

4WORD
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



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**4WORD
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YEARS ENDED DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
4word
Dallas, Texas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of 4word which comprise the statements of financial position as of December 31, 2022 and 2021, 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 4word as of December 31, 2022 and 2021, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 4word and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 4word's ability to continue as a going concern for one year after the date the financial statements are available to be issued.


Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 4word'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 4word'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.



CliftonLarsonAllen LLP

Fort Worth, Texas
August 23, 2023

4WORD
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 455,383	\$ 559,684
Grants and Pledges Receivable, Net of Allowance	263,150	251,386
Prepaid Expenses	125,061	100,710
Inventory	3,475	3,973
Property and Equipment, Net	2,499	3,083
Total Assets	\$ 849,568	\$ 918,836
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 11,907	\$ 9,285
Accrued Liabilities	81,209	7,906
Deferred Revenue	289,135	351,797
Total Liabilities	382,251	368,988
NET ASSETS		
Without Donor Restrictions:		
Undesignated	113,286	118,338
Operating Reserves - Board-Designated	146,055	145,997
Total Without Donor Restrictions	259,341	264,335
With Donor Restrictions:		
Purpose Restrictions	207,976	285,513
Total With Donor Restrictions	207,976	285,513
Total Net Assets	467,317	549,848
Total Liabilities and Net Assets	\$ 849,568	\$ 918,836

See accompanying Notes to Financial Statements.

**4WORD
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT						
Contributions and Grants	\$ 435,476	\$ 187,906	\$ 623,382	\$ 347,556	\$ 104,313	\$ 451,869
EW4C Forum	198,954	-	198,954	195,195	-	195,195
Contributions of Nonfinancial Assets	163,563	-	163,563	126,210	-	126,210
Mentorship, Net of Scholarships of \$4,096 in 2022 and \$11,149 in 2021	19,209	-	19,209	17,004	-	17,004
Speaking and Writing Fees and Other Revenue	(118)	-	(118)	(330)	-	(330)
Service Fees and Membership	14,861	-	14,861	24,493	-	24,493
Special Event Revenue, Net of Direct Costs of \$232,585 in 2022 and \$167,654 in 2021	247,541	-	247,541	193,181	-	193,181
Community Group Income	11,171	-	11,171	18,070	-	18,070
Digital Community Sponsorship	10,000	-	10,000	6,000	-	6,000
Net Assets Released from Restrictions:						
Satisfaction of Purpose Restrictions	265,443	(265,443)	-	102,398	(102,398)	-
Total Revenue and Other Support	1,366,100	(77,537)	1,288,563	1,029,777	1,915	1,031,692
EXPENSES						
Program	723,663	-	723,663	637,715	-	637,715
Management and General	299,227	-	299,227	171,031	-	171,031
Fundraising	348,204	-	348,204	230,261	-	230,261
Total Expenses	1,371,094	-	1,371,094	1,039,007	-	1,039,007
CHANGE IN NET ASSETS	(4,994)	(77,537)	(82,531)	(9,230)	1,915	(7,315)
Net Assets - Beginning of Year	264,335	285,513	549,848	273,565	283,598	557,163
NET ASSETS - END OF YEAR	<u>\$ 259,341</u>	<u>\$ 207,976</u>	<u>\$ 467,317</u>	<u>\$ 264,335</u>	<u>\$ 285,513</u>	<u>\$ 549,848</u>

See accompanying Notes to Financial Statements.

4WORD
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses	\$ 437,564	\$ 144,544	\$ 311,829	\$ 893,937
Professional Fees	12,897	82,722	-	95,619
Contract Services	35,463	3,157	240	38,860
Travel	13,687	1,989	4,481	20,157
Luncheon Costs	650	-	-	650
Meals	3,215	2,266	13,268	18,749
Miscellaneous	193	-	-	193
Marketing	14,202	569	190	14,961
Advertising and Public Relations	-	38,799	-	38,799
Depreciation and Amortization	-	100	-	100
Supplies	196	950	441	1,587
Merchant Fees	5,211	5,492	11,859	22,562
Postage and Shipping	210	853	522	1,585
Community Group Expenses	26,769	-	-	26,769
Meetings and Conferences	1,006	-	775	1,781
Insurance	-	2,947	-	2,947
Printing and Copying	567	2,768	732	4,067
Gifts	321	106	1,455	1,882
Software	2,465	8,574	21	11,060
Taxes and licenses	-	2,594	-	2,594
EW4C	163,680	-	-	163,680
Website Development	5,367	797	2,391	8,555
Special Events Costs	-	-	232,585	232,585
Total Gross Expenses	<u>723,663</u>	<u>299,227</u>	<u>580,789</u>	<u>1,603,679</u>
Direct Costs Netted Against Special Events				
Revenues in the Statement of Activities	<u>-</u>	<u>-</u>	<u>(232,585)</u>	<u>(232,585)</u>
Total Expenses	<u>\$ 723,663</u>	<u>\$ 299,227</u>	<u>\$ 348,204</u>	<u>\$ 1,371,094</u>

See accompanying Notes to Financial Statements.

