



*Financial Statements*

*For the Years Ended December 31, 2023 and 2022*

**GLOBAL SMILE FOUNDATION, INC.**

***Financial Statements***

***For the Years Ended December 31, 2023 and 2022***

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### *Independent Auditors' Report*

To the Board of Directors  
Global Smile Foundation, Inc.  
Norwood, Massachusetts

#### ***Opinion***

We have audited the accompanying financial statements of Global Smile Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, 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 positions of Global Smile Foundation, Inc. as of December 31, 2023 and 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Global Smile Foundation, 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 for 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 Global Smile Foundation, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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### ***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, 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 generally accepted auditing standards, 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 Global Smile Foundation, 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Smile Foundation, 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.

***KellyVitaleRaffol, LLC***

Needham, Massachusetts

November 9, 2024

**GLOBAL SMILE FOUNDATION, INC.**

***Statements of Financial Position***

***As of December 31, 2023 and 2022***

	<u>2023</u>	<u>2022</u>
<b><i>Assets</i></b>		
Cash and cash equivalents	\$ 1,059,791	\$ 1,056,794
Prepaid expenses	53,962	166,842
Investments	36,195	14,421
Fixed assets, net	3,101	5,036
Operating right-of-use asset, net	108,032	146,050
<b><i>Total assets</i></b>	<u>\$ 1,261,081</u>	<u>\$ 1,389,143</u>
<b><i>Liabilities and Net Assets</i></b>		
Liabilities:		
Accounts payable	\$ 42,674	\$ 19,979
Accrued expenses	-	13,500
Lease liability	105,879	141,017
<b><i>Total liabilities</i></b>	<u>148,553</u>	<u>174,496</u>
Net Assets:		
Without donor restrictions	1,063,599	1,123,922
With donor restrictions	48,929	90,725
<b><i>Total net assets</i></b>	<u>1,112,528</u>	<u>1,214,647</u>
<b><i>Total liabilities and net assets</i></b>	<u>\$ 1,261,081</u>	<u>\$ 1,389,143</u>

See accompanying notes to financial statements.

**GLOBAL SMILE FOUNDATION, INC.**

**Statements of Activities**

**As of December 31, 2023 and 2022**

	<u>2023</u>			<u>2022</u>		
<b>Revenue and Support:</b>						
Contributions and grants	\$ 665,961	\$ 344,228	\$ 1,010,189	\$ 593,407	\$ 440,550	\$ 1,033,957
Program service fees	175	-	175	751	-	751
Fundraising revenue	-	40,081	40,081	605	28,120	28,725
In-kind equipment	-	-	-	360,271	-	360,271
In-kind medical services	17,837,708	-	17,837,708	19,200,885	-	19,200,885
Net investment income	31,272	-	31,272	2,635	-	2,635
Net assets released from restriction	426,105	(426,105)	-	377,945	(377,945)	-
<b>Total revenue and support</b>	<b>18,961,221</b>	<b>(41,796)</b>	<b>18,919,425</b>	<b>20,536,499</b>	<b>90,725</b>	<b>20,627,224</b>
<b>Expenses:</b>						
Program services	18,866,865	-	18,866,865	20,405,467	-	20,405,467
General and administration	132,229	-	132,229	154,226	-	154,226
Fundraising	22,450	-	22,450	44,065	-	44,065
<b>Total expenses</b>	<b>19,021,544</b>	<b>-</b>	<b>19,021,544</b>	<b>20,603,758</b>	<b>-</b>	<b>20,603,758</b>
<b>Changes in net assets</b>	<b>(60,323)</b>	<b>(41,796)</b>	<b>(102,119)</b>	<b>(67,259)</b>	<b>90,725</b>	<b>23,466</b>
<b>Net assets, beginning of year</b>	<b>1,123,922</b>	<b>90,725</b>	<b>1,214,647</b>	<b>1,191,181</b>	<b>-</b>	<b>1,191,181</b>
<b>Net assets, end of year</b>	<b>\$ 1,063,599</b>	<b>\$ 48,929</b>	<b>\$ 1,112,528</b>	<b>\$ 1,123,922</b>	<b>\$ 90,725</b>	<b>\$ 1,214,647</b>

See accompanying notes to financial statements.

