

MANNA Worldwide, Inc.
Fort Worth, Texas

Consolidated Financial Statements Together With
Independent Auditor's Report

December 31, 2022 and 2021



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MANNA Worldwide, Inc.
Consolidated Financial Statements
December 31, 2022 and 2021

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Functional Expenses	5
Consolidated Statements of Cash Flows	6
Note Disclosures to the Consolidated Financial Statements	7 - 14



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

To the Board of Directors,
MANNA Worldwide, Inc.
Fort Worth, Texas

Opinion

We have audited the accompanying consolidated financial statements of MANNA Worldwide, Inc. (“the Organization”), a Texas nonprofit organization, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, “the financial statements”).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the 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 the Organization's 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.

Independent Auditor's Report (continued)

Page 2

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Ratliff & Associates, P.C.

October 5, 2023

MANNA Worldwide, Inc.
Consolidated Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 1,648,208	\$ 914,939
Prepaid expenses	101,103	7,481
Inventory	19,762	15,793
Total current assets	1,769,073	938,213
Noncurrent assets		
Property and equipment		
Land	335,764	360,764
Buildings and improvements	831,156	891,156
Furniture and equipment	31,399	29,599
Vehicles	17,000	17,000
Construction in progress	1,918,250	1,669,169
Less: accumulated depreciation	(193,201)	(218,833)
Net property and equipment	2,940,368	2,748,855
Long-term investments	1,389,649	1,349,174
Operating lease right-of-use, net	343,023	115,675
Other noncurrent assets	6,656	8,431
Total noncurrent assets	4,679,696	4,222,135
Total Assets	\$ 6,448,769	\$ 5,160,348
Liabilities & Net Assets		
Liabilities		
Current liabilities		
Current portion of operating lease liabilities	\$ 73,473	\$ 56,983
Accounts payable and accrued expenses	40,379	36,657
Deferred revenues	116,873	-
Total current liabilities	230,725	93,640
Noncurrent liabilities		
Noncurrent portion of operating lease liabilities	269,550	58,692
Total liabilities	500,275	152,332
Net assets		
Without donor restrictions	5,948,494	5,008,016
Total Liabilities & Net Assets	\$ 6,448,769	\$ 5,160,348

The accompanying note disclosures are an integral part of these financial statements.

MANNA Worldwide, Inc.
Consolidated Statements of Activities
For the Years Ended December 31, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions		
Revenues		
Revenues without donor restrictions		
Contributions	\$ 5,255,272	\$ 4,594,836
Special gifts	2,064,171	594,649
Mango Tree coffee sales	757,613	480,194
PPP grant revenue	-	559,900
Engage camps and other income	416,705	582,780
Non-cash interest earned on annuity	40,183	39,967
Total revenues without donor restrictions	8,533,944	6,852,326
Expenses		
Programs		
Resource centers	3,738,218	3,253,422
Special projects	1,485,487	1,190,334
Mango Tree Coffee	717,859	456,665
Volunteer ministry trips	1,034,023	537,106
Total program expenses	6,975,587	5,437,527
Support services		
General and administrative	617,879	598,142
Total expenses	7,593,466	6,035,669
Change in net assets without donor restrictions	940,478	816,657
Net assets at beginning of year	5,008,016	4,191,359
Net assets at end of year	\$ 5,948,494	\$ 5,008,016

The accompanying note disclosures are an integral part of these financial statements.

