Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA
JEREMY J. APPEL, CPA

November 6, 2023

Board of Directors and Management
Godly Play Foundation
Ashland, Kansas

We have audited the financial statements of Godly Play Foundation, for the year ended December 31, 2022, and have issued our report thereon dated November 6, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 22, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Godly Play Foundation are described in Note A to the financial statements. As described in Note J, the Organization changed accounting policies related to leases by adopting FASB Accounting Standards Update (ASU) No. 2016-02 – Leases (Topic 842), in 2022. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

> Management's estimate of depreciation expense is based on estimated useful lives of property and equipment. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
>
> Management's estimate of intellectual property is based on the appraised fair value of the original contribution and evaluated annually for impairment. We evaluated the key factors and assumptions used to develop this estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The following misstatements detected as a result of audit procedures were corrected by management:

- To reclassify $9,698 of equipment purchases and building improvements.
- To reclassify $15,171 in credit card fees.
- To record in-kind contributions of $91,587.
- To record $11,550 in accrued salaries and payroll tax liabilities.

These entries and other reclassifying entries were made to facilitate proper financial statement reporting.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 6, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

The limited number of personnel in Godly Play Foundation's accounting and administrative staff precludes certain internal controls that would be preferred if there were more staff to provide optimum segregation of duties. This situation requires that the Board remain involved in the financial affairs of the Organization to provide oversight and independent review functions.

This information is intended solely for the use of the Board of Directors and management of Godly Play Foundation, and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Kennedy McKee & Company LLP

GODLY PLAY FOUNDATION

FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED DECEMBER 31, 2022

TABLE OF CONTENTS

Kennedy
McKee & Company LLP Certified Public Accountants

1100 W. Frontview
P. O. Box 1477
Dodge City, Kansas 67801
Tel. (620) 227-3135
Fax (620) 227-2308
www.kmc-cpa.com

JAMES W. KENNEDY, CPA
PATRICK M. FRIESS, CPA
JOHN W. HENDRICKSON, CPA
JEREMY J. APPEL, CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Godly Play Foundation
Ashland, Kansas

Opinion

We have audited the accompanying financial statements of Godly Play Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 Godly Play Foundation as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Godly Play Foundation 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Godly Play Foundation'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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- exercise professional judgment and maintain professional skepticism through 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 Godly Play Foundation'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 judgement, there are conditions or events, considered in the aggregate, which raise substantial doubt about Godly Play Foundation's ability to continue as a going concern for 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.

Kennedy McKee & Company LLP

November 6, 2023

GODLY PLAY FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS	
Current assets:	
Cash	$ 1,727,676
Investments	826,368
Prepaid expenses	4,972
Inventories	158,532
Total current assets	2,717,548
Property and equipment, at cost:	
Buildings	26,549
Leasehold improvements	2,242
Equipment	71,066
	99,857
Less accumulated depreciation	(72,625)
Total property and equipment	27,232
Other assets:	
Intellectual property	955,253
Total assets	$ 3,700,033
LIABILITIES AND NET ASSETS	
Current liabilities:	
Accounts payable	$ 932
Salaries payable	10,642
Payroll liabilities	3,366
Total liabilities	14,940
Net assets:	
Without donor restrictions:	
Without restrictions	1,473,755
Board designated	119,291
Total net assets without donor restrictions	1,593,046
Net assets with donor restrictions	2,092,047
Total net assets	3,685,093
Total liabilities and net assets	$ 3,700,033

The accompanying notes are an integral part of the financial statements.

GODLY PLAY FOUNDATION

STATEMENT OF ACTIVITIES

Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Support and revenues:			
Sales	$ 579,060	$ -	$ 579,060
Cost of sales	(372,564)	-	(372,564)
Gross margin on sales	206,496	-	206,496
Program fees	82,847	-	82,847
Contributions	230,370	303,152	533,522
Grants	8,750	1,049,507	1,058,257
In-kind contributions	91,587	-	91,587
Memberships	8,340	-	8,340
Royalties	7,352	-	7,352
Investment income	(115,672)	-	(115,672)
Miscellaneous	358	-	358
Net assets released from restrictions:			
Satisfaction of purpose restrictions	248,968	(248,968)	-
Total support and revenues	769,396	1,103,691	1,873,087
Expenses:			
Program services:			
College of trainers	141,620	-	141,620
Center for the theology of childhood	82,034	-	82,034
Resources	185,878	-	185,878
Lilly Foundation grant	48,265	-	48,265
Foundation	143,188	-	143,188
Total program services	600,985	-	600,985
Supporting services:			
Management and general	223,538	-	223,538
Fund-raising	13,437	-	13,437
Total supporting services	236,975	-	236,975
Total expenses	837,960	-	837,960
Change in net assets	(68,564)	1,103,691	1,035,127
Net assets at beginning of year	1,661,610	988,356	2,649,966
Net assets at end of year	$ 1,593,046	$ 2,092,047	$ 3,685,093

The accompanying notes are an integral part of the financial statements.

