

**THE FRANCES AND HENRY RIECKEN  
FOUNDATION, INC.**

**Princeton, New Jersey**

**FINANCIAL REPORT**

**For the Years Ended  
December 31, 2022 and 2021**



***THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Frances and Henry Riecken Foundation, Inc.  
Princeton, New Jersey

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying combined financial statements of The Frances and Henry Riecken Foundation, Inc. (the Foundation), which comprise the combined Statements of Financial Position as of December 31, 2022 and 2021 and the related combined Statements of Activities, Functional Expenses, and Cash Flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation 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 (GAAS). 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 the Foundation 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.

#### Emphasis of a Matter

During the year ended December 31, 2022, the Foundation adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, "Leases" (Topic 842). There was no effect on balances previously stated. Our opinion is not modified with respect to this matter.

#### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 the Foundation'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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Respectfully submitted,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
November 10, 2023

# ***THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.***

## **STATEMENTS OF FINANCIAL POSITION DECEMBER 31,**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	<u>\$ 308,253</u>	<u>\$ 200,059</u>
<b>Total Current Assets</b>	<u>308,253</u>	<u>200,059</u>
Property, Plant, and Equipment, Net of Accumulated Depreciation of \$53,811 in 2022 and \$53,521 in 2021	<u>2,559</u>	<u>3,111</u>
Operating Lease Assets, Net of Accumulated Amortization of \$58,867 in 2022 and \$0 in 2021	<u>53,762</u>	<u>-</u>
<b>Total Assets</b>	<u><u>\$ 364,574</u></u>	<u><u>\$ 203,170</u></u>
<b>Current Liabilities</b>		
Operating Lease Liability - Current Portion	<u>\$ 22,698</u>	<u>\$ -</u>
<b>Total Current Liabilities</b>	<u>22,698</u>	<u>-</u>
Operating Lease Liability - Noncurrent Portion	<u>31,064</u>	<u>-</u>
<b>Total Liabilities</b>	<u>53,762</u>	<u>-</u>
<b>Net Assets</b>		
Without Donor Restrictions	<u>255,494</u>	<u>159,677</u>
With Donor Restrictions	<u>55,318</u>	<u>43,493</u>
<b>Total Net Assets</b>	<u>310,812</u>	<u>203,170</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 364,574</u></u>	<u><u>\$ 203,170</u></u>

*See Notes to Financial Statements*

# ***THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.***

## **STATEMENTS OF ACTIVITIES FOR THE YEARS ENDED DECEMBER 31,**

	<u>2022</u>	<u>2021</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Revenues, Gains, and Other Support</b>		
Contributions	\$ 319,250	\$ 594,755
Grants	449,565	290,509
Interest and Dividends	452	281
Net Assets Released From Restrictions	<u>25,163</u>	<u>1,477</u>
<b>Total Revenues, Gains, and Other Support</b>	<u>794,430</u>	<u>887,022</u>
<b>Expenses</b>		
Program Services	467,829	596,790
Management and General	144,130	142,942
Fundraising	<u>86,654</u>	<u>75,106</u>
<b>Total Expenses</b>	<u>698,613</u>	<u>814,838</u>
<b>Total Change in Net Assets Without Donor Restrictions</b>	<b>95,817</b>	<b>72,184</b>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	36,988	31,968
Net Assets Released From Restrictions	<u>(25,163)</u>	<u>(1,477)</u>
<b>Total Change in Net Assets With Donor Restrictions</b>	<u>11,825</u>	<u>30,491</u>
Change in Net Assets	<b>107,642</b>	<b>102,675</b>
Net Assets, Beginning of Year	<u>203,170</u>	<u>100,495</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 310,812</u></u>	<u><u>\$ 203,170</u></u>