MANNA Worldwide, Inc.
Statements of Functional Expenses

For the Year Ended December 31, 2022

	Programs				Support services		Total expenses	
	Resource centers	Special projects	Mango Tree Coffee	Volunteer ministry trips	Programs subtotal	General and administrative		Support services subtotal
Salaries and wages	\$ 1,652,097	\$ 215,573	\$ 185,964	\$ 329,987	\$ 2,383,621	\$ 404,213	\$ 404,213	\$ 2,787,834
Employee benefits	4,001	3,001	-	3,001	10,003	10,002	10,002	20,005
Payroll taxes	-	-	-	-	-	80,917	80,917	80,917
Donations to others	2,019,074	1,191,988	546	-	3,211,608	-	-	3,211,608
Volunteer meals and travel	-	-	-	661,318	661,318	-	-	661,318
Other meals and travel	20,243	35,046	5,432	4,830	65,551	10,894	10,894	76,445
Supplies and resources	-	-	14,856	-	14,856	13,163	13,163	28,019
Media and technology	26,234	26,234	37,479	34,547	124,494	12,466	12,466	136,960
Risk management	-	-	-	-	-	11,040	11,040	11,040
Fees for services	16,569	13,645	7,849	340	38,403	-	-	38,403
Facilities	-	-	115,152	-	115,152	61,274	61,274	176,426
Depreciation	-	-	11,458	-	11,458	13,910	13,910	25,368
Amortization	-	-	1,775	-	1,775	-	-	1,775
Cost of goods sold	-	-	337,348	-	337,348	-	-	337,348
Total expenses	\$ 3,738,218	\$ 1,485,487	\$ 717,859	\$ 1,034,023	\$ 6,975,587	\$ 617,879	\$ 617,879	\$ 7,593,466

For the Year Ended December 31, 2021

	Programs				Support services		Total expenses	
	Resource centers	Special projects	Mango Tree Coffee	Volunteer ministry trips	Programs subtotal	General and administrative		Support services subtotal
Salaries and wages	\$ 1,335,025	\$ 203,088	\$ 121,127	\$ 295,069	\$ 1,954,309	\$ 434,430	\$ 434,430	\$ 2,388,739
Employee benefits	4,001	3,001	-	3,001	10,003	10,002	10,002	20,005
Payroll taxes	-	-	-	-	-	47,082	47,082	47,082
Donations to others	1,864,110	892,881	-	-	2,756,991	-	-	2,756,991
Volunteer meals and travel	-	-	-	209,128	209,128	-	-	209,128
Other meals and travel	15,393	16,547	3,166	3,153	38,259	889	889	39,148
Supplies and resources	-	-	19,368	-	19,368	19,247	19,247	38,615
Media and technology	20,236	20,236	23,990	26,755	91,217	9,777	9,777	100,994
Risk management	-	-	700	-	700	3,528	3,528	4,228
Fees for services	14,657	12,192	12,078	-	38,927	-	-	38,927
Facilities	-	42,389	31,284	-	73,673	58,748	58,748	132,421
Depreciation	-	-	7,437	-	7,437	14,439	14,439	21,876
Amortization	-	-	1,775	-	1,775	-	-	1,775
Cost of goods sold	-	-	232,251	-	232,251	-	-	232,251
Other	-	-	3,489	-	3,489	-	-	3,489
Total expenses	\$ 3,253,422	\$ 1,190,334	\$ 456,665	\$ 537,106	\$ 5,437,527	\$ 598,142	\$ 598,142	\$ 6,035,669

The accompanying note disclosures are an integral part of these financial statements.

MANNA Worldwide, Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Cash received from contributions	\$ 7,428,695	\$ 5,189,485
Cash received from Mango Tree coffee sales	765,234	492,775
Engage camps and other receipts	416,413	1,143,351
Cash paid for programs and support services	(7,626,192)	(5,959,420)
Net cash provided (used) by operating activities	984,150	866,191
Cash flows from investing activities		
Purchases of property and equipment	(1,800)	-
Purchases of construction in progress	(249,081)	(637,534)
Net cash provided (used) by investing activities	(250,881)	(637,534)
Net increase (decrease) in cash and cash equivalents	733,269	228,657
Cash and cash equivalents at beginning of year	914,939	686,282
Cash and cash equivalents at end of year	\$ 1,648,208	\$ 914,939
 Reconciliation of change in total net assets to net cash provided (used) by operating activities		
Change in total net assets	\$ 940,478	\$ 816,657
Adjustments		
Depreciation expense	25,368	21,876
Amortization expense	1,775	1,775
Unrealized net (gain) loss on investments	(40,475)	(39,296)
In-kind donation to other ministries	34,000	-
Change in prepaid expenses	(93,622)	36,468
Change in receivables	-	12,581
Change in inventory	(3,969)	(4,760)
Change in accounts payable and accrued expenses	11,343	20,890
Change in deferred revenues	109,252	-
Total adjustments	43,672	49,534
Net cash provided (used) by operating activities	\$ 984,150	\$ 866,191

