

Audited Financial Statements



**Libraries
Without Borders**
Bibliothèques Sans Frontières

December 31, 2022 and 2021

Quigley & Miron

Libraries Without Borders
Audited Financial Statements
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Independent Auditor's Report

Board of Directors
Libraries Without Borders
New York, New York

Opinion

We have audited the accompanying financial statements of Libraries Without Borders (Organization), a nonprofit organization, which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 Organization as of December 31, 2022, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

A handwritten signature in black ink, reading "Zigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
August 24, 2023

Libraries Without Borders
Statement of Financial Position
December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ (7,916)	\$ 93,033	\$ 85,117
Accounts receivable		138,587	138,587
Prepaid expenses	3,052		3,052
Total Assets	\$ (4,864)	\$ 231,620	\$ 226,756
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 18,966	\$	\$ 18,966
Employee-related accrued expenses	31,359		31,359
Total Liabilities	50,325		50,325
Net Assets (Deficit)			
Without donor restrictions	(55,189)		(55,189)
With donor restrictions—Note 4		231,620	231,620
Total Net Assets (Deficit)	(55,189)	231,620	176,431
Total Liabilities and Net Assets (Deficit)	\$ (4,864)	\$ 231,620	\$ 226,756

See notes to financial statements.

Libraries Without Borders
Statement of Financial Position
December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Assets			
Cash and cash equivalents	\$ 304,004	\$ 10,726	\$ 314,730
Accounts receivable	198,566	240,884	439,450
Other assets	52,400		52,400
Total Assets	<u>\$ 554,970</u>	<u>\$ 251,610</u>	<u>\$ 806,580</u>
Liabilities and Net Assets			
Liabilities			
Accounts payable and accrued expenses	\$ 155,312	\$	\$ 155,312
Employee-related accrued expenses	49,422		49,422
Total Liabilities	<u>204,734</u>		<u>204,734</u>
Net Assets			
Without donor restrictions	350,236		350,236
With donor restrictions—Note 4		251,610	251,610
Total Net Assets	<u>350,236</u>	<u>251,610</u>	<u>601,846</u>
Total Liabilities and Net Assets	<u>\$ 554,970</u>	<u>\$ 251,610</u>	<u>\$ 806,580</u>

See notes to financial statements.

Libraries Without Borders
Statement of Activities
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Public Support and Revenue			
Contributions and grants	\$ 20,601	\$ 605,480	\$ 626,081
In-kind contributions—Note 6	115,791		115,791
Other income	54,190		54,190
Interest income	8		8
Total Public Support and Revenue	190,590	605,480	796,070
Net assets released from restrictions	625,470	(625,470)	
Total Public Support, Revenue, and Net Assets Released from Restrictions	816,060	(19,990)	796,070
Expenses			
Program services	517,235		517,235
Management and general	525,619		525,619
Fundraising	178,631		178,631
Total Expenses	1,221,485		1,221,485
Change in Net Assets	(405,425)	(19,990)	(425,415)
Net Assets at Beginning of Year	350,236	251,610	601,846
Net Assets (Deficit) at End of Year	\$ (55,189)	\$ 231,620	\$ 176,431

See notes to financial statements.

Libraries Without Borders
Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Activities			
Public Support and Revenue			
Contributions and grants	\$ 376,387	\$ 456,746	\$ 833,133
Government funding	413,961	97,906	511,867
SBA PPP grant income—Note 5	68,423		68,423
In-kind contributions—Note 6	37,712		37,712
Contract fee income	3,669		3,669
Other income	5,649		5,649
Interest income	28		28
Total Public Support and Revenue	905,829	554,652	1,460,481
Net assets released from restrictions	497,924	(497,924)	
Total Public Support, Revenue, and Net Assets Released from Restrictions	1,403,753	56,728	1,460,481
Expenses			
Program services	916,630		916,630
Management and general	259,993		259,993
Fundraising	45,143		45,143
Total Expenses	1,221,766		1,221,766
Change in Net Assets	181,987	56,728	238,715
Net Assets at Beginning of Year	168,249	194,882	363,131
Net Assets at End of Year	\$ 350,236	\$ 251,610	\$ 601,846

See notes to financial statements.