*See Notes to Financial Statements*

***THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.***

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Building Expenses	\$ 23,620	\$ 2,625	\$ -	\$ 26,245
Employee Benefits	47,035	18,091	7,236	72,362
Financial Expenses	-	1,699	-	1,699
Follow-up and Monitoring	23,193	5,798	-	28,991
Librarians	30,046	3,339	-	33,385
Library Board of Directors	1,666	185	-	1,851
Library Programming	46,394	5,155	-	51,549
Miscellaneous Business Expenses	6,520	1,630	-	8,150
New Libraries	129,161	14,351	-	143,512
Office Expenses	12,599	3,150	-	15,749
Other Staff Expenses	29,496	7,374	-	36,870
Professional Services	-	24,915	24,915	49,830
Salaries	109,005	54,502	54,503	218,010
Vehicle Expenses	698	175	-	873
Volunteers	6,898	766	-	7,664
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation and Translation	466,331	143,755	86,654	696,740
Depreciation Expense	1,911	478	-	2,389
Translation Adjustment	(413)	(103)	-	(516)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total Expenses</b>	<b><u>\$ 467,829</u></b>	<b><u>\$ 144,130</u></b>	<b><u>\$ 86,654</u></b>	<b><u>\$ 698,613</u></b>

*See Notes to Financial Statements*

***THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.***

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Building Expenses	\$ 23,344	\$ 2,594	\$ -	\$ 25,938
Employee Benefits	24,685	9,494	3,798	37,977
Financial Expenses	-	2,410	-	2,410
Follow-up and Monitoring	20,087	5,022	-	25,109
Librarians	4,420	491	-	4,911
Library Board of Directors	6,667	741	-	7,408
Library Programming	334,924	37,214	-	372,138
Miscellaneous Business Expenses	367	92	-	459
New Libraries	38,817	4,313	-	43,130
Office Expenses	9,145	2,286	-	11,431
Other Staff Expenses	19,485	4,871	-	24,356
Professional Services	-	18,999	18,999	37,998
Salaries	104,615	52,308	52,309	209,232
Vehicle Expenses	2,184	546	-	2,730
Volunteers	3,255	362	-	3,617
Total Expenses Before Depreciation and Translation	591,995	141,743	75,106	808,844
Depreciation Expense	4,432	1,108	-	5,540
Translation Adjustment	363	91	-	454
<b>Total Expenses</b>	<b>\$ 596,790</b>	<b>\$ 142,942</b>	<b>\$ 75,106</b>	<b>\$ 814,838</b>

*See Notes to Financial Statements*



***THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.***

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Change in Net Assets	\$ 107,642	\$ 102,675
Adjustments to Reconcile Change in		
Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,389	5,540
Lease Amortization	22,996	-
Translation Adjustment	(516)	454
Donated Securities	(131,940)	(138,386)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	-	(16,541)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>571</u>	<u>(46,258)</u>
<b>Cash Flows From Investing Activities</b>		
Proceeds From the Sale of Investments	131,940	138,386
Purchase of Property, Plant, and Equipment	<u>(1,865)</u>	<u>(3,331)</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>130,075</u>	<u>135,055</u>
<b>Cash Flows From Investing Activities</b>		
Payments on Leases	<u>(22,452)</u>	-
<b>Cash Flows From Financing Activities</b>	<u>(22,452)</u>	-
Change in Cash and Cash Equivalents	108,194	88,797
Cash and Cash Equivalents, January 1,	<u>200,059</u>	<u>111,262</u>
<b>Cash and Cash Equivalents, December 31,</b>	<u>\$ 308,253</u>	<u>\$ 200,059</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Donated Securities	\$ 131,940	\$ 138,386

*See Notes to Financial Statements*

# ***THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021**

### ***Note 1* Summary of Significant Accounting Policies**

#### **Description of Organization**

The Frances and Henry Riecken Foundation, Inc. (the Foundation), a nonprofit organization, was incorporated in Washington, District of Columbia to operate the Riecken Community Libraries (the Libraries) in Honduras and Guatemala, Central America. The Libraries' goals are to promote civil engagement and prosperity in Central America through social and educational institutions that awaken a spirit of discovery and participation, as well as to improve the lives of poor and underprivileged people, and those living in remote and/or disadvantaged areas worldwide, through charitable and educational activities.

The Foundation maintains its operations in the United States of America. The majority of the Foundation's net assets, other than U.S. bank accounts, are located in Honduras and Guatemala.

#### **Basis of Accounting**

The Foundation's policy is to prepare its financial statements on the accrual basis of accounting. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which the related liability is incurred.

#### **Basis of Presentation**

The financial statements of the Foundation have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

- **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 Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

- **Net Assets With Donor Restrictions**

Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statements of Activities.