GODLY PLAY FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	Program services						Supporting services			
	College of trainers	Center for the theology of childhood	Resources	Foundation	Lilly Foundation	Total	Management and general	Fund-raising	Total	Total expenses
Expenses:										
Advertising	$ 843	$ -	$ 428	$ (239)	$ (17)	$ 1,015	$ -	$ 1,963	$ 1,963	$ 2,978
Conference & education	750	125	-	6,290	-	7,165	-	-	-	7,165
Contributions	-	-	200	-	-	200	-	-	-	200
Credit card fees	2,564		133	338	-	3,035	-	-	-	3,035
Dues, fees, & subscriptions	2,934	3,272	11,149	2,512	-	19,867	-	-	-	19,867
Employee benefits	-	-	29,926	(392)	(28)	29,506	-	-	-	29,506
Insurance	-	-	544	1,341	-	1,885	-	-	-	1,885
International discretionary	-	-	-	11,540	-	11,540	-	-	-	11,540
International initiative	-	-	-	8,884	-	8,884	-	-	-	8,884
Salaries	52,243	56,145	104,386	80,426	19,360	312,560	67,096	10,437	77,533	390,093
Meals & entertainment	-	-	-	1,006	2,185	3,191	-	-	-	3,191
Miscellaneous	-	-	-	83	-	83	-	-	-	83
Office supplies	-	112	4,566	-	-	4,678	520	123	643	5,321
Payroll taxes	3,997	4,311	8,178	7,541	1,579	25,606	5,133	798	5,931	31,537
Professional fees	(1,850)	177	12,533	14,480	19,510	44,850	148,395	-	148,395	193,245
Publications	-	1,067	-	-	-	1,067	-	-	-	1,067
Rent	-	11,914	594	-	-	12,508	1,390	-	1,390	13,898
Repairs	-	-	1,033	-	-	1,033	-	-	-	1,033
Supplies	97	-	613	605	1,772	3,087	-	-	-	3,087
Taxes	-	-	2,565	-	-	2,565	-	-	-	2,565
Technology	-	-	-	-	1,636	1,636	-	-	-	1,636
Telephone	108	-	2,534	2,268	-	4,910	546	-	546	5,456
Trainer contract hire	47,642	-	-	-	-	47,642	-	-	-	47,642
Trainer gathering	14,843	1,743	-	-	-	16,586	-		-	16,586
Trainer travel & motel	1,789	-	-	(14)	-	1,775	-	-	-	1,775
Training expenses	12,776	175	-	-	-	12,951	-	-	-	12,951
Travel and meetings	2,884	2,993	77	5,715	2,268	13,937	-	116	116	14,053
Utilities	-	-	4,121	-	-	4,121	458	-	458	4,579
Depreciation	-	-	2,298	804	-	3,102	-	-	-	3,102
Total expenses	$ 141,620	$ 82,034	$ 185,878	$ 143,188	$ 48,265	$ 600,985	$ 223,538	$ 13,437	$ 236,975	$ 837,960

The accompanying notes are an integral part of the financial statements.

GODLY PLAY FOUNDATION

STATEMENT OF CASH FLOWS

Year ended December 31, 2022

Cash flows from operating activities:	
Cash received from:	
Sales	$ 579,060
Program fees	82,847
Contributions	230,370
Grants	8,750
Memberships	8,340
Royalties	7,352
Interest	1,751
Other income	358
Cash paid for:	
Salaries and related expenses	(451,822)
Contractors	(47,642)
Inventories	(389,086)
Other operating expenses	(258,423)
Net cash provided (used) by operating activities	(228,145)
Cash flows from investing activities:	
Purchase of equipment	(9,700)
Purchase of investments	(200,000)
Net cash provided (used) by investing activities	(209,700)
Cash flows from financing activities:	
Contributions restricted for purpose	303,152
Grants restricted for purpose	1,049,507
Net cash provided (used) by financing activities	1,352,659
Net increase (decrease) in cash and cash equivalents	914,814
Cash and cash equivalents at beginning of year	812,862
Cash and cash equivalents at end of year	$ 1,727,676
Reconciliation of change in net assets to net cash provided by operating activities:	
Change in net assets	$ 1,035,127
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	3,102
Investment income	117,423
Decrease in inventory	(16,522)
Decrease in accounts payable	(13,930)
Increase in accrued salaries payable	1,590
Increase in payroll taxes payable	(2,276)
Restricted contributions	(303,152)
Restricted grants	(1,049,507)
Net cash provided (used) by operating activities	$ (228,145)

