

LITTLE SISTERS FUND, INC.

**Financial Statements and
Independent Auditors' Report**

December 31, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

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, 2022 and 2021, 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.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Little Sisters Fund, Inc.'s, ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 the generally accepted auditing standards will always detect a material misstatement when one exists. The risk of not detecting a material misstatement resulting from fraud is higher than on 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 generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audits.
- 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 audits 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 Little Sisters Fund, Inc.'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, that raise substantial doubt about Little Sisters Fund, Inc.'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 audits.

Northwest CPA Group PLLC

Tri-Cities, Washington
July 27, 2023

Little Sisters Fund, Inc. Statements of Financial Position

	December 31,	
	2022	2021
ASSETS		
<i>CURRENT ASSETS:</i>		
Cash and cash equivalents	\$ 485,153	\$ 312,016
Investments	1,833,292	2,255,038
Certificates of deposits	-	150,000
Education advances, <i>current</i>	11,600	42,805
Total current assets	2,330,045	2,759,859
<i>OTHER ASSETS:</i>		
Restricted cash and cash equivalents	75,000	-
Restricted certificates of deposit	225,000	300,000
Education advances, <i>noncurrent</i>	74,705	40,200
	374,705	340,200
	\$ 2,704,750	\$ 3,100,059
 LIABILITIES AND NET ASSETS		
<i>CURRENT LIABILITIES:</i>		
Payroll liabilities	\$ 3,617	\$ 2,873
<i>NET ASSETS:</i>		
Without donor restrictions		
Undesignated	200,000	200,000
Designated by the Board	1,515,900	1,850,781
With donor restrictions	985,233	1,046,405
	2,701,133	3,097,186
	\$ 2,704,750	\$ 3,100,059

Little Sisters Fund, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<i>REVENUES AND SUPPORT:</i>			
Contributions, <i>financial assets</i>	\$ 697,247	\$ 36,908	\$ 734,155
Net assets released from restrictions	98,080	(98,080)	-
	795,327	(61,172)	734,155
<i>EXPENSES:</i>			
Program services	641,120	-	641,120
Management and general	58,007	-	58,007
Fundraising	36,441	-	36,441
	735,568	-	735,568
<i>CHANGES IN NET ASSETS BEFORE OTHER EXPENSE</i>	59,759	(61,172)	(1,413)
<i>OTHER EXPENSE:</i>			
Investment expense, <i>net</i>	(394,640)	-	(394,640)
<i>CHANGES IN NET ASSETS</i>	(334,881)	(61,172)	(396,053)
<i>NET ASSETS, BEGINNING OF YEAR</i>	2,050,781	1,046,405	3,097,186
<i>NET ASSETS, END OF YEAR</i>	\$ 1,715,900	\$ 985,233	\$ 2,701,133

Little Sisters Fund, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<i>REVENUES AND SUPPORT:</i>			
Contributions, <i>financial assets</i>	\$ 463,541	\$ 305,075	\$ 768,616
Net assets released from restrictions	122,057	(122,057)	-
	585,598	183,018	768,616
<i>EXPENSES:</i>			
Program services	654,665	-	654,665
Management and general	70,993	-	70,993
Fundraising	25,024	-	25,024
	750,682	-	750,682
<i>CHANGES IN NET ASSETS BEFORE OTHER INCOME</i>	(165,084)	183,018	17,934
<i>OTHER INCOME:</i>			
Investment income, <i>net</i>	301,876	-	301,876
<i>CHANGES IN NET ASSETS</i>	136,792	183,018	319,810
<i>NET ASSETS, BEGINNING OF YEAR</i>	1,913,989	863,387	2,777,376
<i>NET ASSETS, END OF YEAR</i>	\$ 2,050,781	\$ 1,046,405	\$ 3,097,186

Little Sisters Fund, Inc.
Statement of Functional Expenses
Year Ended December 31, 2022