The accompanying note disclosures are an integral part of these financial statements.

MANNA Worldwide, Inc.
Note Disclosures to the Consolidated Financial Statements
December 31, 2022 and 2021

Note 1, Nature of the Organization

MANNA Worldwide, Inc. (the “Organization”) is incorporated in the state of Texas as a nonprofit religious organization. The Organization is passionate about helping impoverished children worldwide and in the United States by developing communities toward a complete way of life. The Organization is committed to addressing nutritional, educational, and spiritual needs of children and their families. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a Private foundation.

The Organization also operates Mango Tree Coffee, LLC, a Colorado for-profit limited liability company. The Organization makes operational decisions for the Mango Tree and the proceeds from their sale of coffee beans benefit the Organization. As result, Mango Tree is included with the Organization for the purpose of these consolidated financial statements (the “financial statements” or “statements”). Significant intercompany transactions and balances have been eliminated.

Note 2, Summary of Significant Accounting Policies

The following is a summary of the Organization’s significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Basis of accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. Revenues are recognized when earned, and expenses are recorded when incurred.

Revenue recognition: Revenues of the Organization are primarily derived from contributions from the Organization’s supporters. A portion of the Organization’s revenues is tied to the local economy. All contributions are considered available for the Organization’s general programs unless specifically restricted by the donor.

Amounts received that are donor restricted by time or purpose are reported as increases in net asset with donor 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 restriction. However, contributions received with restrictions that are met in the same reporting period are reported as increases in net assets without restrictions.

Investment income that is limited to specific uses by donor restrictions is also reported as increases in net assets without restrictions if the restrictions are met in the same reporting period as the income is recognized.

Coffee and other product sales contain a single delivery element. Revenue is recognized at a single point in time when the sale transpires, when a product is shipped, or when an event occurs; thus, ownership, risk, and rewards transfer to the recipient at that time. If the Organization collects payment from a recipient in the year prior to the occurrence of an event, it is recorded as unearned revenue liability and recognized as revenue in the following year when the event occurs.

MANNA Worldwide, Inc.
Note Disclosures to the Consolidated Financial Statements
December 31, 2022 and 2021

Note 2, Summary of Significant Accounting Policies (continued)

Net assets without donor restrictions: The Organization further disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to the Organization's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow the Organization to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates.

Net assets with donor restriction: The Organization further disaggregates net assets with donor restriction into two subcategories:

- Temporarily restricted: The Organization reports gifts of cash and other assets as with temporary donor restriction if they are received with donor stipulations temporarily limiting the use of the contributions and if the restrictions are not met in the period of receipt. At December 31, 2022 and 2021, there are no temporarily restricted net assets.
- Permanently restricted: The Organization reports gifts of cash and other assets as with permanent donor restriction if they are received with donor stipulations permanently restricting the contribution to investment but permitting the Organization to use part or all of the income derived from the investment for general or restricted purposes. At December 31, 2022 and 2021, there are no permanently restricted net assets.

