(4,970)	-	(4,970)	52,754	-	52,754
In-kind contributions	139,945	-	139,945	62,170	-	62,170
Government grants	-	-	-	-	200,100	200,100
Total Support	<u>721,583</u>	<u>1,784,882</u>	<u>2,506,465</u>	<u>1,222,162</u>	<u>2,309,023</u>	<u>3,531,185</u>
Revenue						
Program income	202,395	-	202,395	132,657	-	132,657
Investment income	4,133	-	4,133	61	-	61
Total Revenue	<u>206,528</u>	<u>-</u>	<u>206,528</u>	<u>132,718</u>	<u>-</u>	<u>132,718</u>
Net assets released from restrictions	<u>2,153,855</u>	<u>(2,153,855)</u>	<u>-</u>	<u>3,454,257</u>	<u>(3,454,257)</u>	<u>-</u>
Total Support and Revenue	<u>3,081,966</u>	<u>(368,973)</u>	<u>2,712,993</u>	<u>4,809,137</u>	<u>(1,145,234)</u>	<u>3,663,903</u>
Expenses						
Program services	<u>2,777,312</u>	<u>-</u>	<u>2,777,312</u>	<u>1,848,895</u>	<u>-</u>	<u>1,848,895</u>
Support services						
Management and general	371,016	-	371,016	738,684	-	738,684
Fundraising	746,938	-	746,938	399,196	-	399,196
Total Support Services	<u>1,117,954</u>	<u>-</u>	<u>1,117,954</u>	<u>1,137,880</u>	<u>-</u>	<u>1,137,880</u>
Total Expenses	<u>3,895,266</u>	<u>-</u>	<u>3,895,266</u>	<u>2,986,775</u>	<u>-</u>	<u>2,986,775</u>
Change in Net Assets	(813,300)	(368,973)	(1,182,273)	1,822,362	(1,145,234)	677,128
Net Assets, Beginning	<u>2,609,938</u>	<u>4,070,998</u>	<u>6,680,936</u>	<u>787,576</u>	<u>5,216,232</u>	<u>6,003,808</u>
Net Assets, Ending	<u>\$ 1,796,638</u>	<u>\$ 3,702,025</u>	<u>\$ 5,498,663</u>	<u>\$ 2,609,938</u>	<u>\$ 4,070,998</u>	<u>\$ 6,680,936</u>

See Independent Auditor's Report and Notes to the Financial Statements.

World Savvy  
Statements of Functional Expenses  
For the Year Ended June 30, 2023

	Support Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Support Services	
Personnel Costs					
Salaries	\$ 1,690,263	\$ 222,908	\$ 446,425	\$ 669,333	\$ 2,359,596
Payroll taxes	126,471	17,609	34,880	52,489	178,960
Employee benefits	150,801	11,329	45,579	56,908	207,709
Total Personnel Costs	<u>1,967,535</u>	<u>251,846</u>	<u>526,884</u>	<u>778,730</u>	<u>2,746,265</u>
Expenses					
Accounting	61,025	21,051	14,641	35,692	96,717
Awards	15,000	-	-	-	15,000
Consulting	252,179	23,381	83,835	107,216	359,395
Dues, licenses and service fees	471	2,238	2,848	5,086	5,557
Equipment rental and maintenance	2,015	498	472	970	2,985
Facility rentals	1,780	-	-	-	1,780
Insurance	4,283	1,058	1,004	2,062	6,345
Meetings and conferences	33,302	-	89	89	33,391
Memberships and subscriptions	14,774	746	759	1,505	16,279
Occupancy	79,120	19,537	18,543	38,080	117,200
Printing and postage	5,856	1,513	3,474	4,987	10,843
Professional development	20,526	5,531	5,843	11,374	31,900
Professional fees	99,109	24,473	23,229	47,702	146,811
Public relations and marketing	10,810	452	4,951	5,403	16,213
Stipends	650	-	-	-	650
Supplies	43,885	2,022	4,940	6,962	50,847
Telephone and internet	48,063	9,277	25,803	35,080	83,143
Travel, meals and entertainment	113,967	6,745	28,782	35,527	149,494
Web design and maintenance	338	-	226	226	564
Total Expenses Before Amortization and Depreciation	<u>2,774,688</u>	<u>370,368</u>	<u>746,323</u>	<u>1,116,691</u>	<u>3,891,379</u>
Amortization and depreciation	<u>2,624</u>	<u>648</u>	<u>615</u>	<u>1,263</u>	<u>3,887</u>
Total Expenses	<u>\$ 2,777,312</u>	<u>\$ 371,016</u>	<u>\$ 746,938</u>	<u>\$ 1,117,954</u>	<u>\$ 3,895,266</u>

