

LITTLE SISTERS FUND, INC.

**Financial Statements and
Independent Auditors' Report**

December 31, 2020 and 2019

Little Sisters Fund, Inc.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Little Sisters Fund, Inc.
Ketchum, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of Little Sisters Fund, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows 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 accounting principles generally accepted in the United States of America; this includes 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.

Auditors' 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 auditors' 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 auditors consider 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 financial position of Little Sisters Fund, Inc., as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Northwest CPA Group PLLC

Tri-Cities, Washington
July 16, 2021

Little Sisters Fund, Inc.
Statements of Financial Position

	December 31,	
	2020	2019
ASSETS		
<i>CURRENT ASSETS:</i>		
Cash and cash equivalents	\$ 358,089	\$ 424,849
Investments	1,858,578	1,390,105
Contributions receivable, <i>current</i>	34,900	34,900
Education advances, <i>current</i>	46,100	28,300
Other receivables	-	2,499
Total current assets	2,297,667	1,880,653
<i>PROPERTY AND EQUIPMENT:</i>		
Equipment	2,063	2,063
Less accumulated depreciation	2,063	2,063
	-	-
<i>OTHER ASSETS:</i>		
Restricted certificates of deposit	450,000	450,000
Education advances, <i>noncurrent</i>	38,000	44,000
Contribution receivable, <i>noncurrent</i>	-	34,900
	488,000	528,900
	\$ 2,785,667	\$ 2,409,553
 LIABILITIES AND NET ASSETS		
<i>CURRENT LIABILITIES:</i>		
Accounts payable	\$ 6,000	\$ 4,000
Payroll liabilities	1,564	2,165
Paycheck Protection Program loan	727	-
Total current liabilities	8,291	6,165
<i>NET ASSETS:</i>		
Without donor restrictions	1,763,989	1,263,633
With donor restrictions	1,013,387	1,139,755
	2,777,376	2,403,388
	\$ 2,785,667	\$ 2,409,553

See accompanying notes to financial statements.

Little Sisters Fund, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<i>REVENUES AND SUPPORT:</i>			
Contributions	\$ 702,899	\$ 42,433	\$ 745,332
Paycheck Protection Program grant	20,833	-	20,833
	<u>723,732</u>	<u>42,433</u>	<u>766,165</u>
Net assets released from restrictions	168,801	(168,801)	-
	<u>892,533</u>	<u>(126,368)</u>	<u>766,165</u>
<i>EXPENSES:</i>			
Program services	558,177	-	558,177
Management and general	60,845	-	60,845
Fundraising	26,501	-	26,501
	<u>645,523</u>	<u>-</u>	<u>645,523</u>
<i>CHANGES IN NET ASSETS BEFORE OTHER INCOME</i>	247,010	(126,368)	120,642
<i>OTHER INCOME:</i>			
Investment income, <i>net</i>	253,346	-	253,346
<i>CHANGES IN NET ASSETS</i>	500,356	(126,368)	373,988
<i>NET ASSETS, BEGINNING OF YEAR</i>	<u>1,263,633</u>	<u>1,139,755</u>	<u>2,403,388</u>
<i>NET ASSETS, END OF YEAR</i>	<u>\$ 1,763,989</u>	<u>\$ 1,013,387</u>	<u>\$ 2,777,376</u>

Little Sisters Fund, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<i>REVENUES AND SUPPORT:</i>			
Contributions	\$ 739,126	\$ 144,429	\$ 883,555
Net assets released from restrictions	141,191	(141,191)	-
	<u>880,317</u>	<u>3,238</u>	<u>883,555</u>
<i>EXPENSES:</i>			
Program services	552,641	-	552,641
Management and general	57,315	-	57,315
Fundraising	32,431	-	32,431
	<u>642,387</u>	<u>-</u>	<u>642,387</u>
<i>CHANGES IN NET ASSETS BEFORE OTHER EXPENSE</i>	237,930	3,238	241,168
<i>OTHER EXPENSE:</i>			
Investment loss, net	295,811	-	295,811
<i>CHANGES IN NET ASSETS</i>	533,741	3,238	536,979
<i>NET ASSETS, BEGINNING OF YEAR</i>	<u>729,892</u>	<u>1,136,517</u>	<u>1,866,409</u>
<i>NET ASSETS, END OF YEAR</i>	<u>\$ 1,263,633</u>	<u>\$ 1,139,755</u>	<u>\$ 2,403,388</u>