4WORD
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and Related Expenses	\$ 75,677	\$ 34,110	\$ 75,444	\$ 185,231
Professional Fees	52,807	86,911	5,684	145,402
Contract Services	312,100	17,698	109,020	438,818
Travel	4,252	951	3,077	8,280
Luncheon Costs	5,031	-	32	5,063
Meals	3,281	5,810	4,447	13,538
Miscellaneous	92	-	-	92
Marketing	26,971	-	544	27,515
Advertising and Public Relations	-	8,851	-	8,851
Depreciation and Amortization	-	723	-	723
Supplies	50	138	883	1,071
Merchant Fees	7,254	2,240	20,467	29,961
Postage and Shipping	323	1,028	907	2,258
Community Group Expenses	19,459	-	-	19,459
Meetings and Conferences	1,515	-	1,423	2,938
Insurance	(126)	2,058	-	1,932
Printing and Copying	38	165	1,227	1,430
Gifts	614	571	6,127	7,312
Software	1,306	8,515	50	9,871
Taxes and licenses	-	952	-	952
EW4C	119,431	-	-	119,431
Website Development	1,856	310	929	3,095
Charitable Contributions	5,784	-	-	5,784
Special Events Costs	-	-	167,654	167,654
Total Gross Expenses	<u>637,715</u>	<u>171,031</u>	<u>397,915</u>	<u>1,206,661</u>
Direct Costs Netted Against Special Events Revenues in the Statement of Activities	<u>-</u>	<u>-</u>	<u>(167,654)</u>	<u>(167,654)</u>
Total Expenses	<u>\$ 637,715</u>	<u>\$ 171,031</u>	<u>\$ 230,261</u>	<u>\$ 1,039,007</u>

See accompanying Notes to Financial Statements.

4WORD
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (82,531)	\$ (7,315)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation and Amortization	100	723
Loss on Disposal of Asset	484	-
Changes in Operating Assets and Liabilities:		
Grants and Pledges Receivable	(11,764)	(48,733)
Prepaid Expenses	(24,351)	(39,652)
Inventory	498	755
Accounts Payable	2,622	(51,270)
Accrued Liabilities	73,303	5,746
Deferred Revenue	(62,662)	111,717
Net Cash Used by Operating Activities	(104,301)	(28,029)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(104,301)	(28,029)
Cash and Cash Equivalents - Beginning of Year	559,684	587,713
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 455,383	\$ 559,684

See accompanying Notes to Financial Statements.

4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 ORGANIZATION AND OPERATIONS

4word (the Organization) is a Texas nonprofit exempt organization that exists to support and connect women in the workplace so that they can reach their God-given potential with confidence. The Organization fosters communities and cultivates authentic relationships through digital content, community groups and mentor programs. Community group meetings are held at the local Chapter level to facilitate building this community. The Organization operates on a global level as well as through local established Chapters in seventeen states plus Washington D.C. Revenues are mostly from private contributions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

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

**4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Concentrations of Risk

During the years ended December 31, 2022 and 2021, the Organization's deposits occasionally exceeded federal deposit insurance. The Federal Deposit Insurance Corporation (FDIC) currently insures the deposits up to \$250,000 per financial institution. The excess above \$250,000 is backed only by the soundness of the financial institution. Management believes the risk of incurring material losses related to this credit risk is remote.

Program Revenue

Membership - Revenue is recognized over a year or the membership period. Payments received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

Mentorship - Revenue is recognized over a ten week mentorship period. Payments received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

EW4C (4word Executive Women 4Christ) Forum - Revenue is recognized when the forum is held. Payments received in advance of the forum occurring are deferred.

Community Group Income - Revenue is recognized when the community group events are held. Payments received in advance of the of events occurring are deferred.