	Program Services	Management and General	Fundraising	Total
Grants to other organizations and student scholarships	\$ 573,440	\$ -	\$ -	\$ 573,440
Payroll expenses	56,258	28,129	28,129	112,516
Professional services	-	17,246	-	17,246
Travel	7,043	3,522	3,522	14,087
Insurance	1,975	2,736	494	5,205
Telephone and communications	2,404	301	301	3,006
Office expenses	-	2,297	574	2,871
Supplies	-	493	1,504	1,997
Meals and entertainment	-	-	1,014	1,014
Donor appreciation	-	-	882	882
Miscellaneous	-	3,283	21	3,304
	<u>\$ 641,120</u>	<u>\$ 58,007</u>	<u>\$ 36,441</u>	<u>\$ 735,568</u>

Little Sisters Fund, Inc.
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Grants to other organizations and student scholarships	\$ 604,019	\$ -	\$ -	\$ 604,019
Payroll expenses	45,774	22,887	22,887	91,548
Professional services	-	16,222	-	16,222
Travel	1,508	753	754	3,015
Insurance	674	3,139	168	3,981
Telephone and communications	2,690	336	336	3,362
Office expenses	-	1,776	444	2,220
Supplies	-	1,370	-	1,370
Donor appreciation	-	-	385	385
Contract labor	-	18,813	-	18,813
Miscellaneous	-	5,697	50	5,747
	<u>\$ 654,665</u>	<u>\$ 70,993</u>	<u>\$ 25,024</u>	<u>\$ 750,682</u>

Little Sisters Fund, Inc. Statements of Cash Flows

	Years Ended December 31,	
	2022	2021
<i>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>		
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>		
Cash received from donors	\$ 710,391	\$ 783,485
Cash paid to other nonprofit organizations, suppliers, and employees	(738,124)	(754,278)
Interest and dividends received	45,168	40,563
Net cash provided by operating activities	17,435	69,770
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>		
Purchases of investments	(298)	(135,300)
Proceeds from sale of investments	6,000	20,184
Purchases of certificates of deposit	(1,250,000)	(200,000)
Proceeds from redemption of certificates of deposit	1,475,000	200,000
Net cash provided by (used in) investing activities	230,702	(115,116)
<i>CASH FLOWS FROM FINANCING ACTIVITIES:</i>		
Proceeds from (payments on) Paycheck Protection Program loan	-	(727)
<i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>	248,137	(46,073)
<i>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</i>	312,016	358,089
<i>CASH AND CASH EQUIVALENTS, END OF YEAR</i>	\$ 560,153	\$ 312,016
<i>Reconciliation of Changes in Net Assets to Net Cash Provided by Operating Activities:</i>		
Changes in net assets	\$ (396,053)	\$ 319,810
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Realized gain on investments	(1,096)	(153)
Unrealized loss (gain) on investments	440,904	(261,160)
In-kind stock donation	(23,764)	(20,031)
Decrease (increase) in assets:		
Contributions receivable	-	34,900
Education advances	(3,300)	1,095
Increase (decrease) in liabilities:		
Accounts payable	-	(6,000)
Payroll liabilities	744	1,309
Total adjustments	413,488	(250,040)
Net cash provided by operating activities	\$ 17,435	\$ 69,770

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

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, cash equivalents, and restricted cash – 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 \$206,911 and \$96,061 on December 31, 2022 and 2021, respectively. The Organization holds funds in a Fidelity Investments money market account in the amount of \$75,000, which have been restricted by a donor for long-term purposes. Also, see Note 5.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position to the sum of the corresponding amounts within the statements of cash flows:

	December 31,	
	2022	2021
Cash and cash equivalents	\$ 485,153	\$ 312,016
Cash restricted to endowment	75,000	-
	\$ 560,153	\$ 312,016

Contributions receivable – The Organization periodically receives 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. There were no contributions receivable at December 31, 2022 or 2021.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

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

Summary of Significant Accounting Policies (continued):

Certificates of deposit and 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 restricted by a donor for long-term purposes. For the year ended December 31, 2022, the restricted certificate of deposit bears interest at 3.85% and matures in February 2023. Also see Notes 5 and 6.

