



HANDS ACROSS THE SEA, INC.

Financial Statements

December 31, 2023 and 2022

Anthony J. Caliri, MBA, CPA, CVA
One Worthington Road
Cranston, RI 02920
401-270-6136 Fax (401) 941-1867

Nancy L. Mancini, CPA
PO Box 207
Exeter, RI 02822
401-268-3926 Fax (401) 667-7203

Ralph J. Barbieri, CPA, MS
1845 Smith Street
North Providence, RI 02911
401-231-7736 Fax (401) 231-3896

Blair J. Barbieri, CPA, MS
6 Angell Road
Narragansett, RI 02881
401-782-8971 Fax (401) 231-3896

HANDS ACROSS THE SEA, INC.

Index to Financial Statements

December 31, 2023 and 2022

	<u>Page No.</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statement of Activities for the Year Ended December 31, 2023	4
Statement of Activities for the Year Ended December 31, 2022	5
Statement of Functional Expenses for the Year Ended December 31, 2023	6
Statement of Functional Expenses for the Year Ended December 31, 2022	7
Statements of Cash Flows	8
Notes to Financial Statements	9 - 17



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hands Across the Sea, Inc.
Boston, Massachusetts

Opinion

We have audited the accompanying financial statements of Hands Across the Sea, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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 Hands Across the Sea, Inc. as of December 31, 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hands Across the Sea, 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 these 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 the 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 Hands Across the Sea, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Hands Across the Sea, 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 Hands Across the Sea, 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.

Caliri, Mancini & Barbicere, PC

Exeter, Rhode Island
March 19, 2024

HANDS ACROSS THE SEA, INC.
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets:		
Cash	\$ 291,719	\$ 265,132
Investment in Money Funds Available for Current Operations	14,578	-
Contributions Receivable, Current Portions	152,775	43,927
Other Current Assets	-	2,190
Book and Educational Kit Inventory to be Distributed	151	239,640
Total Current Assets	459,223	550,889
Non-Current Assets:		
Cash Held for Operational Reserve	-	50,000
Investment in Money Funds Held for Operational Reserve	50,000	-
Website Design, Net of Accumulated Amortization	-	2,451
Total Non-Current Assets	50,000	52,451
Total Assets	\$ 509,223	\$ 603,340
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 2,120	\$ 829
Credit Cards Payable	8,856	3,885
Total Liabilities	10,976	4,714
Net Assets:		
Without Donor Restrictions:		
General	368,980	306,592
Operational Reserves	50,000	50,000
Total Without Donor Restrictions	418,980	356,592
With Donor Restrictions	79,267	242,034
Total Net Assets	498,247	598,626
Total Liabilities and Net Assets	\$ 509,223	\$ 603,340

See independent auditors' report and accompanying notes to financial statements.

HANDS ACROSS THE SEA, INC.***Statement of Activities******Year Ended December 31, 2023***

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Public Support and Revenue:			
Public Support:			
Contributions and Grants			
Corporate Contributions	\$ 6,190	\$ 68,500	\$ 74,690
Religious Organizations	485	-	485
Foundations	32,454	210,626	243,080
Individuals	209,479	57,261	266,740
Donated Services	16,369	-	16,369
Non-Cash Contributions	-	2,501	2,501
Total Public Support	<u>264,977</u>	<u>338,888</u>	<u>603,865</u>
Revenue:			
Interest and Dividend Income	2,578	-	2,578
Other	42	-	42
Total Other Revenue	<u>2,620</u>	<u>-</u>	<u>2,620</u>
Net Assets Released from Restriction	<u>499,261</u>	<u>(499,261)</u>	<u>-</u>
Total Public Support and Revenue, After Net Assets Released From Restriction	<u>766,858</u>	<u>(160,373)</u>	<u>606,485</u>
Program Expenses:			
Program Services	<u>629,414</u>	<u>-</u>	<u>629,414</u>
Supporting Service Expenses:			
Management and General Expenses	45,954	-	45,954
Fundraising Expenses	31,496	-	31,496
Total Supporting Service Expenses	<u>77,450</u>	<u>-</u>	<u>77,450</u>
Total Expenses	<u>706,864</u>	<u>-</u>	<u>706,864</u>
Increase (Decrease) in Net Assets	59,994	(160,373)	(100,379)
Net Assets, Beginning of Year	<u>356,592</u>	<u>242,034</u>	<u>598,626</u>
Net Assets, End of Year	<u>\$ 416,586</u>	<u>\$ 81,661</u>	<u>\$ 498,247</u>

See independent auditors' report and accompanying notes to financial statements.