The accompanying notes are an integral part of the financial statements.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America.

1. Business activity

The Organization’s purpose is to facilitate the practice of Godly Play® through research, training, and resources. The Organization trains and supports a network of independent Godly Play Trainers. The Godly Play approach teaches classical religious (e.g., Christian, Quaker, Jewish) language in a way that enhances the child’s authentic experience of God. Trainers learn to use Montessori’s approach to education and stimulate children’s active participation in story and ritual and to awaken their creativity for learning of the language, sacred stories, parables, liturgical action, and silence of their religious tradition. The Organization sells materials (e.g., Arks, Temples) that are used in combination with publications to deliver the Godly Play method.

2. Basis of presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use, as are promised contributions that are not yet due. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

3. Cash and cash equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents transferred to the investment manager and being held for investment are included in investments.

4. Investments

Investments in marketable equity securities with readily determinable fair values and all investments in debt securities are stated at fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

5. Inventories

Inventories are stated at the lower of cost or market determined by the first-in, first-out method.

6. Equipment

The Organization capitalizes all expenditures for property and equipment in excess of $500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets. The Organization modified the policy increasing the threshold from $500 to $2,500 effective November 5, 2022. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is computed using a modified accelerated cost recovery system.

7. Intellectual property

The Organization received a series of copyrighted publications from the author. The Organization has an agreement with a publishing company whereby the publishing company pays a royalty to the Organization based on sales. The Organization recorded the original contributions based on appraised values at the contribution dates. Under generally accepted accounting principles, the carrying amount is not amortized but is reduced if management determines that its implied fair value has been impaired.

8. Fair value measurements

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides 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 are described below:

8. Fair value measurements (continued)

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

9. Revenue with and without donor restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net assets 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 restrictions.

10. Donated services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers providing services throughout the year are not recognized as contributions in the financial statements if the recognition criteria are not met.

11. Expense allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based on an estimate of amounts allocable to each function. The expenses that are allocated include personnel costs and travel which are allocated on the basis of estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

12. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect certain reported amounts and disclosures. Actual results could differ from those estimates.

13. Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization has not identified any uncertainties in federal or state income taxes for any open tax years as of December 31, 2022. The Organization is no longer subject to examinations by tax authorities for years before 2020. No authorities have commenced income tax examinations as of December 31, 2022.

B. INVESTMENTS

Investments are carried at fair value based on quoted prices in active markets and other relevant information generated by market transactions (all Level 1 measurements) and consist of the following:

	December 31, 2022	
	Cost	Fair value
Money market	$ 18,696	$ 18,696
Equity securities	540,693	486,567
Real estate investment trust	20,552	17,213
Fixed income securities	339,506	303,892
	$ 919,447	$ 826,368

C. ADVERTISING

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising costs totaled $2,978 for the year ended December 31, 2022.

D. DONATED GOODS AND SERVICES

The fair value of donated goods and services included as in-kind contributions in the financial statements consist of legal fees. Donated goods and services totaled $91,587 for the year ended December 31, 2022.

E. RESTRICTIONS/LIMITATIONS ON NET ASSETS

The governing board of the Organization has designated net assets without donor restrictions for the following purposes:

Beloved Me, Beloved We	$ 19,291
Designated for long-term investment	100,000
Board designated net assets	$ 119,291

Net assets with donor restrictions:

Subject to expenditures for specified purpose:	
Michael Macaluso fund	$ 100,000
For the work of the Center	255,080
Contacting people we have trained	53,093
Establishing a training relationship with Sewanee/Beechen Center	1,063
Website and infrastructure	40,376
For the office of the advocate for international development	290,501
Colleen memorial employee development fund	86,875
Trainer transition	61,783
Everyday Godly Play	1,003,276
Donor-restricted endowment not subject to appropriation:	
General use	200,000
Net assets with donor restrictions	$2,092,047

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors.