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. 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. The Board of Directors has designated, from net assets without donor restrictions, net assets for future NGO grants to support scholarships of girls currently in the program. 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.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

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

Summary of Significant Accounting Policies (continued):

Financial instruments – At December 31, 2022 and 2021, 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.

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. During the years ended December 31, 2022 and 2021, the Organization received donations of stocks with a fair value of \$23,764 and \$20,031, respectively. There were no other in-kind contributions during the years ended December 31, 2022 and 2021.

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.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

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

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, 2022 and 2021, 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.

Reclassifications – Certain reclassifications of amounts previously reported have been made to the financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

New accounting pronouncements – In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonprofits to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. The standard includes disclosure of information on the Organization’s policies on contributed nonfinancial assets, about monetization and utilization during the reporting period, information on donor-imposed restrictions, and valuation techniques. The new standard, as amended, is to be applied retrospectively to annual reporting periods beginning after June 15, 2021, and interim periods within annual reporting periods beginning after June 15, 2022. The standard did not have a material impact on the combined financial statements. The Organization has updated disclosures as necessary.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

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,	
	2022	2021
Cash and cash equivalents	\$ 485,153	\$ 312,016
Investments	1,833,292	2,255,038
Certificates of deposit	-	150,000
Education advances	86,305	83,005
Restricted cash and cash equivalents	75,000	-
Restricted certificates of deposit	225,000	300,000
	2,704,750	3,100,059
Less:		
Assets unavailable for use within one year due to contractual or donor-imposed	(685,233)	(746,405)
Restricted cash and cash equivalents	(75,000)	-
Restricted certificates of deposit	(225,000)	(300,000)
Education advances, <i>noncurrent</i>	(74,705)	(40,200)
Total financial assets available for general expenditures over the next 12 months prior to board designated future grant reserves	1,644,812	2,013,454
Less internal designations:		
Future grant reserves	(1,515,900)	(1,850,781)
Financial assets available for general expenditures over the next 12 months	\$ 128,912	\$ 162,673

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, 2022 and 2021

NOTE 3 – 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 unless an extension is granted in the event of the pursuit of a higher degree:

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

Extensions for repayment have been granted to students who have pursued higher education beyond a bachelor’s degree. The extensions allow students to repay within two years of graduating from their respective programs.

As of December 31, 2022, amounts advanced are expected to be reimbursed as follows:

Years Ending December 31,	Amounts
2023	\$ 11,600
2024	1,500
2025	-
2026	29,030
2027	21,605
Thereafter	22,570
	\$ 86,305

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, 2022 and 2021. Therefore, no allowance for doubtful accounts has been recorded.

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

NOTE 4 – 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, 2022 and 2021:

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, 2022 and 2021

NOTE 4 – 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, 2022 and 2021:

	December 31, 2022	
	Fair Value	
	Level I	Cost
Mutual funds:		
Vanguard Intl Equity Index Fund, Inc.	\$ 1,214,602	\$ 1,106,201
Vanguard Index FDS Small Cap	348,812	307,418
Vanguard Intermediate Term	194,938	217,868
iShares Trust Core S&P 500	57,632	44,464
Microsoft	14,629	20,420
S&P Global	2,679	3,343
	\$ 1,833,292	\$ 1,699,714
	December 31, 2021	
	Fair Value	
	Level I	Cost
Mutual funds:		
Vanguard Intl Equity Index Fund, Inc.	\$ 1,517,449	\$ 1,108,642
Vanguard Index FDS Small Cap	432,809	309,582
Vanguard Scottsdale FDS Intermediate	233,291	217,868
iShares Trust Core S&P 500	71,489	44,464
	\$ 2,255,038	\$ 1,680,556

There were no Level II or Level III investments at December 31, 2022 and 2021.