HANDS ACROSS THE SEA, INC.

Statement of Activities

Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>
Public Support and Revenue:			
Public Support:			
Contributions and Grants			
Corporate Contributions	\$ 8,626	\$ 61,290	\$ 69,916
Religious Organizations	700	-	700
Foundations	38,522	35,433	73,955
Individuals	187,883	50,068	237,951
Donated Services	11,886	-	11,886
Non-Cash Contributions	-	297,286	297,286
Total Public Support	247,617	444,077	691,694
Revenue:			
Other	76	-	76
Total Other Revenue	76	-	76
Net Assets Released from Restriction	251,217	(251,217)	-
Total Public Support and Revenue, After Net Assets Released From Restriction	498,910	192,860	691,770
Program Expenses:			
Program Services	423,792	-	423,792
Supporting Service Expenses:			
Management and General Expenses	48,595	-	48,595
Fundraising Expenses	34,382	-	34,382
Total Supporting Service Expenses	82,977	-	82,977
Total Expenses	506,769	-	506,769
Increase (Decrease) in Net Assets	(7,859)	192,860	185,001
Net Assets, Beginning of Year	364,451	49,174	413,625
Net Assets, End of Year	\$ 356,592	\$ 242,034	\$ 598,626

See independent auditors' report and accompanying notes to financial statements.

HANDS ACROSS THE SEA, INC.
Statement of Functional Expenses
Year Ended December 31, 2023

	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2023 Totals</u>
Salaries and Wages:				
Executive Director	\$ 122,450	\$ 9,450	\$ 8,100	\$ 140,000
Summer Intern	10,200	-	-	10,200
Employee Benefits	8,303	668	573	9,544
Payroll Taxes	9,367	723	620	10,710
Subtotal	<u>150,320</u>	<u>10,841</u>	<u>9,293</u>	<u>170,454</u>
Other Operating Expenses:				
Fees for Service:				
Bookkeeping Services	-	8,150	-	8,150
Literacy Links - Outside Services and Related Expenses	108,425	-	-	108,425
Accounting Fees	-	9,220	-	9,220
Bank Charges	-	1,135	-	1,135
Books and Educational Materials	304,020	-	-	304,020
Insurance Expense	-	1,604	-	1,604
Mail Forwarding	-	1,155	-	1,155
Miscellaneous	-	94	-	94
Office Expenses	2,126	76	-	2,202
Payroll Processing Fees	-	3,078	-	3,078
Postage and Shipping	7,328	163	52	7,543
Printing and Copying	538	-	570	1,108
Professional Fees	17,711	4,300	12,421	34,432
Public Relations and Marketing	139	-	-	139
Software and IT Services	1,443	1,600	7,944	10,987
Storage - Donated Services	8,922	-	-	8,922
State Registration Fees	-	3,322	-	3,322
Telephone, Telecommunications	1,122	1,089	1,089	3,300
Travel Expenses	24,869	127	127	25,123
Website Amortization	2,451	-	-	2,451
Total Functional Expenses	<u>\$ 629,414</u>	<u>\$ 45,954</u>	<u>\$ 31,496</u>	<u>\$ 706,864</u>

See independent auditors' report and accompanying notes to financial statements.