#### **Combined Financial Statements**

The financial statements include the accounts of the Foundation's United States, Honduras, and Guatemala branches. All significant interbranch transactions and accounts are eliminated.

# ***THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of funds on deposit with banks, money market funds, and time deposits with an original maturity of three months or less. Some cash accounts located in Honduras and Guatemala are kept in their local currency.

#### **Grants and Contributions**

Grants and contributions, including unconditional promises to give, are reported as revenues in the period received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions until the assets are acquired and placed in service. Contributions of assets other than cash are recorded at their estimated fair value at date of donation.

#### **Foreign Currency Translation**

The accounting records of the Libraries are maintained in Honduras' Lempira and Guatemala's Quetzals. Monetary assets and liabilities are translated to U.S. dollars at period-end exchange rates and non-monetary items are translated at historical rates. Revenue and expense accounts are translated at average rates in effect during the period. Gains and losses from changes in exchange rates are recognized in the Statements of Activities as Translation Adjustments.

#### **Property, Plant, and Equipment**

The Foundation capitalizes all property and equipment with useful lives greater than one year. Property, plant, and equipment are stated at cost, and depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The percentage of depreciation is as follows:

Furniture and Fittings	20%
Computers	33%
Equipment	20%
Vehicles	20%

#### **Use of Estimates**

Preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and judgments affecting the reported amounts of assets and liabilities and disclosures of contingencies at the date of the financial statements and revenue and expenses recognized during the reporting period. Accordingly, actual results could differ from those estimates.

#### **Natural and Functional Expenses**

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14 requires the Foundation to provide an analysis of expenses by both natural and functional classification. Natural expenses are defined by their nature, such as salaries, rent, and supplies. Functional expenses are classified by the type of activity for which expenses were incurred; program, administration, or fundraising. Management has analyzed the direct expenses and categorized them according to their functional use. Expenses incurred for multiple functions have been allocated based on reasonable estimates of time and effort.

# ***THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Income Tax Status**

The Frances and Henry Riecken Foundation, Inc. is recognized as a private foundation by the Internal Revenue Service under §507(b)(1)(B). In 2012, the Foundation filed to terminate its private foundation status under §507(b)(1)(B) and be treated as a public charity described in §509(a)(1) and §170(b)(1)(A)(vi) of the Internal Revenue Code. In 2017, the Foundation was officially reclassified by the Internal Revenue Service as a public charity, following the end of the 60-month advance ruling period. Consequently, the Foundation is not subject to United States income tax under §501(a) of the Internal Revenue Code. The activities of the Libraries are subject to income tax in Honduras and Guatemala.

#### **Leases**

The Foundation determines if an arrangement is or contains a lease at inception. The Foundation records Right-of-Use (ROU) assets and lease obligations for their finance and operating leases, which are initially based on the discounted future minimum lease payments over the term of the lease. As the rate implicit in the Foundation's leases is not easily determinable, the Foundation has elected to use the risk-free rate for the same period of time as the lease term.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. Leases may also include options to terminate the arrangement or options to purchase the underlying asset. For leases with an initial term of 12 months or less, no ROU assets or lease obligations are recorded on the balance sheet and the Foundation recognizes short-term lease expense for these leases on a straight-line basis over the lease term.

The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants. The Foundation is also responsible for certain non-lease costs related to facilities, including utilities, real estate taxes and certain shared operating costs. For the majority of asset classes, the Foundation has elected to separate lease from non-lease components. The Foundation has elected to combine lease and non-lease components for certain classes of equipment.

Operating lease expense is recognized on a straight-line basis over the lease term and is included in cost of goods sold or operating expense. Amortization expense for finance leases is recognized on a straight-line basis over the lease term and is included in operating expense. Interest expense for finance leases is recognized using the effective interest method. Short-term rentals and payments associated with non-lease components are expensed as incurred.

