

INTERNATIONAL BOOK PROJECT, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

BESTEN & DIERUF, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

Board of Directors
International Book Project, Inc.
Lexington, Kentucky

We have audited the accompanying financial statements of International Book Project, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2020 and 2019 and the related statements of support, revenue, and expenses – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note B; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances.

Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of International Book Project, Inc. as of December 31, 2020 and 2019 and its support, revenue, and expenses and cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note B.

Basis of Accounting

We draw attention to Note B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Benton + Dainf, PLLC

Lexington, Kentucky
April 12, 2021

INTERNATIONAL BOOK PROJECT, INC.
 STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
 DECEMBER 31,

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 37,223	\$ 15,466
Cash and cash equivalents - donor restricted	400	5,000
TOTAL CURRENT ASSETS	37,623	20,466
PROPERTY, PLANT, AND EQUIPMENT		
Building and improvements	918,461	918,461
Machinery and equipment	89,015	89,015
TOTAL PROPERTY, PLANT, AND EQUIPMENT	1,007,476	1,007,476
Accumulated depreciation	(288,172)	(239,121)
NET PROPERTY, PLANT, AND EQUIPMENT	719,304	768,355
OTHER ASSETS		
Investment trust account	439,165	489,382
TOTAL ASSETS	\$ 1,196,092	\$ 1,278,203
LIABILITIES AND NET ASSETS		
LONG-TERM LIABILITIES		
Lines of credit	\$ 50,610	\$ 184,810
TOTAL LIABILITIES	50,610	184,810
NET ASSETS		
Without donor restrictions:		
Undesignated	662,871	580,482
Designated	439,165	489,382
With donor restrictions	43,446	23,529
TOTAL NET ASSETS	1,145,482	1,093,393
TOTAL LIABILITIES AND NET ASSETS	\$ 1,196,092	\$ 1,278,203

See Independent Auditors' Report and Notes to Financial Statements.

INTERNATIONAL BOOK PROJECT, INC.
 STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS
 YEAR ENDED DECEMBER 31, 2020

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
General and shipping contributions	\$ 84,315	\$ -	\$ 84,315
Grants and capital projects	82,569	43,446	126,015
Fundraising event	4,301	-	4,301
Sales	27,429	-	27,429
Program fees	29,579	-	29,579
Other income	848	-	848
PPP loan forgiveness	31,900	-	31,900
Net assets released from restriction:			
Satisfaction of program restrictions	23,529	(23,529)	-
TOTAL SUPPORT AND REVENUE	284,470	19,917	304,387
 INVESTMENT ACTIVITY			
Investment income, net of fees	4,513	-	4,513
Unrealized gains (losses)	75,270	-	75,270
TOTAL INVESTMENT ACTIVITY	79,783	-	79,783
 EXPENSES			
Program services	242,688	-	242,688
Supporting services:			
Management and general administration	44,675	-	44,675
Fundraising	44,718	-	44,718
TOTAL EXPENSES	332,081	-	332,081
 CHANGE IN NET ASSETS	 32,172	 19,917	 52,089
 NET ASSETS - BEGINNING OF YEAR	 1,069,864	 23,529	 1,093,393
 NET ASSETS - END OF YEAR	 \$ 1,102,036	 \$ 43,446	 \$ 1,145,482

See Independent Auditors' Report and Notes to Financial Statements.