HANDS ACROSS THE SEA, INC.
Statement of Functional Expenses
Year Ended December 31, 2022

	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2022 Totals</u>
Salaries and Wages:				
Executive Director	\$ 116,145	\$ 9,345	\$ 8,010	\$ 133,500
Program Director	5,056	1,124	5,056	11,236
Summer Intern	10,000	-	-	10,000
Employee Benefits	10,251	825	707	11,783
Payroll Taxes	9,333	806	1,003	11,142
Subtotal	<u>150,785</u>	<u>12,100</u>	<u>14,776</u>	<u>177,661</u>
Other Operating Expenses:				
Fees for Service:				
Bookkeeping Services	-	9,738	-	9,738
Literacy Links - Outside Services and Related Expenses	115,368	-	-	115,368
Accounting Fees	-	8,705	-	8,705
Bank Charges	-	1,137	-	1,137
Books and Educational Materials	106,739	-	-	106,739
Insurance Expense	-	1,623	-	1,623
Mail Forwarding	-	1,277	-	1,277
Miscellaneous	-	165	84	249
Office Expenses	1,798	-	135	1,933
Payroll Processing Fees	-	3,261	-	3,261
Postage and Shipping	12,179	274	126	12,579
Printing and Copying	3,368	29	3,367	6,764
Professional Fees	9,588	4,300	6,287	20,175
Public Relations and Marketing	91	-	-	91
Software and IT Services	1,074	1,671	7,996	10,741
Storage - Donated Services	7,501	-	-	7,501
State Registration Fees	-	3,219	-	3,219
Telephone, Telecommunications	1,208	1,096	1,096	3,400
Travel Expenses	10,701	-	515	11,216
Website Amortization	3,392	-	-	3,392
Total Functional Expenses	<u>\$ 423,792</u>	<u>\$ 48,595</u>	<u>\$ 34,382</u>	<u>\$ 506,769</u>

See independent auditors' report and accompanying notes to financial statements.

HANDS ACROSS THE SEA, INC.
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	\$ (100,379)	\$ 185,001
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Amortization of Website	2,451	3,392
Change in Donated Book and Educational Kit Inventory to be Distributed	239,489	(239,640)
Changes in:		
Contributions Receivable	(108,848)	77,850
Prepaid Expenses	-	(708)
Other Current Assets	2,190	-
Accounts Payable and Accrued Expenses	1,291	49
Credit Cards Payable	4,971	2,067
Total Adjustments	141,544	(156,990)
Net Cash Provided by Operating Activities	41,165	28,011
Cash Flows from Investing Activities:		
Purchase of Securities	(64,578)	-
Net Cash Used in Investing Activities	(64,578)	-
Net Increase (Decrease) in Cash	(23,413)	28,011
Cash, Beginning of Year	315,132	287,121
Cash, End of Year	\$ 291,719	\$ 315,132
Cash Consists of:		
Cash	\$ 291,719	\$ 265,132
Cash Held for Operational Reserve	-	50,000
Total Cash	\$ 291,719	\$ 315,132

See independent auditors' report and accompanying notes to financial statements.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies:

Nature of the Organization

Hands Across the Sea, Inc. (the “Organization”) was incorporated in the Commonwealth of Massachusetts in 2007. The Organization’s primary purpose is to raise the literacy levels of Caribbean children by assisting schools and libraries in the Eastern Caribbean communities. Hands Across the Sea, Inc. is dedicated to raising children’s literacy in the Eastern Caribbean by sending new books, creating libraries and lending systems, fostering ongoing sustainability with mentoring and professional development, and bridging library literacy with community engagement.

Summary of Significant Accounting Policies

Recent Accounting Pronouncements:

In September 2020, the FASB issued ASU 2020-7, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which should be applied on a retrospective basis, and is effective for annual periods beginning after June 15, 2021. The standard requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and disclosure of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets, for each category, qualitative information about whether these contributions were either monetized or utilized during the reporting period with a description of the programs or other activities in which those assets were used, a description of the valuation techniques used, and other matters.

This standard became effective for the Organization’s year ended December 31, 2022.

The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

A. *Basis of Accounting and Financial Statement Presentation:*

The Organization prepares its financial statements using the accrual basis of accounting and accounting principles generally accepted in the United States of America.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies: (Continued)

Summary of Significant Accounting Policies: (Continued)

B. Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based on historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

C. Net Assets:

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on uses of the funds that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a grantor or donor for a particular purpose or for use in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the grantor or donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions. For fiscal years 2023 and 2022, there were no perpetual restrictions.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies: (Continued)

Summary of Significant Accounting Policies: (Continued)

C. Net Assets: (Continued)

Net Assets With Donor Restrictions (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of property and equipment, if applicable (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

D. Classification of Transactions:

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the grantor or donor specified the use of the related resources for a particular purpose or for use in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

E. Cash and Cash Equivalents, and Monetary Risk:

The Organization considers all short-term investments with original maturities of three months or less when purchased to be cash equivalents.