# ***THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Recent Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, “Leases” (Topic 842). ASU 2016-02 improves transparency and comparability among companies by recognizing lease assets and leases liabilities on the statement of financial position by disclosing key information about leasing arrangements. ASU 2016-02 requires a lessee to recognize on the statement of financial position a liability to make lease payments and a right of use asset representing its right to use the underlying asset for the lease term for both finance and operating lease. The guidance is effect for financial statements issued for fiscal years beginning after December 15, 2021. The Foundation adopted this standard as of January 1, 2022 using the modified retrospective approach and elected the optional transition relief amendment whereby prior comparative periods are not restated. In addition, the Foundation elected the package of practical expedients permitted under the transition guidance, which among other things, allowed us to carry forward the historical lease classification and provided relief from reviewing existing contracts to determine if they contain leases. The Foundation did not elect to use hindsight in determining the lease term.

The adoption of this guidance resulted in a \$76,725 increase to both total assets and total liabilities as of January 1, 2022. The Foundation recognized \$113,342 of operating lease ROU assets, net of accumulated amortization of \$58,867, and operating lease obligations of \$54,784. The adoption of this guidance did not have a material impact to the Statement of Operations or Statement of Cash Flows for the year ended December 31, 2022.

#### **Evaluation of Subsequent Events**

Management has evaluated subsequent events and transactions, including changes to exchange rates and their effect of unsettled foreign currency transactions, for potential recognition and disclosure in the financial statements through November 10, 2023, the date on which the financial statements were available to be issued.

***THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.***

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021**

***Note 2***    **Liquidity and Availability of Funds**

The Foundation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

	<u>2022</u>	<u>2021</u>
<b>Financial Assets at Year End</b>		
Cash and Equivalents	<u>\$ 308,253</u>	<u>\$ 200,059</u>
<b>Total Financial Assets at Year End</b>	<u>308,253</u>	<u>200,059</u>
<b>(Less): Amounts Not Available to be Used Within One Year</b>		
Net Assets With Donor Restrictions	<u>55,318</u>	<u>43,493</u>
<b>Total Amounts Unavailable Within One Year</b>	<u>55,318</u>	<u>43,493</u>
<b>Total Financial Assets Available to Meet General Expenditures Within One Year</b>	<u>\$ 252,935</u>	<u>\$ 156,566</u>

The Foundation manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due.

# **THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021**

**Note 3 Property, Plant, and Equipment**

Property, plant, and equipment consisted of the following at December 31,:

	<b>2022</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions/ Reclassifications</b>	<b>Translation Adjustment</b>	<b>Ending Balance</b>
<b>Property, Plant, and Equipment</b>					
Furniture and Fittings	\$ 3,604	\$ -	\$ -	\$ (62)	\$ 3,542
Computers	17,000	1,865	(1,222)	(268)	17,375
Equipment	20,755	-	-	(302)	20,453
Vehicles	15,273	-	-	(273)	15,000
<b>Total</b>	<b>56,632</b>	<b>1,865</b>	<b>(1,222)</b>	<b>(905)</b>	<b>56,370</b>
<b>Less Accumulated Depreciation</b>	<b>(53,521)</b>	<b>(2,389)</b>	<b>1,222</b>	<b>877</b>	<b>(53,811)</b>
<b>Property, Plant, and Equipment, Net</b>	<b>\$ 3,111</b>	<b>\$ (524)</b>	<b>\$ -</b>	<b>\$ (28)</b>	<b>\$ 2,559</b>
	<b>2021</b>				
	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions/ Reclassifications</b>	<b>Translation Adjustment</b>	<b>Ending Balance</b>
<b>Property, Plant, and Equipment</b>					
Furniture and Fittings	\$ 3,398	\$ -	\$ 407	\$ (201)	\$ 3,604
Computers	17,975	3,331	(3,457)	(849)	17,000
Equipment	18,588	-	3,050	(883)	20,755
Vehicles	16,221	-	-	(948)	15,273
<b>Total</b>	<b>56,182</b>	<b>3,331</b>	<b>-</b>	<b>(2,881)</b>	<b>56,632</b>
<b>Less Accumulated Depreciation</b>	<b>(50,408)</b>	<b>(5,540)</b>	<b>-</b>	<b>2,427</b>	<b>(53,521)</b>
<b>Property, Plant, and Equipment, Net</b>	<b>\$ 5,774</b>	<b>\$ (2,209)</b>	<b>\$ -</b>	<b>\$ (454)</b>	<b>\$ 3,111</b>

Depreciation expense charged to operations was \$2,389 and \$5,540 for the years ended December 31, 2022 and 2021, respectively.