Libraries Without Borders
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services						Management and General	Fundraising	Total
	Baltimore Stillmeadow	Manufactured Housing	Puerto Rico	International	Wash and Learn	Total Program Services			
Salaries and wages	\$ 36,367	\$ 33,558	\$ 158,559	\$ 6,373	\$ 81,643	\$ 316,500	\$ 225,967	\$ 70,267	\$ 612,734
Employee benefits	848	1,349	7,701	228	2,316	12,442	32,095	2,218	46,755
Payroll taxes	2,739	3,297	12,265	556	7,248	26,105	16,211	6,217	48,533
Total Personnel	39,954	38,204	178,525	7,157	91,207	355,047	274,273	78,702	708,022
Professional fees	310	105	1,978	9	457	2,859	193,686	368	196,913
Grants expense	38,875		47,527		5,200	91,602	4,000	72,669	168,271
Supplies	459		35,224		3,611	39,294	19,687	171	59,152
Conferences and meetings		1,059	15,045	834	4,769	21,707	4,931	18,345	44,983
Occupancy			143		1,407	1,550	9,995		11,545
Communications and publicity			3,034		601	3,635	942	4,246	8,823
Dues and subscriptions		60			95	155	7,113	444	7,712
Miscellaneous			1,386			1,386	4,257	350	5,993
Insurance							5,793	19	5,812
Bank and finance charges							145	3,317	3,462
Equipment							797		797
Total Non-Personnel	39,644	1,224	104,337	843	16,140	162,188	251,346	99,929	513,463
Total Expenses	\$ 79,598	\$ 39,428	\$ 282,862	\$ 8,000	\$ 107,347	\$ 517,235	\$ 525,619	\$ 178,631	\$ 1,221,485

See notes to financial statements.

Libraries Without Borders
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services							Management and General	Fundraising	Total
	Baltimore Stillmeadow	Manufactured Housing	Puerto Rico	COVID-19	International	Wash and Learn	Total Program Services			
Salaries and wages	\$ 60,065	\$ 71,616	\$ 54,910	\$ 11,250	\$ 25,632	\$ 216,436	\$ 439,909	\$ 117,478	\$ 35,133	\$ 592,520
Employee benefits	5,999	7,153	5,484	1,124	2,560	21,616	43,936	2,785	3,597	50,318
Payroll taxes	4,882	5,821	4,463	914	2,083	17,590	35,753	4,917	2,856	43,526
Total Personnel	70,946	84,590	64,857	13,288	30,275	255,642	519,598	125,180	41,586	686,364
Professional fees	953	1,136	871	178	407	3,933	7,478	54,340	557	62,375
Grants expense	24,676	12,571	128,894	10,489	912	76,605	254,147	9,300	1,163	264,610
Supplies		23,827	39,662	1,020	474	31,319	96,302	45,269	1,031	142,602
Conferences and meetings		9,181	13,682	298	6,609	6,171	35,941	15,503	380	51,824
Occupancy						1,668	1,668	2,982		4,650
Communications and publicity	200	12		460		793	1,465		426	1,891
Dues and subscriptions								4,207		4,207
Insurance								3,081		3,081
Bank and finance charges					31		31	131		162
Total Non-Personnel	25,829	46,727	183,109	12,445	8,433	120,489	397,032	134,813	3,557	535,402
Total Expenses	\$ 96,775	\$ 131,317	\$ 247,966	\$ 25,733	\$ 38,708	\$ 376,131	\$ 916,630	\$ 259,993	\$ 45,143	\$ 1,221,766

See notes to financial statements.