INTERNATIONAL BOOK PROJECT, INC.
 STATEMENT OF SUPPORT, REVENUE, AND EXPENSES - MODIFIED CASH BASIS
 YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	<u>Total</u>
SUPPORT AND REVENUE			
General and shipping contributions	\$ 80,477	\$ -	\$ 80,477
Grants and capital projects	99,587	23,529	123,116
Fundraising event	7,370	-	7,370
Sales	30,714	-	30,714
Program fees	34,083	-	34,083
Other income	678	-	678
Net assets released from restriction:			
Satisfaction of program restrictions	4,519	(4,519)	-
TOTAL SUPPORT AND REVENUE	257,428	19,010	276,438
 INVESTMENT ACTIVITY			
Investment income, net of fees	12,715	-	12,715
Unrealized gains (losses)	91,863	-	91,863
TOTAL INVESTMENT ACTIVITY	104,578	-	104,578
 EXPENSES			
Program services	234,112	-	234,112
Supporting services:			
Management and general administration	48,741	-	48,741
Fundraising	44,586	-	44,586
TOTAL EXPENSES	327,439	-	327,439
 CHANGE IN NET ASSETS	34,567	19,010	53,577
 NET ASSETS - BEGINNING OF YEAR	1,035,297	4,519	1,039,816
 NET ASSETS - END OF YEAR	\$ 1,069,864	\$ 23,529	\$ 1,093,393

See Independent Auditors' Report and Notes to Financial Statements.

INTERNATIONAL BOOK PROJECT, INC.
 STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
 YEAR ENDED DECEMBER 31, 2020

	Program Services		Supporting Services			Total
			Management and General Administration		Fundraising General	
	Program					
Salaries	\$ 88,568		\$ 21,088	\$ 30,928		\$ 140,584
Employee benefits	18,692		4,451	6,528		29,671
Payroll taxes	6,963		1,658	2,432		11,053
Professional fees	2,475		2,475		-	4,950
Other personnel expense	1,218		-	-		1,218
Supplies/office expense	989		593	395		1,977
Repairs and maintenance	-		560		-	560
Postage and shipping	55,659		-	-		55,659
Bank fees	136		-	-		136
Utilities	4,209		1,629	950		6,788
Equipment	566		567		-	1,133
Board expense	-		401		-	401
Miscellaneous expense	-		165		-	165
Insurance	3,453		3,452		-	6,905
Depreciation	45,127		3,924		-	49,051
Fundraising	-		-	3,046		3,046
Bookstore expense	5,320		-	-		5,320
Interest	-		3,502		-	3,502
Renovation	-		15		-	15
Security	-		195		-	195
Book acquisition	4,002		-	-		4,002
Marketing expense	438		-	439		877
Program expense	1,921		-	-		1,921
Books as Bridges	2,952		-	-		2,952
	<u>\$ 242,688</u>		<u>\$ 44,675</u>	<u>\$ 44,718</u>		<u>\$ 332,081</u>
	<u>73.1%</u>		<u>13.4%</u>	<u>13.5%</u>		

See Independent Auditors' Report and Notes to Financial Statements.

INTERNATIONAL BOOK PROJECT, INC.
 STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
 YEAR ENDED DECEMBER 31, 2019

	Program Services		Supporting Services			Total	
	Program	Management and General Administration		Fundraising General			
Salaries	\$ 84,426	\$ 20,102	\$ 29,482	\$ 134,010			
Employee benefits	16,482	3,924	5,755	26,161			
Payroll taxes	6,661	1,586	2,326	10,573			
Professional fees	2,575	2,575	-	5,150			
Other personnel expense	2,385	-	-	2,385			
Supplies/office expense	1,705	1,023	682	3,410			
Repairs and maintenance	-	546	-	546			
Telephone	775	300	175	1,250			
Postage and shipping	44,800	-	-	44,800			
Bank fees	154	-	-	154			
Utilities	3,000	1,161	677	4,838			
Equipment	471	472	-	943			
Travel	399	-	-	399			
Board expense	-	221	-	221			
Miscellaneous expense	-	274	-	274			
Insurance	3,701	3,700	-	7,401			
Depreciation	45,130	3,924	-	49,054			
Fundraising	-	-	4,392	4,392			
Bookstore expense	6,608	-	-	6,608			
Interest	-	8,723	-	8,723			
Renovation	-	15	-	15			
Security	-	195	-	195			
Book acquisition	5,274	-	-	5,274			
Marketing expense	1,096	-	1,097	2,193			
Program expense	3,587	-	-	3,587			
Books as Bridges	4,883	-	-	4,883			
	<u>\$ 234,112</u>	<u>\$ 48,741</u>	<u>\$ 44,586</u>	<u>\$ 327,439</u>			
	<u>71.5%</u>	<u>14.8%</u>	<u>13.6%</u>				

See Independent Auditors' Report and Notes to Financial Statements.

