

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
(A Non-Profit Organization)

FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED MARCH 31, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
International Leadership Institute, Inc.

Opinion

We have audited the accompanying financial statements of International Leadership Institute, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities, cash flows, and functional expenses for the fiscal 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 International Leadership Institute, Inc., as of March 31, 2023 and 2022, and the changes in its net assets and its cash flows for the fiscal 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of International Leadership Institute, Inc. and to meet our other 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 of the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about International Leadership Institute, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the 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 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 International Leadership Institute, 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 International Leadership Institute, 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 audit.

Rushton, LLC

Certified Public Accountants
Gainesville, Georgia
May 23, 2023

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
Statements of Financial Position
March 31, 2023 and 2022

	2023	2022
ASSETS		
Current Assets		
Cash	\$ 210,926	\$ 85,909
Investments	2,057,984	2,249,469
Receivables	2,634	119
Total Current Assets	2,271,544	2,335,497
Property and equipment, net	497,622	543,997
Other assets	14,700	14,700
TOTAL ASSETS	\$ 2,783,866	\$ 2,894,194
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Payroll liabilities	\$ 18,002	\$ 16,479
Compensated absences	24,368	19,950
Total Current Liabilities	42,370	36,429
Net Assets		
Without donor restriction	2,686,100	2,656,700
With donor restriction	55,396	201,065
TOTAL NET ASSETS	2,741,496	2,857,765
TOTAL LIABILITIES AND NET ASSETS	\$ 2,783,866	\$ 2,894,194

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

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
Statement of Activities
For the fiscal year ended March 31, 2023
(with comparative totals for 2022)

	2023			2022 Totals
	Without Donor Restriction	With Donor Restriction	Total	
REVENUE AND SUPPORT				
Contributions	\$ 3,395,964	\$ 414,496	\$ 3,810,460	\$ 3,780,877
Other income	7,591	0	7,591	1,608
Investment income (loss)	8,791	0	8,791	71,632
	<u>3,412,346</u>	<u>414,496</u>	<u>3,826,842</u>	<u>3,854,117</u>
Net Assets Released From Restrictions				
Restrictions satisfied by purpose	560,165	(560,165)	0	0
Total Revenue and Support	<u>3,972,511</u>	<u>(145,669)</u>	<u>3,826,842</u>	<u>3,854,117</u>
EXPENSES AND LOSSES				
Program Services				
Equipping Leaders	2,664,050	0	2,664,050	2,122,083
Compassion Ministries	498,765	0	498,765	854,199
Church Planting	97,113	0	97,113	279,829
Supporting Services				
Management and general	448,921	0	448,921	466,073
Fundraising	234,262	0	234,262	306,496
Total Expenses	<u>3,943,111</u>	<u>0</u>	<u>3,943,111</u>	<u>4,028,680</u>
(Gain) Loss on disposal of property and equipment	0	0	0	1,069
Total Expenses and Gains/Losses	<u>3,943,111</u>	<u>0</u>	<u>3,943,111</u>	<u>4,029,749</u>
CHANGE IN NET ASSETS	29,400	(145,669)	(116,269)	(175,632)
BEGINNING NET ASSETS	<u>2,656,700</u>	<u>201,065</u>	<u>2,857,765</u>	<u>3,033,397</u>
ENDING NET ASSETS	<u>\$ 2,686,100</u>	<u>\$ 55,396</u>	<u>\$ 2,741,496</u>	<u>\$ 2,857,765</u>

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

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
Statement of Activities
For the fiscal year ended March 31, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions	\$ 3,060,620	\$ 720,257	\$ 3,780,877
Other income	1,608	0	1,608
Investment income	71,632	0	71,632
	<u>3,133,860</u>	<u>720,257</u>	<u>3,854,117</u>
Net Assets Released From Restrictions			
Restrictions satisfied by purpose	<u>1,147,147</u>	<u>(1,147,147)</u>	<u>0</u>
Total Revenue and Support	<u>4,281,007</u>	<u>(426,890)</u>	<u>3,854,117</u>
EXPENSES			
Program Services			
Equipping Leaders	2,122,083	0	2,122,083
Compassion Ministries	854,199	0	854,199
Church Planting	279,829	0	279,829
Supporting Services			
Management and general	466,073	0	466,073
Fundraising	<u>306,496</u>	<u>0</u>	<u>306,496</u>
Total Expenses	4,028,680	0	4,028,680
(Gain) Loss on disposal of property and equipment	<u>1,069</u>	<u>0</u>	<u>1,069</u>
Total Expenses and Gains/Losses	<u>4,029,749</u>	<u>0</u>	<u>4,029,749</u>
CHANGE IN NET ASSETS	251,258	(426,890)	(175,632)
BEGINNING NET ASSETS	<u>2,405,442</u>	<u>627,955</u>	<u>3,033,397</u>
ENDING NET ASSETS	<u>\$ 2,656,700</u>	<u>\$ 201,065</u>	<u>\$ 2,857,765</u>