Libraries Without Borders
Statements of Cash Flows
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (425,415)	\$ 238,715
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	300,863	(265,497)
Grants and contributions receivable		194,423
Prepaid expenses	(3,052)	
Other assets	52,400	(52,400)
Accounts payable and accrued expenses	(136,346)	131,121
Employee-related accrued expenses	(18,063)	31,724
Deferred revenue		(146,995)
	<u> </u>	<u> </u>
Net Cash Provided by (Used in) Operating Activities	(229,613)	131,091
	<u> </u>	<u> </u>
Net Increase (Decrease) in Cash and Cash Equivalents	(229,613)	131,091
	<u> </u>	<u> </u>
Cash and Cash Equivalents at Beginning of Year	314,730	183,639
	<u> </u>	<u> </u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 85,117</u></u>	<u><u>\$ 314,730</u></u>
 Supplementary Disclosures		
Cash paid during the year for:		
Income taxes	<u><u>\$</u></u>	<u><u>\$</u></u>
Interest	<u><u>\$</u></u>	<u><u>\$</u></u>

See notes to financial statements.

Note 1—Organization and Significant Accounting Policies

Organization—Libraries Without Borders (“Organization”) is a non-profit organization whose primary purpose is to bring knowledge and information to those who are most in need. Because lack of access to information is an important driver of inequality in today’s world, the Organization works in the United States and Puerto Rico in order to address some of the most important issues of our world today: education, health, employment, citizenship, environment and sustainability, disability, and technology. A summary of the Organization’s program activities during the years ended December 31, 2022 and 2021 are as follows:

Baltimore:

Stillmeadow Fellowship: We continued our collaboration with Stillmeadow Community Fellowship to create an afterschool space and computer lab with resources for young people at three area elementary schools.

Baltimore Crown Project: We expanded our work within Baltimore launching a partnership with the Black Mental Health Alliance to create the Baltimore Crown Project, which will soon launch free mental health resource hubs within local barbershops and salons across Baltimore City. The goal is to increase access to mental health services within underserved communities by integrating free resources and support into trusted community spaces.

Hibbing, MN: We helped bring high-speed internet and public health resources to older residents of rural Hibbing, Minnesota. We partnered with the Hibbing Public Library to facilitate computer literacy programs for senior residents in the community space and created a tech lending program for residents in the public housing complex in order to connect with health literacy resources.

San Antonio, TX: We opened two more “Wash and Learn Initiative” laundromat sites in San Antonio—on the East and West sides of the city. The locations, outfitted with books, community resources, high speed internet and laptop computers, bring digital connection.

Loíza, Puerto Rico: In partnership with communities in Loíza and universities across the island, we led the Loíza Cultural Heritage Project with a goal to preserve Loíza’s cultural heritage by teaching and promoting digital literacy skills and empowering communities to document and incorporate the voices of its people into official historical records. We created a media arts training center to teach digital literacy skills that include video production and editing.

Public Library Partnerships Around the Country: We launched a new strategy to build partnerships with public libraries around the country to break down barriers to library access and sustainably increase library outreach capacity.

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization’s net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of the Organization and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Libraries Without Borders
Notes to Financial Statements—Continued

Note 1—Nature of Activities and Significant Accounting Policies—Continued

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing activities to educate and support young individuals. Nonoperating activities are limited to activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—The Organization is a California nonprofit public benefit corporation that serves charitable and educational purposes and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and from California franchise tax under Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for federal or state income taxes is included in the financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered '*more likely than not*' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for tax liability is not necessary for the years ended December 31, 2022 and 2021. Generally, the Organization's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash and Cash Equivalents—The Organization considers highly liquid investments with a maturity of less than three months when purchased to be cash equivalents.

Contributions—Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Concentrations of Credit Risk—Financial instruments which potentially subject the Organization to concentrations of credit risk consist of cash and cash equivalents and receivables.