Grants and Pledges Receivable

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Conditional promises to give as of December 31, 2022 and 2021 totaled \$800,000 and \$900,000, respectively. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable. Management evaluates collectability of pledges based on an assessment of the credit history with those having outstanding balances and current relationships with them. The allowance for uncollectible pledges was \$-0- as of December 31, 2022 and 2021.

Inventory

Inventory, consisting of books, is valued at the lower of cost or net realizable value.

4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

The Organization expenses costs incurred in the planning and research stage of its website development, as well as costs incurred to operate the site. Costs incurred to develop the applications and infrastructure and costs that increase the functionality of the website are capitalized.

Depreciation and Amortization

Depreciation and amortization of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which generally range from three to five years.

Contributions of Nonfinancial Assets

Donated goods are recognized as revenue at their estimated fair value during the period received. Donated services are recognized as revenue at their estimated fair value, if both of the following criteria are met: the services require special skills and the services are provided by individuals possessing those skills; and the services would typically need to be purchased, if not donated. Although the Organization may utilize the services of outside volunteers, the fair value of these services has not been recognized in the accompanying financial statements since they do not meet the criteria for recognition under GAAP. The Organization records donated professional services at the respective fair values of the services received.

Functional Allocation of Expenses

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

Advertising

Advertising costs are expensed as incurred. Total advertising expenses for the years ended December 31, 2022 and 2021 were \$38,799 and \$8,851, respectively.

4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Federal Income Tax

The Organization is a nonprofit entity exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Taxes are paid on net income earned from sources unrelated to the exempt purposes. There was \$12,386 and \$3,864 net income from unrelated business for the years ended December 31, 2022 and 2021, respectively. Total unrelated business income tax due was \$2,601 and \$900 for the years ended December 31, 2022 and 2021, respectively.

Recent Accounting Guidance

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendment to this ASU requires nonprofits to (1) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and (2) include a disclosure of the disaggregation of the amount of contributed nonfinancial assets recognized by category that depicts the type of contributed nonfinancial assets. No cumulative-effect adjustment in net assets was recorded as a result of the adoption.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021 are made under prior lease guidance in FASB ASC 840.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

As of December 31, 2022 and 2021, the Organization does not have any lease agreements over one year in duration.

**4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 LIQUIDITY AND AVAILABILITY

The Organization receives significant contributions and grants and pledges receivable as unrestricted or as restricted by donors, and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. 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 maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be met. The Organization has a liquidity policy to maintain current financial assets less current liabilities at a minimum of 90 days operating expenses. To achieve this target, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the year ended December 31, 2022, the level of liquidity and reserves was managed within the policy requirements.

4word's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	2022	2021
Cash and Cash Equivalents	\$ 455,383	\$ 559,684
Grants and Pledges Receivable, Net	249,977	193,074
Less: Amounts Restricted by Donors	(197,976)	(224,850)
Less: Operating Reserves - Board-Designated	(146,055)	(145,997)
Total	\$ 361,329	\$ 381,911

The board designates an operating reserve of at least 25% of net assets annually. Although the Organization does not intend to spend from this board-designated operating reserve, these amounts could be made available if necessary.

NOTE 4 GRANTS AND PLEDGES RECEIVABLE

The Organization recognizes unconditional promises to give as support in the period the promise to give is made and reports them as contributions in the statements of activities. Contributions that are expected to be collected in future years are recorded at the present value of the amount expected to be collected. Promises to give consist of the following at December 31:

	2022	2021
Receivable in One Year or Less	\$ 249,977	\$ 193,074
Receivable in Two to Five Years	15,000	60,663
Total	264,977	253,737
Less: Present Value Discount	(1,827)	(2,351)
Grants and Pledges Receivable, Net	\$ 263,150	\$ 251,386

**4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Furniture and Equipment	\$ 1,197	\$ 3,615
Website	63,033	63,033
Trademark	<u>2,350</u>	<u>2,350</u>
Total	66,580	68,998
Less: Accumulated Depreciation and Amortization	<u>(64,081)</u>	<u>(65,915)</u>
Net Property and Equipment	<u><u>\$ 2,499</u></u>	<u><u>\$ 3,083</u></u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets are restricted by donors for specific purpose or programs as well as for future periods. Net assets restricted by donors were as follows as of December 31:

	<u>2022</u>	<u>2021</u>
EW4C	\$ 15,350	\$ -
Community Groups	47,949	13,379
Succession Planning	-	75,000
Mentor Program	2,667	10,589
Technology Project	<u>142,010</u>	<u>186,545</u>
Purpose Restricted Net Assets	<u><u>\$ 207,976</u></u>	<u><u>\$ 285,513</u></u>

NOTE 7 CONTRIBUTIONS OF NONFINANCIAL ASSETS

Donated goods made up of event beverages, venue discounts, and printed materials totaled \$19,388 and \$5,600 for the years ended December 31, 2022 and 2021, respectively and are included in special events revenue on the statement of activities. All donated goods are used by the Organization, not monetized, and did not have donor-imposed restrictions associated with them. The Organization estimates the fair value of donated goods such as using estimated retail prices of identical or similar products.