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

	December 31,	
	2022	2021
Net unrealized gain (loss)	\$ (440,904)	\$ 261,160
Net realized gain	1,096	153
Dividends and interest	45,168	40,563
Total net investment income (expense)	\$ (394,640)	\$ 301,876

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

NOTE 5 – NET ASSETS WITH DESIGNATIONS AND RESTRICTIONS:

As discussed in Note 1 to the financial statements, the Organization provides long-term scholarships for economically disadvantaged girls in Nepal through relationships with non-governmental organizations (NGOs). Grants are provided to the NGOs annually to support the education of these girls. At December 31, 2022, approximately 2,100 girls were being supported through the NGO scholarships with an average of five years of schooling remaining, which equates to over 10,500 school years of education. A liability has not been recorded in the financial statements since it does not meet the requirements of a liability under accounting principles generally accepted in the United States of America. To continue to provide education, safety, and related support through the end of their schooling, the board of directors has designated all but \$200,000 of unrestricted assets to be used for future NGO grants to support scholarships of the girls currently in the program. Related board designated net assets were \$1,515,900 and \$1,850,781 at December 31, 2022 and 2021, respectively. In addition to these designated funds, it is anticipated that future grants will be provided to support the completion of the education of these girls. To supplement the designated funds, management plans to raise additional support in future years through donations from foundations and individuals.

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

	December 31,	
	2022	2021
Subject to expenditure for specified purpose:		
Scholarships	\$ 445,299	\$ 490,521
General and professional higher education opportunity fund	239,934	255,884
	685,233	746,405
Endowment subject to investment policy:		
Restricted by donor for investment	300,000	300,000
	\$ 985,233	\$ 1,046,405

Little Sisters Fund, Inc.
Notes to Financial Statements
Years Ended December 31, 2022 and 2021

NOTE 6 – 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. See Note 9 for the prior period adjustment related to the endowment.

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.

NOTE 7 – 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 years ended December 31, 2022 and 2021, one donor represented 18% and 13% of contribution revenue, respectively.

During the years ended December 31, 2022 and 2021, \$566,000 and \$598,000, respectively, was donated to one nonprofit organization within Nepal to provide scholarships for economically disadvantaged girls.

NOTE 8 – NONCASH INVESTING ACTIVITIES:

During the years ended December 31, 2022 and 2021, the Organization received non-cash donations of stock with the fair value on the date of donation of \$23,764 and \$20,031, respectively.

Little Sisters Fund, Inc.
Notes to Financial Statements
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NOTE 9 – PRIOR PERIOD ADJUSTMENT:

During the year ended December 31, 2022, the Organization determined that they had misinterpreted a donor restriction of \$150,000 received in a prior year as part of an endowment. After a review of original documentation, it was determined that \$150,000 of the original \$400,000 received should have been recorded as a donation without restrictions. The effects on the applicable financial statement line items are as follows:

	As of and for the year ended December 31, 2021		
	As Originally Reported	As Adjusted	Effect of Change Increase (Decrease)
Statement of Financial Position:			
Net Assets:			
Without donor restrictions			
Undesignated	\$ 200,000	\$ 200,000	\$ -
Designated by the board	1,700,781	1,850,781	150,000
With donor restrictions	1,196,405	1,046,405	(150,000)
	\$ 3,097,186	\$ 3,097,186	\$ -
Statement of Activities:			
Net Assets, beginning of year, <i>without donor restrictions</i>	\$ 1,763,989	\$ 1,913,989	\$ 150,000
Net Assets, beginning of year, <i>with donor restrictions</i>	\$ 1,013,387	\$ 863,387	\$ (150,000)
Net Assets, end of year, <i>without donor restrictions</i>	\$ 1,900,781	\$ 2,050,781	\$ 150,000
Net Assets, end of year, <i>with donor restrictions</i>	\$ 1,196,405	\$ 1,046,405	\$ (150,000)

NOTE 10 – SUBSEQUENT EVENTS:

Subsequent events have been evaluated by management through July 23, 2023, which is the date the financial statements were available to be issued.