The Organization places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, such balances of cash and cash equivalents are in excess of the FDIC coverage limits.

While the Organization is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf, the Organization's management has assessed the credit risk associated with its cash deposits held at December 31, 2022 and believes it is not exposed to any significant credit risk with its cash and cash equivalents. However, due to the current risk and uncertainties affecting financial institutions (see Note 7), the potential related impact cannot be reasonably estimated at this time.

Libraries Without Borders
Notes to Financial Statements—Continued

Note 1—Nature of Activities and Significant Accounting Policies—Continued

Accounts receivable at December 31, 2022 are due from nonprofit organizations well-known to the Organization, with favorable past payment histories. Management of the Organization has assessed the credit risk associated with these accounts receivable and has determined that an allowance for potential uncollectible amounts is not necessary.

Contracts with Customers—Accounting standards require an organization to recognize revenue arising from contracts with customers at the time the customer obtains control of a contracted goods or service. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

Revenue Recognition—The Organization's revenue recognition policies are as follows:

Interest income—Bank interest income is recognized when received and is reported as interest income under public support and revenue in the statement of activities.

In-kind contributions—The Organization records the value of donated materials and services at their fair value at the date of donation. In-kind services are recorded only if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Occupancy, personnel expenses (consisting of salaries and wages, employee benefits, and payroll taxes), supplies, conferences and meetings, professional fees, communications and publicity, and bank charges are allocated on the basis of estimates of time and effort.

Advertising Expense—Advertising costs are expensed as incurred and amounted to \$8,823 and \$1,891 for the years ended December 31, 2022 and 2021, respectively.

Recently Adopted Accounting Principles

Leases—In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02 (ASU 2016-02), *Leases (Topic 842)*. This standard requires lessees to recognize the assets and liabilities that arise from leases in the balance sheet. Additionally, in July 2018, the FASB issued ASU 2018-11 *Leases (Topic 842) – Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative effect adjust to the opening balance of net assets without donor restrictions in the period of adoption. Organization adopted ASU 2016-02 and its related amendments on a prospective basis as December 31, 2022.

Libraries Without Borders
Notes to Financial Statements—Continued

Note 1—Nature of Activities and Significant Accounting Policies—Continued

Gifts-in-Kind—In September 2020, FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires increased transparency around the use and valuation of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. Under the updated guidance, gifts-in-kind are required to be presented as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, and to be disaggregated in the notes to the financial statements by the category that depicts the type of contributed nonfinancial assets. Additional disclosures are required regarding qualitative information denoting whether the gifts-in-kind were monetized or utilized during the reporting period; the entity's policy, if any, about monetizing rather than utilizing contributed nonfinancial assets; and the valuation techniques and inputs used to arrive at a fair value measure. Organization has adopted ASU No. 2020-07 for the year ended December 31, 2022 on a retrospective basis, which resulted in no change to revenue previously reported and no effect on revenue reported for the year ended December 31, 2021.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications—Certain amounts in 2021 have been reclassified to conform with the 2022 financial statement presentation.

Note 2—Availability and Liquidity

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. The Organization operates within a prudent range of financial soundness and stability to support the ongoing fulfillment of its mission.

The following represents the availability and liquidity of the Organization's financial assets at December 31, 2022 and 2021 to cover operating expenses for the next fiscal year:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 85,117	\$ 314,730
Accounts receivable	138,587	439,450
Total Financial Assets	223,704	754,180
Less amounts not available to be used within one year:		
Net assets with donor restrictions for time or purpose	231,620	251,610
Total Amounts Not Available to be Used Within One Year	231,620	251,610
Financial Assets Available to Meet		
General Expenditures Over the Next Twelve Months	\$ (7,916)	\$ 502,570

Libraries Without Borders
Notes to Financial Statements—Continued

Note 3—Commitments

The Organization occasionally rents office space in Washington D.C. throughout the year under two- and three-month operating lease agreements. During the year ended December 31, 2021, the Organization leased office space from December 1, 2020 to February 28, 2021 at a monthly rent expense of \$840; from August 1, 2021 to September 30, 2021 at \$740; and from December 1, 2021 to January 31, 2022 at \$710. The Organization did not enter into any lease agreements during the year ended December 31, 2022.