INTERNATIONAL BOOK PROJECT, INC.
 STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS
 YEARS ENDED DECEMBER 31,

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 52,089	\$ 53,577
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Unrealized (gain) loss	(75,270)	(91,863)
Depreciation	49,051	49,054
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>25,870</u>	<u>10,768</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(4,513)	(12,715)
Sales of investments	130,000	81,101
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>125,487</u>	<u>68,386</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance (payments) on line of credit	(134,200)	(51,040)
NET CASH FLOWS FROM FINANCING ACTIVITIES	<u>(134,200)</u>	<u>(51,040)</u>
NET CHANGE IN CASH FLOWS	17,157	28,114
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>20,466</u>	<u>(7,648)</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 37,623</u>	<u>\$ 20,466</u>

SUPPLEMENTAL INFORMATION

Cash paid for interest	\$ 3,502	\$ 8,723
Cash paid for income taxes	\$ -	\$ -

See Independent Auditors' Report and Notes to Financial Statements.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - ORGANIZATION

International Book Project, Inc. (the Organization) is a nonprofit organization whose purpose is to stimulate international communication and understanding and to broaden the education of people throughout the world through the distribution of literature. By providing needed quality books to the people of the developing world, the Organization seeks to promote education and literacy in developing countries and in areas of need in the USA; to broaden Americans' understanding of their neighbors; and to foster global friendships and strengthen world unity.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. That basis differs from generally accepted accounting principles in that revenue and support are recognized when received instead of when the service is provided, payments to vendors are recognized when paid instead of when goods or services are received, and losses resulting from collection of amounts due are recognized as the amounts due are paid instead of when the loss is believed probable and can be reasonably estimated. The cash basis is modified to capitalize property and equipment purchased, record depreciation of capitalized assets, record investments at fair market value, and record liabilities arising from receipt of borrowed cash.

Basis of Presentation

The Organization presents the accompanying financial statements in accordance with Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category follow:

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions - Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash in banks and certificates of deposit to be cash equivalents.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of assets, liabilities, and net assets. Unrealized gains and losses are included in the change in net assets. Investment income and gains are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B - SIGNIFICANT ACCOUNTING POLICIES - continued

Contributions

Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence or nature of any donor restrictions. The Organization reports donor-restricted support whose restrictions are met in the same reporting period as without donor restrictions.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending 2020, 2019, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

Uncertain Tax Positions

Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosures. As tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge.

Donated Property and Services

No amounts have been recorded in these financial statements for donated materials, equipment, or services; however, a substantial number of volunteers have donated significant amounts of their time in the fundraising campaigns and operations. Volunteer hours of 2,635 and 3,014 were documented and, for purposes of disclosure in the footnotes only, management determined that this approximated \$45,925 and \$49,791 of donated time during 2020 and 2019, respectively. In addition, for purpose of disclosure in the footnotes only, management determined shipment values of assorted books of \$3,082,388 and \$3,413,468 for 2020 and 2019, respectively.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of support, revenue, and expenses – modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The schedule of functional expenses presents the expenses by natural classification.

Fixed Assets

Property is stated at cost, if purchased, and at estimated fair value if donated. Maintenance and repairs are charged to expense as incurred and expenditures for major improvements are capitalized. Depreciation expense is computed using the straight-line method using the following asset lives: Buildings – 20 years, Equipment – 3-7 years, and Building Additions – 7-10 years.

Date of Management's Review

Management has evaluated subsequent events through April 12, 2021, which is the date the financial statements were available to be issued.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE C - INVESTMENTS

The Organization maintains a trust portfolio held at LPL Financial. The Trustee shall use the net income from the trust for the Organization's operations as directed by the Organization. The Trustee may use as much or all of the principal of this trust as the Organization may direct.

The Trustee shall have, with respect to any property at any time held by it, the power to invest and reinvest in any one or more of the Common Trust Funds managed by the named Trustee.