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

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
Statements of Cash Flows
For the fiscal years ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in Net Assets	\$ (116,269)	\$ (175,632)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	57,784	25,156
Net realized/unrealized (gain) loss on investments	67,413	2,875
(Gain) Loss on disposal of property and equipment	0	1,069
(Increase) decrease in operating assets:		
Accounts receivable	(2,515)	(71)
Increase (decrease) in operating liabilities:		
Payroll liabilities	1,523	(1,198)
Compensated absences	4,418	2,762
	<u>12,354</u>	<u>(145,039)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>12,354</u>	<u>(145,039)</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(11,409)	(403,118)
Proceeds from investments	2,227,322	251,774
Purchases of investments	(2,103,250)	(461,494)
	<u>112,663</u>	<u>(612,838)</u>
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>112,663</u>	<u>(612,838)</u>
NET INCREASE (DECREASE) IN CASH	125,017	(757,877)
CASH, BEGINNING	<u>85,909</u>	<u>843,786</u>
CASH, ENDING	<u>\$ 210,926</u>	<u>\$ 85,909</u>

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

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
Statement of Functional Expenses
For the fiscal year ended March 31, 2023
(with comparative totals for 2022)

	<u>Program Services</u>			<u>Supporting Services</u>		<u>2023 Totals</u>	<u>2022 Totals</u>
	<u>Equipping Leaders</u>	<u>Compassion Ministries</u>	<u>Church Planting</u>	<u>Management and General</u>	<u>Fundraising</u>		
Compensation and related expenses							
Compensation	\$ 1,092,072	\$ 58,680	\$ 6,969	\$ 324,366	\$ 139,500	\$ 1,621,587	\$ 1,444,825
Employee benefits	50,821	4,160	494	26,391	3,859	85,725	85,299
Payroll taxes	57,201	3,793	450	7,736	8,991	78,171	68,458
Total compensation expenses	<u>1,200,094</u>	<u>66,633</u>	<u>7,913</u>	<u>358,493</u>	<u>152,350</u>	<u>1,785,483</u>	<u>1,598,582</u>
Program expense - foreign grants	1,129,982	432,132	89,200	0	0	1,651,314	2,087,495
Accounting	0	0	0	9,500	0	9,500	9,500
Advertising, printing, and publications	36,960	0	0	10,258	29,430	76,648	64,763
Office expense	51,630	0	0	1,492	4,477	57,599	61,319
Information technology	17,019	0	0	871	2,612	20,502	13,476
Occupancy	12,810	0	0	17,317	2,402	32,529	30,320
Travel	104,385	0	0	11,984	10,923	127,292	51,554
Conferences, conventions, and meetings	47,753	0	0	4,821	23,400	75,974	24,322
Depreciation	46,227	0	0	2,889	8,668	57,784	25,156
Insurance	0	0	0	15,060	0	15,060	20,028
Bank, credit card, and investment fees	11,380	0	0	14,436	0	25,816	24,415
Research	5,810	0	0	0	0	5,810	16,000
Membership fees	0	0	0	1,800	0	1,800	1,750
Total functional expenses	<u>\$ 2,664,050</u>	<u>\$ 498,765</u>	<u>\$ 97,113</u>	<u>\$ 448,921</u>	<u>\$ 234,262</u>	<u>\$ 3,943,111</u>	<u>\$ 4,028,680</u>

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

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
Statement of Functional Expenses
For the fiscal year ended March 31, 2022

	<u>Program Services</u>			<u>Supporting Services</u>		2022 Totals
	<u>Equipping Leaders</u>	<u>Compassion Ministries</u>	<u>Church Planting</u>	<u>Management and General</u>	<u>Fundraising</u>	
Compensation and related expenses						
Compensation	\$ 564,039	\$ 229,389	\$ 75,146	\$ 338,411	\$ 237,840	\$ 1,444,825
Employee benefits	31,982	10,527	3,449	27,025	12,316	85,299
Payroll taxes	23,088	9,294	3,044	16,685	16,347	68,458
Total compensation expenses	<u>619,109</u>	<u>249,210</u>	<u>81,639</u>	<u>382,121</u>	<u>266,503</u>	<u>1,598,582</u>
Program expense - foreign grants	1,360,494	547,660	179,341	0	0	2,087,495
Accounting	0	0	0	9,500	0	9,500
Advertising, printing, and publications	21,453	8,636	2,829	10,615	21,230	64,763
Office expense	33,219	13,371	4,380	5,064	5,285	61,319
Information technology	6,725	2,707	886	1,579	1,579	13,476
Occupancy	7,879	3,172	1,039	15,639	2,591	30,320
Travel	28,090	11,307	3,704	5,138	3,315	51,554
Conferences, conventions, and meetings	12,347	4,947	1,690	1,105	4,233	24,322
Depreciation	13,936	5,610	1,838	2,012	1,760	25,156
Insurance	0	0	0	20,028	0	20,028
Bank, credit card, and investment fees	8,403	3,382	1,108	11,522	0	24,415
Research	10,428	4,197	1,375	0	0	16,000
Membership fees	0	0	0	1,750	0	1,750
Total functional expenses	<u>\$ 2,122,083</u>	<u>\$ 854,199</u>	<u>\$ 279,829</u>	<u>\$ 466,073</u>	<u>\$ 306,496</u>	<u>\$ 4,028,680</u>