The Organization is subject to various claims that arise in the normal course of business. Management does not believe that the resolution of these claims will have a significant impact on the Organization's financial position or results of operations.

Note 4—Net Assets with Donor Restrictions

Net assets with donor restrictions for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Mental health	\$ 89,989	\$
Wali National	3,044	
Baltimore Stillmeadow		10,726
Promises to give, the proceeds from which have been restricted by donors:		
Wali Oakland		3,265
Support for future periods	138,587	237,619
Total Net Assets with Donor Restrictions	<u>\$ 231,620</u>	<u>\$ 251,610</u>

Net assets released from donor restrictions for the year ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
PR Loiza Vive!	\$ 200,000	\$
Baltimore Stillmeadow	39,461	96,774
Wali Baltimore	10,000	29,859
Wali San Antonio	8,000	113,945
Mental health	5,011	
Wali National	220	12,359
Baltimore COVID-19		12,198
General fund		8,775
International chihahua		35,696
Manufactured housing		48,622
Puerto Rico		93,629
SATX Covid-19		13,537
Wali Minnesota		17,000
Wali Oakland		15,530
Satisfaction of timing restrictions	362,778	
Total Net Assets Released from Donor Restrictions	<u>\$ 625,470</u>	<u>\$ 497,924</u>

Libraries Without Borders
Notes to Financial Statements—Continued

Note 5—PPP Grant

On February 12, 2021, the Organization received a Paycheck Protection Program (PPP) advance for \$68,423 from the U.S. Small Business Administration (SBA). The advance is designed to provide a direct incentive for small businesses struggling from the impact of the COVID-19 pandemic to keep their workers on the payroll. The Organization elected to record the PPP grant revenue upon receipt of the forgiveness letter from the SBA, which was received on August 24, 2022.

Note 6—In-Kind Contributions

The Organization uses donated legal services in its management and general activities. During the years ended December 31, 2022 and 2021, legal services are valued by management based on current rates of legal services provided by a law firm averaging an hourly rate of \$1,045 and \$1,085, respectively.

For the years ended December 31, 2022 and 2021, donated services valued at \$115,791 and \$37,712, respectively, are reported in the statement of activities under the in-kind contributions caption, and in professional fees in the statement of functional expenses. These services were provided with no donor-imposed restrictions.

Note 7—Risks and Uncertainties

In March 2023, subsequent to year-end, the shut-down of certain financial institutions raised economic concerns over disruption in the U.S. banking system. The U.S. government took certain actions to strengthen public confidence in the U.S. banking system, however, there can be no certainty that the actions taken by the U.S. government will be effective in mitigating the effects of financial institution failures on the economy, which may include limits on access to short-term liquidity in the near term or other adverse effects. As noted in Note 1, at times, the Organization maintains cash and cash equivalents balances in excess of federally-insured limits. Given the uncertainty of the situation, the related financial impact cannot be reasonably estimated at this time.

Note 8—Subsequent Events

Management of the Organization recognizes that the net assets without donor restrictions at December 31, 2022 was deficit. This deficit was due to the expenditure of program expenses in 2022 relating to funding to be received in 2023, which was recorded as net assets with donor restriction due to time at December 31, 2022. The net deficit as restored to a positive amount by July 2023 through the receipt of the related grant funds. Additionally, the Organization received a separate \$1,000,000 grant with donor-imposed restrictions.

Management evaluated all activities of the Organization through August 24, 2023, which is the date the financial statements were available to be issued, and concluded that, other than the banking crisis reported in Note 7 and the above disclosure, no other material subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.