Total cost and fair values at December 31, 2020 and 2019 were as follows:

As of December 31, 2020:	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Cash and cash equivalents	\$ 19,667	\$ 19,667	\$ -
Equities and options	88,408	161,764	73,356
Mutual and exchange traded funds	164,489	257,734	93,245
	<u>\$ 272,564</u>	<u>\$ 439,165</u>	<u>\$ 166,601</u>

As of December 31, 2019:	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain/(Loss)</u>
Cash and cash equivalents	\$ 2,151	\$ 2,151	\$ -
Equities and options	85,642	134,420	48,778
Mutual and exchange traded funds	307,130	352,811	45,681
	<u>\$ 394,923</u>	<u>\$ 489,382</u>	<u>\$ 94,459</u>

NOTE D – ENDOWMENT FUND

Designated net assets without donor restrictions at December 31, 2020 and 2019 include an endowment fund established to support program services. Contributions to the endowment fund are not subject to donor restrictions.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide both current income for programs and growth while managing investment risk. Endowment assets are invested in a broad array of cash, stocks, ETF's, mutual funds, and other publicly tradable securities and managed by a professional asset management firm. The Organization also seeks to build endowment assets through additional contributions.

The composition of endowment net assets and the changes in endowment net assets as of December 31, 2020 and 2019 are as follows:

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE D – ENDOWMENT FUND - continued

<u>As of December 31, 2020</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment</u>
Beginning of year	\$ 489,382	\$ -	\$ 489,382
Contributions	-	-	-
Net appreciation (depreciation)	75,270	-	75,270
Investment income	7,357	-	7,357
Investment fees	(2,844)	-	(2,844)
Appropriated for expenditure	(130,000)	-	(130,000)
End of year	<u>\$ 439,165</u>	<u>\$ -</u>	<u>\$ 439,165</u>

<u>As of December 31, 2019</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment</u>
Beginning of year	\$ 465,905	\$ -	\$ 465,905
Contributions	-	-	-
Net appreciation (depreciation)	95,607	-	95,607
Investment income	12,715	-	12,715
Investment fees	(3,744)	-	(3,744)
Appropriated for expenditure	(81,101)	-	(81,101)
End of year	<u>\$ 489,382</u>	<u>\$ -</u>	<u>\$ 489,382</u>

NOTE E – FAIR VALUE MEASUREMENTS

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC Topic 820 are described below.

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E – FAIR VALUE MEASUREMENTS - continued

The following tables set forth by level, within the fair value hierarchy, the Organization's investments at fair value at December 31, 2020 and 2019:

As of December 31, 2020:	<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 19,667	\$ -	\$ -	\$ -
Equities and options	161,764	-	-	-
Mutual and exchange traded funds	257,734	-	-	-
	<u>\$ 439,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2019:	<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 2,151	\$ -	\$ -	\$ -
Equities and options	134,420	-	-	-
Mutual and exchange traded funds	352,811	-	-	-
	<u>\$ 489,382</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE F - RETIREMENT FUND

The Organization has a SIMPLE - IRA plan for all full-time employees administered by the Fidelity Management Trust Company. The Organization contributed \$3,353 and \$2,906 to the plan during 2020 and 2019, respectively.

NOTE G - LEASES

The Organization entered into a five year lease agreement for a copier with monthly payments of \$67 beginning in July 2015. At its maturity in June 2019, another lease was signed with the same term through June 2024. Total expenses on these leases for the years ended December 31, 2020 and 2019 was \$804 and \$804, respectively. Total future lease payments are as follows:

2021	\$ 804
2022	804
2023	804
2024	402
Total	<u>\$ 2,814</u>

NOTE H – CONCENTRATIONS

The Organization has a concentration of credit risk in that it periodically maintains cash deposits in a single financial institution in excess of amounts insured by the FDIC. The Organization has not experienced any losses on such accounts and does not believe that it is subject to significant credit risk related to the accounts.

Although the Organization is directly affected by economic conditions in the geographic area, management does not believe significant credit risk exists as of December 31, 2020 and 2019.