See Independent Auditor's Report and Notes to the Financial Statements.



**World Savvy**  
**Statements of Functional Expenses (Continued)**  
**For the Year Ended June 30, 2022**

	Support Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Support Services	
<b>Personnel Costs</b>					
Salaries	\$ 1,245,620	\$ 308,812	\$ 258,371	\$ 567,183	\$ 1,812,803
Payroll taxes	96,452	23,852	19,288	43,140	139,592
Employee benefits	100,017	24,061	20,707	44,768	144,785
<b>Total Personnel Costs</b>	<u>1,442,089</u>	<u>356,725</u>	<u>298,366</u>	<u>655,091</u>	<u>2,097,180</u>
<b>Expenses</b>					
Accounting	-	190,697	-	190,697	190,697
Consulting	114,550	29,383	22,404	51,787	166,337
Dues, licenses and service fees	45	4,549	3,452	8,001	8,046
Equipment rental and maintenance	2,022	622	467	1,089	3,111
Facility rentals	2,300	-	-	-	2,300
Insurance	3,543	1,090	817	1,907	5,450
Meetings and conferences	9,611	2,229	-	2,229	11,840
Memberships and subscriptions	7,398	3,200	6,828	10,028	17,426
Occupancy	61,864	19,160	14,276	33,436	95,300
Printing and postage	2,807	1,015	1,242	2,257	5,064
Professional development	28,651	14,830	6,821	21,651	50,302
Professional fees	6,244	64,091	1,441	65,532	71,776
Public relations and marketing	7,517	1,765	2,800	4,565	12,082
Stipends	3,000	-	-	-	3,000
Supplies	26,509	13,805	8,552	22,357	48,866
Telephone and internet	35,923	20,952	11,933	32,885	68,808
Travel, meals and entertainment	72,421	14,571	19,797	34,368	106,789
Web design and maintenance	1,276	-	-	-	1,276
<b>Total Expenses Before Amortization</b>	<u>1,827,770</u>	<u>738,684</u>	<u>399,196</u>	<u>1,137,880</u>	<u>2,965,650</u>
<b>Amortization</b>	<u>21,125</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,125</u>
<b>Total Expenses</b>	<u><u>\$ 1,848,895</u></u>	<u><u>\$ 738,684</u></u>	<u><u>\$ 399,196</u></u>	<u><u>\$ 1,137,880</u></u>	<u><u>\$ 2,986,775</u></u>

See Independent Auditor's Report and Notes to the Financial Statements.

**World Savvy**  
**Statements of Cash Flows**  
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ (1,182,273)	\$ 677,128
Adjustment to reconcile change in net assets to net cash provided (used) by operating activities:		
Forgiveness of Paycheck Protection Program note payable	-	(175,100)
Operating lease expense	93,847	-
Amortization and depreciation	3,887	21,125
Expense of previously capitalized equipment	159	-
Loss on implementation of lease standard	224	-
Change in assets:		
Accounts receivable	(43,547)	23,028
Pledges receivable	514,058	1,145,167
Prepaid expenses	(18,143)	(6,724)
Security deposits	-	1,920
Change in liabilities:		
Accounts payable	(54,646)	24,578
Other accrued expenses	-	(2,917)
Deferred revenue	(8,500)	1,000
Refundable advance	309,310	-
Operating lease liability	(92,849)	-
Net Cash Provided (Used) by Operating Activities	(478,473)	1,709,205
Cash Flows from Investing Activities		
Purchase of property and equipment	-	(11,970)
Purchase of website	(52,500)	-
Net Cash Used by Investing Activities	(52,500)	(11,970)
Cash Flows from Financing Activities		
Payments on long-term debt	-	(250,000)
Increase in Cash and Cash Equivalents	(530,973)	1,447,235
Cash and Cash Equivalents, Beginning	2,620,625	1,173,390
Cash and Cash Equivalents, Ending	\$ 2,089,652	\$ 2,620,625
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	\$ -	\$ 3,261
Noncash Investing and Financing Activities:		
Disposal of fully amortized intangible asset	\$ 63,375	\$ -