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

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
Notes to the Financial Statements
March 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The International Leadership Institute, Inc. (ILI) changes history by equipping leaders and accelerating the spread of the Gospel around the world. Over 375,000 alumni live in more than 150 nations. ILI is supported by donations from the general public.

Description of Programs

ILI operates the following programs and supporting services:

Equipping Leaders

Provided the development of Christian leaders by training and mobilizing people to live by Eight Core Values. Includes training events, global digital strategies, curriculum development and manuals, as well as ministries of preaching, teaching, writing, podcasting, coaching, mentoring, praying, counseling, and general encouragement to a wide audience of people, living in approximately 100 nations each year. During the fiscal year ended March 31, 2023, ILI held History Makers Journeys for 25,253 men and women through 722 training events in 114 nations.

Compassion Ministries

Provided ministries through selected partners in the areas of community development, health, education, and empowerment.

Church Planting

Identified, equipped, and mobilized church planters in partnership with indigenous organizations in key locations around the world.

Management and General

Includes accounting activities and the production of financial reports, development and oversight of the annual budget, maintenance of personnel records and supervision of all programs and departments.

Fundraising

Includes the costs of soliciting funds and acquiring new funding sources.

Basis of Accounting

The financial statements of ILI have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board [FASB] ASC 958, *Financial Statements of Not-For-Profit Organizations*, as updated by Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. This standard requires classification of net assets and revenue, expenses, gains and losses based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of these two classes of net assets, with donor restrictions and without donor restrictions, be displayed in the statement of activities and changes in net assets. The accounting standards provide that if a governing body of an organization has the ability to remove a donor restriction, the contributions should be classified as net assets without donor restrictions.

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
Notes to the Financial Statements
March 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, ILI considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

ILI carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Contributions of securities are recorded at fair market value as of the date of donation. Realized gains or losses on sale of investments are determined based on the identified security's carrying value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

ILI has adopted FASB ASC 820 *Fair Value Measurements and Disclosures* which, among other things, establishes a hierarchal framework for disclosure and measurement of investments at fair value. The hierarchal disclosure framework prioritizes and ranks the level of market price observations used in measuring investments at fair value. Market price observations are impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available actively quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observations and a lesser degree of judgment used in measuring fair value. Investments measured and reported at fair value are classified and disclosed under FASB ASC 820 in one of the following categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable inputs for the asset.

Income Taxes

ILI is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT).

The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2023 and 2022.

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
Notes to the Financial Statements
March 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Income Taxes, continued

ILI files its form 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Georgia. ILI is generally no longer subject to examination by the Internal Revenue Service for fiscal years before 2020.

Comparative Data

The financial statements include certain 2022 comparative information. With respect to the statement of activities, such prior information is presented by net asset class in a separate statement. Accordingly, such information should be read in conjunction with the 2022 statement from which the summarized information was derived.

Property and Equipment

ILI capitalizes all expenditures in excess of \$10,000 for property and equipment at cost. Property and equipment are carried at cost or, if donated, at their approximate fair value at the date of donation.

Depreciation is computed using primarily the straight-line method over the following years:

	<u>Years</u>
Buildings and improvements	7-40
Land improvements	15
Equipment	3-7

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Compensated Absences

Employee paid time off (PTO) benefits are earned on a calendar year and cannot be carried over past the subsequent fiscal year end. However, earned but unused PTO that has not yet expired would be paid to employees upon separation, therefore, an accrual for compensated absences is recognized as a current liability.

Donated Assets and Property and Equipment

Non-cash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services

Donated services are recognized as contributions in accordance with Financial Accounting Standards Board [FASB] ASC 958-605-50-1, Financial Statements of Not-for-Profit Organizations, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. ILI receives a substantial amount of services donated by individuals. These services consist of program volunteers. No amounts have been reflected in the financial statements for program volunteer hours.

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
Notes to the Financial Statements
March 31, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Contributions

Donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions. Contributions received for equipping leaders, including specific conferences, are reported as increases in net assets without donor restriction as training encompasses the overall mission of ILI.