Programs: The Organization pursues its mission through the execution of the following major programs that are also the reported functional expenses of the Organization:

- Resource centers: Identifying full-time project partners in the region and assisting in opening orphanages, nutrition centers, water wells, and schools for impoverished communities. Once projects are identified, donors are matched with specific projects and invited to visit and become involved in communication and added support. The projects begin with no end-date in mind and are meant to facilitate development in communities toward a more complete way of life.
- Special projects: Projects funded by special gifts designated for new projects or other specific purposes not otherwise included in the other categories.
- Mango Tree coffee: Sells coffee and related supplies to allow for additional revenue for the Organization.
- Volunteer ministry trips: Sponsoring trips for individuals to show the physical and spiritual needs of children. Providing opportunities for people to see needs and become involved in changing lives.
- General and administrative: Providing administrative support to the above functional areas.

Allocation of expenses by function and nature: The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statement of activities and on both a functional and a natural bases in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories, benefited.

MANNA Worldwide, Inc.
Note Disclosures to the Consolidated Financial Statements
December 31, 2022 and 2021

Note 2, Summary of Significant Accounting Policies (continued)

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements are depreciation and the estimated allocation of certain payroll and facility expenses to the functional areas. Depreciation is computed using management's estimate of the useful lives of the asset. The allocation of payroll and facility expenses is, respectively, based on management's estimate of staff time and roles and facility space and usage.

Donated services: No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. A large number of people have contributed significant amounts of time to the activities of the Organization without compensation. The financial statements do not reflect the value of those contributed services.

Donated assets: Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair market values at the date of the donation.

Compensated absences: Employees of the Organization, administrative and ministerial, are entitled to paid vacation depending on the length of service and other factors. The Organization cannot reasonably estimate the amount of compensation for future absences, and accordingly no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when paid to employees.

Liquidity: The statement of financial position is classified to show subtotals for current assets and current liabilities as part of the Organization's enhanced disclosure of liquidity. The Organization anticipates using current assets and satisfying current liabilities within one year of the statement date. Current assets, excluding prepaids (as applicable), represent financial assets available for general expenditure within one year of the statement date. Disclosures are presented for both the quantitative and qualitative aspects of liquidity and the availability of financial assets.

Cash and cash equivalents: The statement of cash flows is prepared using the direct method, which we believe to be the preferred presentation for users of our financial statements. For purposes of the statement of cash flows, the Organization considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Financial instruments that potentially subject the Organization to credit risk include cash on deposit with a financial institution exceeding \$250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to \$250,000.

Inventory: The Organization's inventory consists of books, which are stated at the lower of cost or market using the first-in, first out method of accounting. Mango Tree Coffee's inventory consists of coffee beans and related supplies, which are stated at the lower of cost or market, using the moving, weighted-average method of accounting. There was no reserve for obsolete inventories at December 31, 2022 and 2021.

MANNA Worldwide, Inc.
 Note Disclosures to the Consolidated Financial Statements
 December 31, 2022 and 2021

Note 2, Summary of Significant Accounting Policies (continued)

Fair value measurement: Financial instruments include investments. Fair value hierarchy is used to disclose the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

Property and equipment: Property and equipment are recorded at acquisition cost. The Organization capitalizes assets with a cost greater than \$5,000. Betterments and renewals are capitalized. Maintenance and repairs are charged to operations and expensed when incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 - 40 years
Vehicles	5 years
Furniture and equipment	3 years

The Organization also acquires foreign property from time to time to use in its operations. In certain foreign countries, the Organization is not allowed to hold the title or control the property. Accordingly, any proceeds from subsequent property sales are often not allowed to be expatriated. In these certain cases, amounts paid to acquire these properties are expensed when paid.

Income taxes: MANNA Worldwide, Inc. is nonprofit corporation that is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code as other than a private foundation. Mango Tree Coffee, LLC is considered a disregarded entity by the Internal Revenue Service; accordingly, it is viewed as a division of MANNA Worldwide, Inc. for income tax purposes.