See Independent Auditor's Report and Notes to the Financial Statements.

World Savvy  
Notes to the Financial Statements  
June 30, 2023 and 2022

## Note 1: Summary of Significant Accounting Policies

### A. Nature of Activities

World Savvy (the Organization) is a non-profit public benefit corporation founded in 2002 that addresses the need for global competence by partnering with educators, schools, and districts to integrate the highest quality of global competence teaching and learning into K-12 classrooms, so all young people can be prepared to engage, succeed, and meet the challenges of 21<sup>st</sup> century citizenship.

The Organization's mission is to educate youth to learn, work, and thrive as responsible global citizens of the 21<sup>st</sup> century. As the leading provider of global competence education, the Organization envisions a K-12 education system that prepares all students with the knowledge, skills, and dispositions for success and active engagement in the global community. Since 2002, the Organization has reached more than 640,000 youth and nearly 3,800 educators across their three offices in San Francisco (2002), New York (2007) and Minneapolis - St. Paul (2008).

The Organization partners with schools and districts to support the systemic integration of global competence education. Partners with the Organization have the ability to choose from a range of programs and services and customize partnership packages to best fit their needs.

Sources of revenue include contributions from individuals, corporations, private foundations, special events, and program fees.

### B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles issued by the Financial Accounting Standards Board. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and related changes are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations or where donor-imposed stipulations are met in the year of the contribution.

Net Assets With Donor Restrictions - Net assets with donor restrictions are those resources subject to donor imposed restrictions, which will be satisfied by actions of the Organization or passage of time.

Revenue is recorded as net assets without donor restrictions or net assets with donor restrictions support, depending on the existence and nature of any donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donor stipulation or by law.

### C. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

### D. Cash and Cash Equivalents

The Organization considers all short-term debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

World Savvy  
Notes to the Financial Statements  
June 30, 2023 and 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

**E. Concentrations**

The Organization maintains cash in bank deposit accounts at high credit quality financial institutions that are members of the IntraFi Network. Through this network, the financial institutions strategically divide cash deposits across multiple member banks, ensuring that each individual deposit remains within the FDIC insurance limits and readily available. Although balances in these accounts may occasionally exceed federally insured limits, the Organization has not experienced any loss and believes it is not exposed to any significant credit risk. The IntraFi Network provides added security and flexibility in managing the deposits of the Organization while optimizing FDIC insurance coverage.

A significant portion of the receivables are from three donors. As of June 30, 2023 and 2022, the amount due from the donors was 80% and 88% of the total receivables, respectively.

**F. Accounts Receivable**

Accounts receivable consist of amounts due for program services rendered and grants awarded but not yet received. All amounts are expected to be collected within one year. No interest is accrued on accounts receivable. No allowance for uncollectible amounts is considered necessary as of June 30, 2023 and 2022, since management expects all receivables to be collectible.

**G. Pledges Receivable**

Pledges receivable that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected in future years are recorded at present value of the amounts to be collected. No allowance for uncollectible amounts is considered necessary as of June 30, 2023 and 2022, since management expects all receivables to be collectible.

**H. Property and Equipment**

The Organization capitalizes all asset additions over \$1,000. Purchased property and equipment is recorded at cost. Contributed property and equipment is recorded at fair market value at the date of donation. Depreciation and amortization are computed on the straight-line method over the estimated useful life of the respective asset.