Net Assets Released from Restriction

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

Revenue and Revenue Recognition

ILI recognizes contributions when cash, securities or other assets are received.

ILI also recognizes other income for the sale of training resources. These fees are recorded and recognized as they are earned.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function have been allocated among the programs and supporting services. Management and general include those expenses that provide for the overall support and direction of ILI.

For the years ended March 31, 2023 and 2022, payroll related items have been allocated on the basis of personnel time spent and overhead costs have been allocated on the basis of space usage.

NOTE 2 - INVESTMENTS

ILI's investments consist of the following at March 31, 2023:

	<u>Value</u>	<u>Level 1</u>	<u>Level 3</u>
Cash and cash equivalents	\$ 852,303	\$ 852,303	\$ 0
Domestic fixed income	399,173	399,173	0
Domestic equities	429,535	429,535	0
International equities	207,435	207,435	0
International fixed income	19,538	19,538	
Real estate	150,000	0	150,000
Total	<u>\$ 2,057,984</u>	<u>\$ 1,907,984</u>	<u>\$ 150,000</u>

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
Notes to the Financial Statements
March 31, 2023 and 2022

NOTE 2 – INVESTMENTS, CONTINUED

ILI's investments consist of the following at March 31, 2022:

	<u>Value</u>	<u>Level 1</u>	<u>Level 3</u>
Cash and cash equivalents \$	1,309,707	\$ 1,309,707	\$ 0
Domestic fixed income	214,439	214,439	0
Domestic equities	439,023	439,023	0
International equities	136,300	136,300	0
Real estate	150,000	0	150,000
 Total	 <u>\$ 2,249,469</u>	 <u>\$ 2,099,469</u>	 <u>\$ 150,000</u>

NOTE 3 – LIQUIDITY

Financial assets available within one year for general operating expenses are as follows as of March 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 210,926	\$ 85,909
Investments	1,907,984	2,099,469
Receivables	2,634	119
Assets with donor restriction	(55,396)	(201,065)
	<u>\$ 2,066,148</u>	<u>\$ 1,984,432</u>

ILI expects to have these liquid assets available for use on general operating expenses in the next fiscal year.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31:

	<u>2023</u>	<u>2022</u>
Buildings and improvements	\$ 566,137	\$ 564,688
Land improvements	0	8,000
Equipment	0	89,485
	566,137	662,173
Less Accumulated Depreciation	(68,515)	(118,176)
Property and Equipment, Net	<u>\$ 497,622</u>	<u>\$ 543,997</u>

Depreciation expense for the fiscal years ended March 31, 2023 and 2022 totaled \$57,784 and \$25,156, respectively.

During the fiscal year ended March 31, 2023, ILI increased its capitalization threshold from \$500 to \$10,000. This change was retroactively applied removing cost of \$107,444 and accumulated depreciation of \$64,498 from the property and equipment totals above. Depreciation expense for the fiscal year ended March 31, 2023 includes \$42,946 that resulted from the ILI's increase in its capitalization threshold.

INTERNATIONAL LEADERSHIP INSTITUTE, INC.
Notes to the Financial Statements
March 31, 2023 and 2022

NOTE 5 - NET ASSETS WITH DONOR RESTRICTION

As of March 31, 2023, the balance of net assets with donor restriction was \$55,396 which was all for special projects.

As of March 31, 2022, the balance of net assets with donor restriction was \$201,065 which was all for special projects.

NOTE 6 - RETIREMENT PLAN

ILI contributes to a 403(b)-voluntary retirement savings plan for its employees. This plan is administered by Wespath Benefits and Investments of the United Methodist Church. The expense to ILI under this plan for the fiscal years ended March 31, 2023 and 2022 was \$64,946 and \$60,566, respectively.

NOTE 7 - RISK AND UNCERTAINTIES

ILI maintains deposits and investments in various investment accounts. The total of these is \$2,057,984, which is at the risk of market change. Included in this amount is \$250,000 held in a separate bank account that participates in the Federal Deposit Insurance Corporation (FDIC). In addition, this amount is secured from brokerage failure for up to \$500,000 by the Securities Investor Protection Corporation (SIPC), leaving \$1,307,984 unsecured.

ILI maintains cash balances in a credit-worthy institution which participates in the Federal Deposit Insurance Corporation (FDIC). ILI's uninsured cash balances at March 31, 2023 was \$51,896.

NOTE 8 - NEW ACCOUNTING PRONOUNCEMENTS

ILI implemented FASB 2016-02 Topic 842, *Leases*, effective for its current fiscal year. The requirements of this standard are effective for periods beginning after December 15, 2021. This pronouncement had no effect on net assets.

NOTE 9 - EVALUATION OF SUBSEQUENT EVENTS

In connection with the preparation of the financial statements, management has evaluated events subsequent to March 31, 2023 through May 23, 2023 which is the date the financial statements were available to be issued.