Little Sisters Fund, Inc.
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services	Management and General	Fundraising	Total
Grants to other organizations and student scholarships	\$ 506,152	\$ -	\$ -	\$ 506,152
Payroll expenses	45,217	22,608	22,609	90,434
Professional services	-	15,695	-	15,695
Contract labor	-	12,214	-	12,214
Telephone and communications	3,607	451	451	4,509
Travel	1,946	972	973	3,891
Insurance	1,255	1,676	314	3,245
Office expenses	-	2,177	544	2,721
Meals and entertainment	-	-	717	717
Donor appreciation	-	-	199	199
Supplies	-	17	25	42
Miscellaneous	-	5,035	669	5,704
	<u>\$ 558,177</u>	<u>\$ 60,845</u>	<u>\$ 26,501</u>	<u>\$ 645,523</u>

Little Sisters Fund, Inc.
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Grants to other organizations and student scholarships	\$ 490,068	\$ -	\$ -	\$ 490,068
Payroll expenses	51,785	25,893	25,893	103,571
Professional services	-	16,563	-	16,563
Contract labor	-	1,953	-	1,953
Telephone and communications	2,627	329	328	3,284
Travel	5,003	2,501	2,501	10,005
Insurance	1,380	2,659	345	4,384
Office expenses	-	1,658	414	2,072
Meals and entertainment	-	-	761	761
Donor appreciation	-	-	605	605
Supplies	-	1,108	9	1,117
Miscellaneous	1,778	4,651	1,575	8,004
	<u>\$ 552,641</u>	<u>\$ 57,315</u>	<u>\$ 32,431</u>	<u>\$ 642,387</u>

Little Sisters Fund, Inc.
Statements of Cash Flows

	Years Ended December 31,	
	2020	2019
<i>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>		
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Cash received from donors	\$ 781,802	\$ 812,929
Cash received from Paycheck Protection Program grant	20,833	-
Cash paid to other nonprofit organizations, suppliers, and employees	(655,924)	(649,063)
Interest and dividends received	35,761	41,400
Net cash provided by operating activities	182,472	205,266
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Purchases of investments	(277,125)	(98,362)
Proceeds from sale of investments	27,166	104,916
Purchases of certificates of deposit	(800,000)	(450,000)
Proceeds from redemption of certificates of deposit	800,000	450,000
Net cash provided by (used in) investing activities	(249,959)	6,554
<i>CASH FLOWS FROM FINANCING ACTIVITIES:</i>		
Proceeds from Paycheck Protection Program loan	727	-
<i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>	(66,760)	211,820
<i>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</i>	424,849	213,029
<i>CASH AND CASH EQUIVALENTS, END OF YEAR</i>	\$ 358,089	\$ 424,849
<i>Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities:</i>		
Changes in net assets	\$ 373,988	\$ 536,979
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Realized (gain) loss on investments	(1,459)	598
Unrealized gain on investments	(216,126)	(255,009)
In-kind stock donation	(929)	(927)
Decrease (increase) in assets:		
Contributions receivable	34,900	(69,800)
Education advances	(11,800)	(10,925)
Other receivables	2,499	101
Increase (decrease) in liabilities:		
Accounts payable	2,000	4,000
Payroll liabilities	(601)	249
Total adjustments	(191,516)	(331,713)
Net cash provided by operating activities	\$ 182,472	\$ 205,266

See accompanying notes to financial statements.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization:

Little Sisters Fund, Inc. (the Organization), was organized to provide and promote education, alleviate poverty, and foster family stability and cultural preservation in Nepal and throughout the world. The Organization currently provides long-term scholarships for economically disadvantaged girls in Nepal primarily through relationships with non-governmental organizations (NGOs) in Nepal. The Organization has working relationships with these NGOs but does not have a formal agreement with them or exercise control over them.

Summary of Significant Accounting Policies:

Basis of presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents – The Organization considers all highly liquid investments with initial maturities of three months or less to be cash equivalents. Cash without donor restrictions held in money market accounts at Fidelity Investments was \$170,629 and \$79,819 on December 31, 2020 and 2019, respectively.

Contributions receivable – The Organization has received unconditional promises for future cash payments. The present value of these estimated future cash flows is recorded as contributions receivable and contribution revenue. The Organization periodically evaluates the balances in contributions receivable and any amounts significantly past due to determine whether there are any uncollectible amounts. No allowance was deemed necessary at December 31, 2020 or 2019.