The Organization follows the income taxes topic of the FASB ASC, which prescribes a comprehensive model for the financial statement recognition, measurement, presentation and disclosure of any uncertain tax positions taken or expected to be taken in income tax returns. The Organization is not aware of any activities that would jeopardize its tax-exempt status and is not aware of any activities that are subject to tax on unrelated business income for the years ended, December 31, 2022 and 2021. As of December 2022 and 2021, the Organization has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements and does not expect this to change within the next twelve months. Tax returns of the Organization are open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Going concern considerations: The Organization analyzes the effect that current and future events, both internal and external, may have on operations so that the Organization may continue as a going concern (i.e., a viable organization). As of the date of this report, management has not identified a significant matter that, in its judgement, could materially threaten the ongoing operations of the Organization for at least one year from the date of the report on page two. However, if conditions change during the following year, the Organization may reschedule or reformat certain events and activities or adjust the general operational budget, as needed. See also the Liquidity disclosure for additional cash management strategies.

MANNA Worldwide, Inc.
 Note Disclosures to the Consolidated Financial Statements
 December 31, 2022 and 2021

Note 3, Inventory

Inventory at December 31, consisted of the following:

	2022	2021
Raw materials	\$ 12,352	\$ 8,574
Finished goods	7,411	7,219
Total	\$ 19,763	\$ 15,793

Note 4, Property and Equipment

Property and equipment at December 31, consisted of the following:

	2022	2021
Land	\$ 335,764	\$ 360,764
Buildings and improvements	831,156	891,156
Furniture and equipment	31,399	29,599
Vehicles	17,000	17,000
Construction in progress	1,918,250	1,669,169
Less: accumulated depreciation	(193,201)	(218,833)
Total	\$ 2,940,368	\$ 2,748,855

Note 5, Construction in Progress and Future Commitments

In 2018 the Organization began constructing their new office building, which is still in progress through the date of this report. The project is completely financed through unrestricted donations, and the Organization incurred construction in progress expenditures totaling \$249,080 and \$550,321 for the years ended, December 31, 2022 and 2021, respectively. In total, the Organization has incurred \$1,918,250 in related construction expenditures and estimates an additional \$1,000,000 in construction costs are necessary to complete the project, which has an anticipated completion date of Spring 2024. There are no contractual financial commitments related at December 31, 2022.

In July 2021, the Organization completed its coffee shop buildout for Mango Tree Coffee after incurring total construction costs of \$458,296, which was completely financed through unrestricted donations. The Organization opened its doors for business in August 2021, at which time the total construction costs were transferred out of construction in progress and capitalized accordingly. There were no contractual financial commitments related at December 31, 2021.

MANNA Worldwide, Inc.
 Note Disclosures to the Consolidated Financial Statements
 December 31, 2022 and 2021

Note 6, Long-Term Investments

The Organization is the owner and beneficiary of a flexible premium deferred fixed annuity contract, with an initial premium amount of \$900,000. The annuity earns interest at the insurance company's declared rate, but not less than the minimum guaranteed interest rate of 3.0%. The annuity contract matures either upon the death of the annuitant, or September 8, 2044, whichever occurs sooner.

The annuity is considered a Level III investment, as its transactions are not observable in the marketplace. The Organization has provided no reserves against the contract value for credit risk of the credit issuer, as the contract value has historically provided a good approximation of fair value.

The following table sets forth a summary of changes in fair value of the Organization's annuity for the years ended, December 31, 2022 and 2021, respectively:

Beginning balance at January 1, 2020	\$ 1,271,726
Interest income	<u>38,152</u>
Balance at December 31, 2020	1,309,878
Interest income	<u>39,296</u>
Balance at December 31, 2021	<u><u>\$ 1,349,174</u></u>

Note 7, Paycheck Protection Program Grant Revenue

In January 2021, the Organization qualified for and received their second PPP loan. In August 2021, this \$559,900 loan advance was forgiven, as the proceeds were properly used for payroll and other qualifying expenditures. Accordingly, the proceeds were recognized as grant revenue in 2021 and included on the statement of activities for the year ended December 31, 2021.