Assets	Useful Lives in Years
Furniture and Equipment	3 - 7

**I. Intangible Assets**

Intangible assets with finite lives are amortized over their respective estimated useful life of three years using the straight-line method. Intangible assets are reviewed for indicators of impairment at least annually and evaluated for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Management believes there are no impairment losses for the years ended June 30, 2023 and 2022. The intangible asset is a website, and amortization expense for the years ended June 30, 2023 and 2022 was \$3,887 and \$21,125, respectively.

World Savvy  
Notes to the Financial Statements  
June 30, 2023 and 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

**J. Revenue Recognition**

Revenue from program service fees is recognized as income in the period that the program event is held. Payments received in advance are deferred to the applicable period in which the program event is held.

Contributions are recorded as revenue when notified as revenue with donor restrictions or revenue without donor restrictions, depending on the existence or nature of any donor restrictions. All donor-imposed restrictions are reported as increases in net assets with donor restrictions, depending on the existence or nature of any restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

**K. In-Kind Contributions**

In-kind contributions included in the Statement of Activities are comprised of the following:

	2023	2022	Usage in Programs/Activities	Donor Restriction	Fair Value Techniques
Legal Services	\$ 134,639	\$ 62,170	FY23 Development	None	Estimated based on time rates for each practitioner
Event Cost	5,306	-	FY23 Development	None	Estimated wholesale prices of identical or similar products if purchased in the region
Total In-kind Contributions	<u>\$ 139,945</u>	<u>\$ 62,170</u>			

In-kind contributions are recognized as support and as a corresponding asset or expense at their estimated fair value on the date of the gift. Legal services are valued based on current rates of legal services provided by law firms.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their values in the period received.

**L. Expense Allocation**

The costs of providing the Organization's various programs and supporting services are reflected on the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**M. Income Taxes**

The Organization is tax-exempt under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. The Organization is subject to income tax on any unrelated business.

The Organization has evaluated for uncertain tax positions, and management has determined there are no uncertain tax positions as of June 30, 2023 and 2022.

World Savvy  
Notes to the Financial Statements  
June 30, 2023 and 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

**N. Marketing**

Costs for public relations and marketing are expensed as incurred and were \$16,213 and \$12,082 for the years ended June 30, 2023 and 2022, respectively. Costs for marketing consultants were also expensed as incurred and were \$26,284 and \$28,037 for the years ended June 30, 2023 and 2022, respectively.

**O. Leases**

The Organization determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Organization performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term and are included in long-term liabilities and current liabilities on the statement of financial position. ROU assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments, and reduced by any lease incentives and any deferred lease payments. Operating ROU assets are recorded on the face of the statement of financial position and are amortized over the lease term. To determine the present value of lease payments on lease commencement, the Organization uses the implicit rate when readily determinable. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense is recognized on a straight-line basis over the life of the lease and is included within operating expenses on the statement of activities.

The Organization has made the following elections related to leases:

- The Organization has elected to use a risk-free rate as the discount rate on all classes of underlying assets when an implicit rate is not readily available.
- The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component for classes of underlying assets.
- The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term leases will not be capitalized.

**P. New Accounting Pronouncements**

In March 2016, the FASB issued ASU No. 2016-02, *Leases*, as a new topic, Accounting Standards Codification 842. The objective of ASU No. 2016-02 is to increase transparency and comparability among organizations by reorganizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The amendments in the ASU were applied on a retrospective basis and went into effect for the Organization for the year ended June 30, 2023.

**Q. Subsequent Events**

In preparing these financial statements the Organization has evaluated events and transactions for potential recognition or disclosure through October 12, 2023, the date the financial statements were available to be issued.

World Savvy  
Notes to the Financial Statements  
June 30, 2023 and 2022

**Note 2: Pledges Receivable**

Pledges receivable comprise unconditional promises to give with collection periods through 2027. Amounts due later than one year are discounted at a rate of 2% to the present value of estimated future cash flows. Pledges are recognized at their estimated fair value and are restricted for the passage of time. No allowance for doubtful account is recorded.