Property and equipment – Property and equipment are stated at cost or, if donated, at their approximate fair value at the date of donation. The Organization capitalizes all property and equipment in excess of \$1,000. Depreciation is determined using the straight-line method over the assets' estimated useful lives of three years.

Restricted certificates of deposit – The Organization holds certificates of deposit at cost, which approximate fair value. Restricted certificates of deposit represent contributions that have been designated by a donor for long-term purposes. For the year ending December 31, 2020, the restricted certificates of deposit bear interest ranging from 0.15% to 0.20% and mature at various dates from March 2021 to February 2022.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued):**

Summary of Significant Accounting Policies (continued):

Investments – The Organization records investments in marketable securities with readily determinable market values at their fair value in the statements of financial position. Investment securities consist of a highly diversified portfolio of stocks, mutual funds, and exchange traded equity and fixed income funds. Net investment income or loss is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized gains and losses, and investment expenses. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets 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. Investments are initially recorded at cost if purchased or, if donated, are recorded at the fair market value at the date of the gift. The investments in marketable securities are subject to market risk.

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

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and 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 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; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When a restriction expires, that is, when a stipulated time restriction ends or a 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and when the assets are subsequently placed in service.

Financial instruments – At December 31, 2020 and 2019, the Organization’s financial instruments approximated fair value.

Contributions – Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued):**

Summary of Significant Accounting Policies (continued):

In-kind contributions – Donated goods are recorded at their estimated fair value when received. Contributions of services are recognized if the services received create or enhance nonfinancial assets, require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not donated. Gifts of property and equipment and gifts of cash to be used to acquire property and equipment are reported as restricted support and reclassified to net assets without donor restrictions when placed into service.

Functional allocation of expenses – The costs of program and supporting service activities have been reported on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification detail by function. Direct expenses are charged to each program or supporting function based upon the functional nature of the expenditure. Any program or supporting function expenditure not directly chargeable is allocated based on the programs and supporting services benefited. Payroll and related expenses have been allocated based on estimated time spent. Office expense, supplies, and telephone and communications have been allocated based on estimated usage. All other expenses are allocated based on the actual costs.

Grant expense – The Organization recognizes grants as expenses at the time recipients are entitled to receive them. Generally, this occurs when the board of directors approves a specific grant, or when management, pursuant to grant-authorization policies established by the board of directors, approves a grant. Unconditional grants approved but not yet disbursed are reported as grants payable in the statement of financial position. Conditional grants approved but contingent upon fulfillment of certain specified conditions by the grantee are not recorded until the conditions have been met. Revocable grants are recorded when grants are distributed to the grantee.

Income taxes – Under the provisions of Section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from federal income taxes, except for net income from unrelated business activities. For the years ended December 31, 2020 and 2019, the Organization had no unrelated business activities subject to federal income tax. Management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax positions that would require adjustments to the financial statements.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

NOTE 2 – AVAILABILITY AND LIQUIDITY

The Organization is substantially supported by donor contributions. Some donors restrict their contributions to be used in a particular manner or for future use, thus financial assets may not be available for general expenditures within one year. Management’s policy is to periodically perform a liquidity review to ensure sufficient resources are available to meet the needs of donors.

The Organization’s financial assets available for general expenditure within one year of the statements of financial position date are as follows:

	December 31,	
	2020	2019
Cash and cash equivalents	\$ 358,089	\$ 424,849
Investments	1,858,578	1,390,105
Contributions receivable	34,900	69,800
Certificates of deposit	450,000	450,000
Education advances	84,100	72,300
Other receivables	-	2,499
	2,785,667	2,409,553
Less:		
Assets unavailable for use within one year due to contractual or donor-imposed restrictions, <i>time or purpose</i>	(563,387)	(689,755)
Restricted certificates of deposit	(450,000)	(450,000)
Education advances, <i>noncurrent</i>	(38,000)	(44,000)
Contributions receivable, <i>noncurrent</i>	-	(34,900)
Total financial assets available for general expenditures over the next 12 months	\$ 1,734,280	\$ 1,190,898

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by contractual or donor-restricted resources.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

NOTE 3 – CONTRIBUTIONS RECEIVABLE:

The Organization’s contributions receivable consisted of unconditional promises to give and are due as follows:

	Years Ended December 31,	
	2020	2019
Amounts due:		
Less than one year	\$ 34,900	\$ 34,900
One to five years	-	34,900
	\$ 34,900	\$ 69,800

NOTE 4 – EDUCATION ADVANCES:

The Organization provides educational assistance to selected Nepalese girls attending universities in the United States of America. As part of the agreement, each student is required to reimburse the Organization \$4,000 per year of college attendance for a total reimbursement of \$16,000 after four years of education. Interest is not assessed on outstanding advances. Repayment from each student is expected as follows:

Sophomore year	\$ 2,500
Junior year	2,500
Senior year	3,000
Within two years of graduation	8,000

As of December 31, 2020, amounts advanced are expected to be reimbursed as follows:

Years Ending December 31,	Amounts
2021	\$ 46,100
2022	9,000
2023	21,000
2024	-
2025	8,000
	\$ 84,100

Management periodically reviews the advances to determine whether an allowance is necessary based on collection experience and specific knowledge of student circumstances. Management considers all amounts fully collectible at December 31, 2020 and 2019. Therefore, no allowance for doubtful accounts has been recorded.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

NOTE 5 – INVESTMENTS:

Assets and liabilities are recorded at fair value and disclosed using a three-level hierarchy. The classification of assets and liabilities within the hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level I – Quoted prices are available in active markets for identical investments as of the measurement date. The Organization does not adjust the quoted price for these investments.

Level II – Pricing inputs are observable for the investments, either directly or indirectly, as of the measurement date, but are not the same as those used in Level I. Fair value is determined through quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data.

Level III – Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire measurement in the hierarchy.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019:

Mutual funds (Level I): Valued at the daily closing price as reported by the mutual fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

NOTE 5 – INVESTMENTS (continued):

The following table sets forth, by level within the fair value hierarchy, the Organization’s assets at fair value measurements at December 31, 2020 and 2019:

	December 31, 2020	
	Fair Value	
	Level I	Cost
Mutual funds:		
Vanguard Intl Equity Index Fund Inc.	\$ 1,044,501	\$ 877,887
Vanguard Index FDS Small Cap	343,610	275,533
Vanguard Scottsdale FDS Intermediate	414,158	347,371
iShares Trust Core S&P 500	56,309	44,464
	\$ 1,858,578	\$ 1,545,255
	December 31, 2019	
	Fair Value	
	Level I	Cost
Mutual funds:		
Vanguard Intl Equity Index Fund Inc.	\$ 933,815	\$ 873,865
Vanguard Index FDS Small Cap	236,037	216,966
Vanguard Scottsdale FDS Intermediate	186,313	173,119
iShares Trust Core S&P 500	33,940	28,958
	\$ 1,390,105	\$ 1,292,908

There were no Level II or Level III investments at December 31, 2020 and 2019.

The components of net investment income are reflected below for the years ending:

	December 31,	
	2020	2019
Net unrealized gain	\$ 216,126	\$ 255,009
Net realized gain (loss)	1,459	(598)
Dividends and interest	35,761	41,400
Total net investment income	\$ 253,346	\$ 295,811

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods:

	December 31,	
	2020	2019
Subject to expenditure for specified purpose:		
Scholarships	\$ 243,255	\$ 279,477
Earthquake relief	2,501	20,701
General and professional higher education opportunity fund	<u>282,731</u>	<u>319,777</u>
	<u>528,487</u>	<u>619,955</u>
Subject to the passage of time:		
Contributions receivable	<u>34,900</u>	<u>69,800</u>
Endowment subject to investment policy:		
Restricted by donor for investment	<u>450,000</u>	<u>450,000</u>
	<u>\$ 1,013,387</u>	<u>\$ 1,139,755</u>

NOTE 7 – ENDOWMENT INVESTMENT AND SPENDING POLICIES:

The Organization’s endowment consists of a donor-restricted fund established to provide continuing resources for the Organization’s mission. As required by accounting principles generally accepted in the United States of America, 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.

The donor has stipulated that the endowment fund be invested solely in fixed deposits at financial institutions chosen by the board with investment income treated without donor restrictions and available to be expended to further the Organization’s nonprofit mission of providing long-term scholarships for economically disadvantaged girls in Asia. The Board of Directors considers the appropriation of endowment investment income to occur as it is earned and available for use. The endowment balance did not change during 2020.