Satisfaction of purpose restrictions:	
For the work of the Center	$ 81,598
Establishing a training relationship with Sewanee/Beechen Center	1,733
Website and infrastructure	12,795
For the office of the advocate for international development	62,779
Colleen memorial employee development fund	5,615
Trainer transition	38,217
Everyday Godly Play	46,231
Net assets released from restrictions	$ 248,968

F. ENDOWMENT

Godly Play Foundation's endowment consists of individual funds established by donors for a variety of purposes. Its endowment includes permanent endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

Absent explicit donor stipulations to the contrary, the Board of Directors of Godly Play Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Godly Play Foundation retains in perpetuity and classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization

Endowment Net Asset Composition by Type of Fund as of December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Donor-restricted endowment funds	$ -	$ 200,000	$ 200,000

Changes in Endowment Net Assets for the Year Ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
Endowment net assets, beginning of year	$ -	$ 200,000	$ 200,000
Contributions	-	-	-
Endowment net assets, end of year	$ -	$ 200,000	$ 200,000

F. ENDOWMENT (CONTINUED)

Net Asset With Donor Restrictions (Endowment Only)

	2022
Endowment funds with donor restrictions:	
The portion of perpetual endowment funds that is required to be retained perpetually either by explicit donor stipulation or by SPMIFA and classified as net assets with donor restrictions	$ 200,000

Funds with Deficits

From time to time, the fair value of assets associated with individual endowment funds may fall below the level that the donor or the SPMIFA requires the Godly Play Foundation to maintain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2022.

Return Objectives and Risk Parameters

The Godly Play Foundation has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner to preserve and enhance its endowment funds with a secondary goal of achieving an overall return which will be sufficient to support a level of spending that, as a percent of investable assets, will be relatively constant and will grow at least as rapidly as inflation.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Godly Play Foundation has adopted a strategic Asset Allocation Plan that envisions a reasonably stable distribution of assets among major asset classes. Investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for disbursement each year, the amount required to meet the needs of the Organization within the parameters established by the donor (exclusive of unrealized gains and losses). In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow and maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

G. CONCENTRATION OF CONTRIBUTION REVENUE

For the year ended December 31, 2022, cash contributions from one major contributor accounted for 80% of the total contributions to the Organization.

H. CONCENTRATION OF CREDIT RISK

The Organization maintains its cash balances at two financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $250,000. At December 31, 2022, the Organization's uninsured balances totaled $1,212,517 at two financial institutions.

I. LIQUIDITY

The following reflects the Organization's financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date. Financial assets are reduced by donor-restricted amounts that are not available for use within one year for general purposes.

Financial assets at year-end	$2,554,044
Less those unavailable for general expenditures within one year, due to:	
Donor-restricted for the Michael Macaluso for creativity	100,000
Donor-restricted for the work of the Center	255,080
Donor-restricted for contacting people we have trained	53,093
Donor-restricted for establishing a training relationship with Sewanee/Beechen Center	1,063
Donor-restricted for website and infrastructure	40,376
Donor-restricted for the office of the advocate for international development	290,501
Donor-restricted for the Collen memorial employee development fund	86,875
Donor-restricted for trainer transition	61,783
Donor-restricted for Everyday Godly Play	1,003,276
Donor-restricted to maintain as an endowment	200,000
Board designated for Beloved Me, Beloved We	19,291
Board designated for long-term investment	100,000
Financial assets available to meet cash needs for general expenditure within one year	$ 342,706

As part of the Organization's liquidity management, it invests cash in excess of short-term needs.

J. CHANGE IN ACCOUNTING PRINCIPLE

Effective January 1, 2022, the Organization adopted FASB ASU 2016-02, *Leases* (Topic 842). The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. Leases with a term of less than 12 months will not record a right of use asset and lease liability and payments will be recognized in the change in net assets on the straight-line basis over the lease term. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed it to carry forward the historical lease classification.

The adoption of FASB ASU 2016-02 did not result in the recognition of any right-of-use assets or operating lease liabilities. The Organization's only lease is not material to capitalize under the new standard. The adoption of FASB ASU 2016-02 did not have a material impact on the Organization's results of operations or cash flow.

K. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 6, 2023, the date on which the financial statements were available to be used and does not believe any events have occurred which affect the financial statements as presented.