Pledges receivable at June 30, 2023 and 2022, respectively, are as follows:

	<u>2023</u>	<u>2022</u>
Amounts due in:		
Less than one year:	\$ 1,596,305	\$ 1,499,030
More than one year:	2,081,667	2,725,000
Totals	<u>3,677,972</u>	<u>4,224,030</u>
Less: Discount to present value	<u>(107,000)</u>	<u>(139,000)</u>
 Total Pledges Receivable	 <u><u>\$ 3,570,972</u></u>	 <u><u>\$ 4,085,030</u></u>

**Note 3: Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Time and general restrictions	\$ 3,496,025	\$ 4,005,998
Partnerships	<u>206,000</u>	<u>65,000</u>
 Total	 <u><u>\$ 3,702,025</u></u>	 <u><u>\$ 4,070,998</u></u>

Net assets released from restriction during the years ended June 30, 2023 and 2022, consisted of the following:

	<u>2023</u>	<u>2022</u>
Time and general restrictions	\$ 1,841,973	\$ 3,197,300
COVID-19 Relief	-	200,100
Partnerships	311,882	54,900
Other programs	<u>-</u>	<u>1,957</u>
 Total	 <u><u>\$ 2,153,855</u></u>	 <u><u>\$ 3,454,257</u></u>

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**Note 4: Leases**

Effective July 1, 2022, the Organization entered into various operating leases for equipment and office space. Monthly payments range from \$225 to \$7,687 and have a remaining lease term from 1.25 to 5 years. The lease assets and liabilities were calculated using the weighted-average risk-free discount rate of 3.72% percent.

As disclosed in Note 1, the Organization adopted FASB ASC 842, effective July 1, 2022, using a modified retrospective approach. As a result, the Organization was required to recognize a ROU asset and corresponding lease liability on the face of the statement of financial position for the year ended June 30, 2023. As the standard was implemented using a modified retrospective approach, the statement of financial position as of June 30, 2022, was not impacted.

Additional information about the Organization's leases for the year ended June 30, 2023, is as follows:

Lease expense (included in operating expenses)	
Operating lease expense	\$ 93,847
Other Information	
Operating cash flows from operating leases	\$ 92,849
ROU assets obtained in exchange for new operating lease liabilities	230,825
Weighted-average remaining lease term in years for operating leases	1.55
Weighted-average discount rate for operating leases	3.72%

Maturities of operating lease liabilities are as follows:

<u>Year ended June 30,</u>	<u>Amount</u>
2024	\$ 94,975
2025	33,482
2026	2,734
2027	2,734
2028	228
Total undiscounted cash flows	<u>134,153</u>
Less: present value discount	<u>(3,598)</u>
Total lease liabilities	<u>\$ 130,555</u>

Future minimum payments for operating leases as of June 30, 2022 were as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ 98,419
2024	94,944
2025	33,448
2026	2,700
2027	2,700
Thereafter	<u>225</u>
Total	<u>\$ 232,436</u>



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**Note 5: Related Party Transactions**

During the years ended June 30, 2023 and 2022, the Organization received contributions from related parties and members of the Board of Directors. The CEO of the Organization is a board member of The Mortenson Family Foundation.

Pledges due from related parties consist of the following at June 30, 2023 and 2022:

	2023	2022
Anonymous	\$ 957,000	\$ -
Alice Mortenson	945,922	1,667,000
Board Members	201,000	30,000
The Mortenson Family Foundation	59,000	-
Total	\$ 2,162,922	\$ 1,697,000

**Note 6: Liquidity and Availability of Financial Assets**

The Organization's liquid financial assets available to meet cash needs for general expenditures within one year are summarized as follows at June 30:

	2023	2022
Cash and cash equivalents	\$ 2,089,652	\$ 2,620,625
Accounts receivable	68,863	25,316
Pledges receivable	3,570,972	4,085,030
Total Financial Assets	5,729,487	6,730,971
Less financial assets unavailable for general expenditure within one year, due to:		
Donor-imposed restrictions	(2,180,665)	(2,586,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,548,822	\$ 4,144,971

The Organization's programming and subsequent program income and pledge schedule revolve around the K-12 academic year. As part of the current liquidity plan, management may seek to establish a new line of credit to meet future obligations.