Note 8, Reclassifications

Certain reclassifications have been made to the 2021 financial statement presentations of the statements of financial position and functional expenses to correspond to the current year's format. Net assets and changes in net assets are unchanged due to the reclassifications.

Note 9, Retirement Plan

The Organization maintains a 403(b) retirement program for the benefit of its employees, whereby employees make elective contributions to the plan. Each year the Organization may, at its sole discretion, contribute to the retirement program. For the years ended, December 31, 2022 and 2021, the Organization contributed \$20,004 each respective year, on behalf of the employees.

MANNA Worldwide, Inc.
 Note Disclosures to the Consolidated Financial Statements
 December 31, 2022 and 2021

Note 10, Lease Activities

The Organization is under a contractual lease for building space to run the Mango Tree Coffee shop under a non-cancelable operating lease that expires in April 2028. The Organization (lessee) recognizes leased right-of-use (“ROU”) assets and corresponding lease liabilities for operating leases on the statements of financial position. Lease costs are included and allocated with expenses on the statements of activities and functional expenses. The ROU asset is measured based upon the minimum future payments remaining on the leases, which totaled \$343,023 and \$115,675, respectively, at December 31, 2022 and 2021.

The operating lease liability is carried at the same value as the ROU asset, and each subsequent year, the ROU asset and lease liability are reduced equally by the annual lease payments. A discount rate was not used since it was determined not to materially impact these calculations. For the years ended December 31, 2022 and 2021, operating lease expense was \$56,983 and \$55,323, respectively.

Following are the approximate undiscounted minimum operating lease payments remaining at December 31, 2022, for each of the next five years and thereafter:

2023	\$	73,473
2024		60,453
2025		62,267
2026		64,135
2027		66,059
Thereafter		<u>16,636</u>
Total	\$	<u>343,023</u>

Note 11, Net Assets

The details of the Organization’s net assets by categories at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Net assets without donor restrictions		
General unrestricted	<u>\$ 4,348,238</u>	<u>\$ 4,660,905</u>
Internally designated		
Reserve account	216,940	261,072
Designated projects	<u>1,383,316</u>	<u>86,039</u>
Subtotal	<u>1,600,256</u>	<u>347,111</u>
Total net assets without donor restrictions	<u>\$ 5,948,494</u>	<u>\$ 5,008,016</u>

MANNA Worldwide, Inc.
 Note Disclosures to the Consolidated Financial Statements
 December 31, 2022 and 2021

Note 12, Liquidity and Availability of Financial Assets

The Organization's financial assets are current assets available for general expenditure within one year of the statement date. Financial assets are calculated as follows: current assets less donor-restricted, board-designated and/or contractually-obligated cash and investments, inventory and prepaid expenses, as applicable.

As part of the Organization's liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The significant qualities of this strategy are as follows:

- The Organization maintains general reserves in its unrestricted general net assets which consists of prior years' net excess revenues (net operating surplus).
- The Organization invests cash in excess of daily requirements in short-term investments such as interest-bearing savings accounts or money market funds.
- The Organization is highly dependent on recurring contributions from its members and other donors which have remained relatively consistent year-to-year.
- If liquidity becomes an ongoing concern, the Organization may decrease its budget to reduce expenses.

The Organization's financial assets are quantified as follows at December 31:

	2022	2021
Current assets	\$ 1,648,208	\$ 938,213
Less: non-liquid assets (prepaid expenses & inventory)	(120,865)	(23,274)
Less: those unavailable within one year, due to board designation (net of reserve)	(1,383,316)	(86,039)
Financial assets available to meet cash needs for general expenditures within one year	\$ 144,027	\$ 828,900

Note 13, Subsequent Events

The Organization has evaluated subsequent events through the date of the independent auditor's report on page two, which is the date the financial statements were available to be issued. In addition, see the Organization's accounting policies in Note 2 for liquidity and going concern considerations.