The Organization maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on cash deposits. At December 31, 2023 approximately \$43,100 held at one financial institution was uninsured.

F. Contributions Receivable:

Contributions receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. If significant, that fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2023 and 2022

1. Nature of the Organization and Summary of Significant Accounting Policies: (Continued)

Summary of Significant Accounting Policies: (Continued)

F. Contributions Receivable: (Continued)

The valuation allowance for uncollectible contributions receivable, if required, is determined based on management's evaluation of the collectability of individual promises. On a periodic basis, the Organization evaluates its contributions receivable and establishes an allowance for doubtful accounts, when deemed necessary, based on its history of past write-offs and collections and current credit conditions.

G. Accounting for Grants and Contributions:

Grants and contributions, including unconditional promises to give, are recognized when received. All grants and contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

H. Contributed Assets and Services:

Contributions of securities and other assets are recorded at fair values on the dates of the contributions.

The Organization uses individuals who volunteer their time to perform a variety of services, primarily fundraising; however, no amounts are recorded since these services do not require specialized skill, and thus do not meet the recognition criteria under current accounting standards as promulgated in the United States of America. See Note 11 for a summary of the contributed services that have been recorded.

I. Book and Educational Kit Inventory to be Distributed:

Book and educational kit inventory to be distributed consists of books and educational materials that were donated to the Organization and had not yet been distributed at year's end. These books and materials have been recognized at fair value and are expected to be used in the Organization's program in future years.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2023 and 2022

**1. Nature of the Organization and Summary of Significant Accounting Policies:
(Continued)**

Summary of Significant Accounting Policies: (Continued)

J. Expense Recognition and Allocation:

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied, as follows:

- Personnel costs are all allocated based on estimates of time provided to each function.
- Fees for services costs are allocated based on estimates of time provided to each function.
- All other costs are generally allocated by function using specific identification.

When program or service efforts change, the bases on which costs are allocated are re-evaluated.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. Additionally, public relations and marketing costs (and advertising costs, if any) are expensed as incurred.

K. Tax Status:

The Internal Revenue Service has determined the Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from income taxes. The Organization is not classified as a private foundation. The Organization evaluates all significant tax positions as required by accounting principles generally accepted in the United States. As of December 31, 2023, the Organization does not believe it has taken any tax positions that would require the recognition of a tax liability or any unrealized tax benefit that would either increase or decrease within the next twelve months. Tax years that are open for examination by taxing authorities are generally the last three tax year-ends.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2023 and 2022

2. Liquidity and Availability:

As of December 31, 2023, the following table shows the total financial assets held by the Organization and the amounts of those financial assets that could be made available within one year of the statement of financial position date to meet general expenditures (i.e., without donor or other restrictions limiting their use within one year):

Financial Assets at Year-End:	<u>2023</u>	<u>2022</u>
Cash	\$ 291,719	\$ 265,132
Investments	64,578	-
Contributions Receivable	152,775	43,927
Cash Held for Operational Reserve	-	50,000
Total Financial Assets at Year-End	<u>509,072</u>	<u>359,059</u>
Less Financial Assets Held for Operational Reserve	<u>50,000</u>	<u>50,000</u>
	\$ <u>459,072</u>	\$ <u>309,059</u>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and minimizing medium and long-term obligations. Hands Across the Sea has a Liquidity Policy to maintain current financial assets less current liabilities at a minimum of 30 days operating expenses and to target a year-end balance of reserves of unrestricted net assets to meet 45 days of expected expenditures. To achieve these targets, the Organization forecasts future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. The Organization considers contributions restricted for programs which are ongoing and central to its annual operations to be available to meet cash needs for general expenditures. During the years ended December 31, 2023 and 2022, the level of liquidity and reserves was managed within the policy requirements, and the Organization did not incur any long-term obligations.