Translation adjustments resulting from changes in the period-end exchange rate resulted in charges to operations of \$28 and \$454 for the years ended December 31, 2022 and 2021, respectively.

**Note 4 Concentration of Credit Risk Arising From Cash Deposits**

The Foundation maintains, at various financial institutions, cash and cash equivalents, which may at times exceed federally insured amounts of \$250,000 per institution. Cash and cash equivalents deposited at financial institutions outside of the United States are not covered by federal insurance.

# THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

### **Note 5 Foreign Currency Exchange Rate Risk**

Foreign currency exchange rate risk arises mostly from operating transactions. In an effort to achieve liquidity and avoid the risk of currency exchange rate fluctuations, the Foundation keeps minimum reserves in USD. The cash and cash equivalents in Lempira and Quetzals are deposited in interest-bearing bank accounts in stable bank institutions.

### **Note 6 Leases**

The Foundation leases office spaces in their local offices located in Guatemala and Honduras. The lease for the local office in Guatemala commenced in January 2021, and is renewable annually in December. The lease for the local office in Honduras commenced in January 2022, and is renewable every two years in December. The Foundation has elected to use a five-year term to develop ROU asset and lease liability calculations. The remaining term will be evaluated annually.

The components of operating lease cost for the year ended December 31, 2022 are as follows:

Operating Lease Cost	\$ 22,452
Interest on Liabilities	<u>906</u>
<b>Total</b>	<b><u><u>\$ 23,358</u></u></b>

Supplemental cash flow information related to leases for the year ended December 31, 2022 is as follows:

Cash paid for amounts included in measurement of lease obligations:

<b>Cash Paid for Amounts Included in Measurement of Lease Obligations</b>	
Cash Payments for Leases	<b>\$ 22,452</b>

Future maturities of lease liabilities, as of December 31, 2022 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 23,292
2024	23,292
2025	8,112
Total Undiscounted Lease Obligations	<u>\$ 54,696</u>
Less: Imputed Interest	<u>(934)</u>
<b>Total</b>	<b><u><u>\$ 53,762</u></u></b>



# ***THE FRANCES AND HENRY RIECKEN FOUNDATION, INC.***

## **NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021**

### **Note 7 Net Assets With Donor Restrictions**

Net Assets with Donor Restrictions of the Foundation consisted of the following at December 31,:

	<u>2022</u>	<u>2021</u>
<b>Donations to be Executed - Honduras</b>		
SIAFI	\$ 163	\$ 149
Institutional	2,556	6,102
USAID / ASHA	-	193
<b>Total Donations to be Executed - Honduras</b>	<u>2,719</u>	<u>6,444</u>
<b>Donations to be Executed - Guatemala</b>		
Institutional	15,625	18,224
Sustainability Books	-	1,320
BFB Business Center	-	238
Strengthening of Library Network	-	4,319
OIM	36,974	-
USAID / ASHA	-	12,948
<b>Total Donations to be Executed - Guatemala</b>	<u>52,599</u>	<u>37,049</u>
<b>Total</b>	<u>\$ 55,318</u>	<u>\$ 43,493</u>

Net assets released from restrictions totaled \$25,163 and \$1,477 for the years ended December 31, 2022 and 2021, respectively.

### **Note 8 Grants From the United States Government**

In 2018, the Foundation was awarded a grant in the amount of \$237,844 from ASHA (AID-ASHA-G-17-00001) for professional services, renovation, and commodities. \$-0- remains to be spent at December 31, 2022.

In 2018, the Foundation was awarded a grant in the amount of \$295,920 from ASHA (AID-ASHA-G-17-00009) for commodities. \$-0- remains to be spent at December 31, 2022.

In 2021, the Foundation was awarded a grant in the amount of \$387,000 from ASHA (72ASHA20CA00005) for professional services, construction, renovation, commodities, and program support. Expenses amounted to \$-0- and \$-0- for the years ended December 31, 2022 and 2021, respectively. \$387,000 remains to be spent at December 31, 2022.

### **Note 9 Subsequent Events**

On September 24, 2023, the Foundation was awarded a grant in the amount of \$457,800 from ASHA (720DD122GR00014) for commodities and program support.