Interpretation of relevant law:

Effective in 2007, the State of Idaho adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). In the absence of donor specific direction, UPMIFA establishes standards for endowment spending and preservation of the original gift. The Organization’s endowment consists of funds received with explicit donor stipulations. Therefore, the Organization has determined that UPMIFA is not applicable to their current endowment.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

NOTE 8 – PAYCHECK PROTECTION PROGRAM FORGIVABLE LOAN

In April 2020, the Organization received \$21,560 from Kabbage, Inc., under the Paycheck Protection Program (PPP). The PPP was included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act, passed by the United States Congress in response to the COVID 19 crisis. The PPP authorizes forgivable loans to small businesses to incentivize retention of employees during the pandemic. The forgivable portion will be determined based on the Organization's use of funds during the 24-week period after receiving the loan.

The Organization has elected to account for the loan as a grant that is recognized as revenue as qualifying expenses are incurred. Between April 2020, and December 31, 2020, the Organization utilized \$20,833 of the PPP funds on eligible costs and recognized that amount as revenue in the statement of activities. The remaining \$727 is not expected to be forgiven and is reflected as a liability in the statement of financial position.

NOTE 9 – CONCENTRATIONS:

The Organization maintains its cash in bank deposit accounts with financial institutions. Cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation at various times during the year; management does not consider this to be a significant credit risk.

The Organization holds various types of investments that are not guaranteed and are subject to stock market fluctuations.

During the year ended December 31, 2020, one donor represented 15% of contribution revenue. During the year ended December 31, 2019, two donors represented 34% of contribution revenue. In addition, one donor represented 100% of pledges receivable as of December 31, 2020 and 2019.

During the years ended December 31, 2020 and 2019, \$499,000 and \$482,878, respectively, was donated to one nonprofit organization within Nepal to provide scholarships for economically disadvantaged girls.

NOTE 10 – NONCASH INVESTING ACTIVITIES:

During the years ended December 31, 2020 and 2019, the Organization received non-cash donations of stock with the fair value on the date of donation of \$929 and \$927, respectively.

NOTE 11 – RISKS AND UNCERTAINTIES:

In March 2020, federal and state governments issued guidelines for businesses to limit working conditions due to the virus COVID-19. The impact of these guidelines is widespread, so it is difficult to predict the impact on the Organization, its donors or grantees. Management is doing everything in their control to limit the negative impact and disruption, but COVID-19 may affect the future recognition and measurement of assets, liabilities, and income of the Organization.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2020 and 2019

NOTE 12 - PRIOR PERIOD ADJUSTMENT:

During the year ended December 31, 2020, the Organization determined that education advances had been assessed to girls attending universities in the United States of America based on the beginning of an academic school year, rather than the beginning of each semester. In addition, it was determined that student scholarships payable to universities had not been properly accrued at the end of December 31, 2019. As of and for the year ended December 31, 2019, the financial statements have been restated to reflect these corrections. The effects on the applicable financial statement line items are as follows:

	<u>As of and for the year ended December 31, 2019</u>		
	<u>As Originally Reported</u>	<u>As Adjusted</u>	<u>Effect of Change - Increase (Decrease)</u>
Statement of Financial Position:			
Education advances, <i>current</i>	\$ 29,300	\$ 28,300	\$ (1,000)
Education advances, <i>noncurrent</i>	57,000	44,000	(13,000)
Accounts payable	-	4,000	4,000
Net assets without donor restrictions, December 31, 2019	1,281,633	1,263,633	(18,000)
Net assets, December 31, 2019	2,421,388	2,403,388	(18,000)
Statement of Activities and Change in Net Assets:			
Grants to other organizations and student scholarships	484,068	490,068	6,000
Program service expenses	546,641	552,641	6,000
Changes in net assets	542,979	536,979	(6,000)
Net assets without donor restrictions, December 31, 2018	741,892	729,892	(12,000)
Net assets, December 31, 2018	1,878,409	1,866,409	(12,000)
Net assets without donor restrictions, December 31, 2019	1,281,633	1,263,633	(18,000)
Net assets, December 31, 2019	2,421,388	2,403,388	(18,000)
Statement of Functional Expenses:			
Grants to other organizations and student scholarships	484,068	490,068	6,000

NOTE 13 – SUBSEQUENT EVENTS:

Subsequent events have been evaluated by management through July 16, 2021, which is the date the financial statements were available to be issued.