3. Fair Value Measurements (“FVM”):

The Organization reports fair value measures of its assets and liabilities using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The asset or liability’s measurement within the fair value hierarchy is based on the lowest level of input that is significant to the measurement. The three levels of inputs used to measure fair value are as follows:

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the Foundation has 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.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2023 and 2022

3. Fair Value Measurements (“FVM”): (Continued)

Level 3 - Unobservable inputs for the asset or liability. Unobservable inputs are used to measure the fair value if observable inputs are not available and rely on management’s assumptions that are developed based on the best information available in the circumstances, which may include the Organization’s own data.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, Level 1 inputs are not available for certain of the assets and liabilities that the Organization is required to measure at fair value (for example, unconditional promises to give and in-kind contributions, if applicable).

4. Investment in Money Funds:

The primary uses of fair value measures in the Organization’s financial statements are:

- initial measurement of noncash gifts, including gifts of investment assets and unconditional promises to give (if applicable)
- recurring measurement of investments

Investment consists of the following at December 31:

	<u>2023</u>	<u>2022</u>
Federal Money Market Fund (Level 1 FVM)	\$ <u>64,578</u>	\$ <u> -</u>

Investment income is summarized as follows:

	<u>2023</u>	<u>2022</u>
Interest Income	\$ <u>2,578</u>	\$ <u> -</u>

5. Contributions Receivable:

Of the total contributions receivable of \$152,775 at December 31, 2023, \$134,000 is receivable from three donors. Of the total contributions receivable of \$43,928 at December 31, 2022, \$28,000 was receivable from one donor.

6. Website Design, Net:

In the fall of 2020, the Organization invested in a newly designed website at a total cost of \$10,075. Amortization is being recorded on a straight-line basis over a three-year period. Amortization expense was \$2,451 and \$3,392 for fiscal years 2023 and 2022, respectively, and accumulated amortization was \$10,075 and \$7,624 at December 31, 2023 and 2022, respectively.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2023 and 2022

7. Net Assets With Donor Restrictions:

Net assets With Donor Restrictions consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Purpose Restrictions:		
Book and Educational Kits Inventory to be Distributed	\$ 151	\$239,640
Books, Libraries and School Supplies/Expenses	29,116	2,394
Time and Purpose Restrictions:		
To be Received in Future Year	<u>50,000</u>	<u>-</u>
Net Assets With Donor Restrictions	<u>\$ 79,267</u>	<u>\$242,034</u>

8. Net Assets Released From Restrictions:

Net Assets were released from restriction for the following at December 31:

	<u>2023</u>	<u>2022</u>
Purpose Restrictions:		
Books and Educational Kits, and Libraries and School Supplies/Expenses	<u>\$499,261</u>	<u>\$251,217</u>
Total Net Assets Released from Restriction	<u>\$499,261</u>	<u>\$251,217</u>

9. Related Party Transactions:

Board members donated approximately \$5,931 and \$6,653 during the years ended December 31, 2023 and 2022, respectively.

10. Concentrations:

Approximately 29 percent and 41 percent, respectively, of total public support, including donated books and resources, was contributed by two donors during the year ended December 31, 2023 and one donor during the year ended December 31, 2022.

HANDS ACROSS THE SEA, INC.

Notes to Financial Statements

December 31, 2023 and 2022

11. Donated Services and Non-Cash Contributions:

Donated services and non-cash contributions consist of the following for the year ended December 31:

	<u>2023</u>	<u>2022</u>
Services:		
Storage, Shipping and Related Services	\$ 11,675	\$ 11,886
Hotel Accommodations	4,694	-
Non-Cash Contributions:		
Books and Resources	<u>2,501</u>	<u>297,286</u>
Total Donated Services and Non-Cash Contributions	<u>\$ 18,870</u>	<u>\$309,172</u>

All donated services and non-cash contributions were used, or will be used if in year-end inventory, for the Organization's program.

The recognized fair values of all donated services and noncash contributions were based on the estimates of fair values provided by the donors or independent verification by retail values obtained on the web.

12. Future Commitment:

On December 19, 2023, the Organization entered into an agreement with a contractor to provide services related to the preparation of program materials and website support, including blogs, to be provided through December 31, 2024 at a total cost of \$12,000.

13. Subsequent Events and Evaluation:

The Organization has evaluated subsequent events through March 19, 2024, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required, including the uncertainties with respect to the current conditions as a result of the Corona Virus Pandemic.