The Organization's investments are exposed to various risks, such as interest rate, credit risks and market. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE I – LINE OF CREDIT

On July 12, 2017, the Organization entered into a line of credit agreement in the amount of \$250,000. From July 12, 2017 to July 12, 2020 the interest rate will be 4% per annum. From July 12, 2020 until maturity, the interest rate on the unpaid principal balance will be equal to the Prime Rate (most recently quoted in the Wall Street Journal). However, the interest rate shall never exceed 5% and never be less than 4%. The total balance outstanding on this line of credit at December 31, 2020 and 2019 was \$50,610 and \$184,810, respectively.

NOTE J – RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions were held by the Organization as of December 31, 2020 and 2019 for shipments and renovation provided through the Virginia Clark Hagan grant in the amount of \$33,662 and \$18,529, respectively. As of December 31, 2020 and 2019, \$9,784 and \$5,000 was provided through the Virginia Clark Hagan grant to be used for Books as Bridges Coordinator salaries. There were no other remaining net assets with donor restrictions held by the Organization as of December 31, 2020 and 2019.

In prior years the board-designated endowment fund was classified as without donor restrictions - undesignated. Policies were reviewed in 2019 and it was determined by management that the endowment fund and related assets are board-designated. Appropriation of these funds is at the discretion of the Board of Directors.

NOTE K – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of assets, liabilities, and net assets – modified cash basis date, reduced by amounts not available for general use because of contractual restrictions within one year of the statement of assets, liabilities, and net assets – modified cash basis date.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end	\$ 476,788	\$ 509,848
Less those unavailable for general expenditures within one year due to:		
Board-designated to pay for Emergency fund	(75,000)	(75,000)
Board-designated to pay for Capital Reserve	(25,000)	(25,000)
Donor-restricted Virginia Clark Hagan grant funds to pay for shipments and other support	(33,662)	(18,529)
Donor-restricted Virginia Clark Hagan grant funds to pay for Books as Bridges	<u>(9,784)</u>	<u>(5,000)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 333,342</u>	<u>\$ 386,319</u>

The Organization is primarily funded by contributions and fundraising. Occasionally, contributions may contain donor imposed restrictions. As such, the Organization generally maintains sufficient cash to meet its responsibility to donor imposed restrictions and has investments available to meet any cash deficiencies.

INTERNATIONAL BOOK PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE L – SMALL BUSINESS ASSOCIATION (SBA) LOAN

On April 23, 2020, the Organization entered into a two year loan agreement initiated by the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) in the amount of \$31,900. The loan can be forgiven provided the stipulations of Section 1106 of the CARES Act are met. Management believes all funds were used for appropriate purposes and the balance of the note payable was forgiven in full on October 30, 2020. Income related to the forgiveness of this debit is recognized in the accompanying statement of support, revenue, and expenses – modified cash basis for the year ended December 31, 2020.

NOTE M – COVID-19

As of March 2020, the coronavirus pandemic (COVID-19) is adversely affecting, and is expected to continue to adversely affect, our overall operations. We have experienced, and expect to continue to experience, pressure on cash flow and stress on our workforce, including our ability to retain employees and their ability to execute their job responsibilities.

As a result of COVID-19, we have been unable to continue business as usual. As a result, our clients have experienced delays in receiving our products and/or services. There is uncertainty around the duration and breadth of the COVID-19 pandemic and as a result the ultimate impact on our financial condition and operating results cannot be reasonably estimated at this time.

Public health officials have recommended and mandated precautions to mitigate the spread of COVID-19, including prohibitions on congregating in heavily populated areas and shelter-in-place orders or similar measures. As a result, we have temporarily closed or reduced certain elements of our operations since March 2020. Our results will be adversely impacted by these actions taken to contain or treat the impact of COVID-19, and the extent of such impact will depend on future developments, which are highly uncertain and cannot be predicted.

While we expect the impacts of COVID-19 to have an adverse effect on our business, financial condition and results of operations, we are unable to predict the extent or nature of these impacts at this time.