In addition, donated services including marketing services and executive director salary totaled \$163,563 and \$126,210 have been reflected in the financial statements for the years ended December 31, 2022 and 2021, respectively. The value of the marketing services were determined by using an established or actual, if available, hourly wage. The value of the Executive Director's salary was determined by market price of comparable roles using online tool. The expenses associated with these goods and services have been recorded in the statements of functional expenses as follows:

	<u>2022</u>	<u>2021</u>
Support of Program Services	\$ 54,112	\$ 48,100
Support of Management and General	48,138	23,610
Support of Fundraising	<u>80,701</u>	<u>60,100</u>
Total	<u><u>\$ 182,951</u></u>	<u><u>\$ 131,810</u></u>

4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 CONTRIBUTIONS OF NONFINANCIAL ASSETS (CONTINUED)

Additionally, the Organization benefits from the work of volunteers whose services are not reflected in the financial statements because the services do not require specialized skills as defined by GAAP.

NOTE 8 COMMITMENTS

The Organization has entered into hotel, speaker, and event production agreements for its gala. These agreements contain clauses that provide for the loss of revenue to the vendor in the event of cancellation or nonperformance by the Organization. At December 31, 2022, the potential liability to the Organization is \$34,693 for the 2023 Gala. Based on prior performance, management believes the likelihood of cancellations to be remote.

NOTE 9 DONOR CONCENTRATIONS

For the years ended December 31, 2022 and 2021, approximately 16% and 22% of the Organization's contributions and grants were provided by one donor, respectively.

NOTE 10 CONTRACT REVENUE, ASSETS, AND LIABILITIES

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of goods or services.

	<u>2022</u>	<u>2021</u>
Revenue Recognized at a Point in Time:		
Speaking and Writing Fees	\$ (198)	\$ (754)
EW4C Forum	198,954	195,195
Community Group Income	11,171	18,070
Total Revenue Recognized at a Point in Time	<u>\$ 209,927</u>	<u>\$ 212,511</u>
Revenue Recognized Over Time:		
Mentorship	\$ 19,209	\$ 17,004
Service Fees and Membership	14,861	24,493
Digital Community Sponsorship	10,000	6,000
Total Revenue Recognized Over Time	<u>\$ 44,070</u>	<u>\$ 47,497</u>

The Organization's contract assets and liabilities consist of:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Deferred Revenue:			
Service Fees and Membership	\$ 3,334	\$ 6,321	\$ 8,312
EW4C Forum	89,050	107,400	54,571
Digital Community Sponsorship	10,000	-	6,000
Mentorship	3,492	2,295	2,794
Total Deferred Revenue	<u>\$ 105,876</u>	<u>\$ 116,016</u>	<u>\$ 71,677</u>

4WORD
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 11 FUNCTIONALIZED EXPENSE ALLOCATION METHODOLOGY

The Organization has costs that relate both directly to one functional category and also certain categories of expenses that are attributed to more than one program or supporting function. Costs which are directly related to a functional allocation are charged to directly without allocation to their respective functional category. Expenses which require allocation are analyzed before recorded into the accounting system, and allocated to functional categories based on the allocation base that most accurate correlates with the nature of that expense. The expenses that are primarily allocated include salaries and related expenses. These costs are primarily allocated on the basis of estimates of time and effort of personnel.

NOTE 12 RELATED PARTY TRANSACTIONS

The Organization received \$277,449 and \$217,572 in contributions and special event contributions from board members, employees, and other related party organizations in the years ended December 31, 2022 and 2021, respectively. Further, the Organization received \$24,750 and \$54,500 in sponsorships and ticket purchases from board members, employees, and other related party organizations for the gala recorded as deferred revenue as of December 31, 2022 and 2021, respectively.

The Organization received donated services value at \$135,000 and \$120,000 for the years ended December 31, 2022 and 2021, respectively, by board members.

NOTE 13 SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 23, 2023, the date on which the financial statements were available to be issued.