**GLOBAL SMILE FOUNDATION, INC.**

**Statements of Functional Expenses**

**For the Years Ended December 31, 2023 and 2022**

	2023				2022			
	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>	<i>Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total</i>
Salaries	\$ 229,637	\$ 57,409	\$ -	\$ 287,046	\$ 140,638	\$ 35,159	\$ -	\$ 175,797
Payroll taxes	14,414	3,603	-	18,017	8,738	2,184	-	10,922
Fringe Benefits	6,083	1,521	-	7,604	3,384	846	-	4,230
<b>Total payroll and related expenses</b>	<b>250,134</b>	<b>62,533</b>	<b>-</b>	<b>312,667</b>	<b>152,760</b>	<b>38,189</b>	<b>-</b>	<b>190,949</b>
Airline travel	98,434	-	566	99,000	72,763	-	-	72,763
Ground transportation	51,669	16,022	65	67,756	21,889	6,815	-	28,704
In-kind equipment	-	-	-	-	360,271	-	-	360,271
In-kind medical services	17,837,708	-	-	17,837,708	19,200,885	-	-	19,200,885
Team lodging	392,425	-	-	392,425	241,882	-	-	241,882
Team meals	22,949	-	6,051	29,000	24,161	-	24,065	48,226
Medications and supplies	21,282	2,581	-	23,863	61,976	7,515	-	69,491
Staff expenses	48,792	-	890	49,682	37,485	-	-	37,485
Internet/telephone	4,500	1,500	-	6,000	6,859	2,286	-	9,145
Miscellaneous	7,662	-	-	7,662	4,895	-	-	4,895
Insurance	2,105	2,105	-	4,210	2,168	2,168	-	4,336
Depreciation	968	968	-	1,936	1,194	1,193	-	2,387
Professional fees	11,019	20,463	-	31,482	28,134	52,250	-	80,384
Consultants	43,858	10,965	-	54,823	100,907	25,227	-	126,134
Advertising	4,403	685	416	5,504	4,456	1,114	-	5,570
Bank service charges	347	87	-	434	322	80	-	402
Online platform commissions	1,166	291	-	1,457	762	191	-	953
Dues and subscriptions	3,145	786	-	3,931	1,482	370	-	1,852
Taxes and licenses	3,099	775	-	3,874	893	223	-	1,116
Office supplies and expenses	6,737	1,684	-	8,421	10,940	2,735	-	13,675
Postage and Shipping	1,078	115	-	1,193	11,251	1,204	-	12,455
Meetings and conferences	-	-	-	-	2,480	-	-	2,480
Professional development	12,406	-	-	12,406	5,658	-	-	5,658
Website	63	16	-	79	-	-	-	-
Software and computer expenses	9,246	2,312	-	11,558	16,463	4,116	-	20,579
Rent	31,104	7,776	-	38,880	31,974	7,994	-	39,968
Utilities	566	565	-	1,131	557	556	-	1,113
Event rental	-	-	14,462	14,462	-	-	20,000	20,000
<b>Total expenses</b>	<b>\$ 18,866,865</b>	<b>\$ 132,229</b>	<b>\$ 22,450</b>	<b>\$ 19,021,544</b>	<b>\$ 20,405,467</b>	<b>\$ 154,226</b>	<b>\$ 44,065</b>	<b>\$ 20,603,758</b>

See accompanying notes to financial statements.

**GLOBAL SMILE FOUNDATION, INC.**

**Statements of Cash Flows**

**For the Years Ended December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b><i>Cash Flows from Operating Activities:</i></b>		
Change in net assets	\$ (102,119)	\$ 23,466
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,935	2,387
Amortization of right-of-use asset	40,238	40,238
Donated securities	(14,808)	(14,691)
Unrealized (gains) losses on investments	(6,965)	271
Changes in:		
Prepaid expenses	112,880	(148,314)
Accounts payable	22,695	(1,207)
Accrued expenses	(13,500)	7,500
Operating lease liability	(37,359)	(45,271)
<i>Net cash provided by (used in) operating activities</i>	<i>2,997</i>	<i>(135,621)</i>
<b><i>Cash Flows from Investing Activities:</i></b>		
Investment in fixed assets	-	(4,057)
<i>Net cash used in investing activities</i>	<i>-</i>	<i>(4,057)</i>
<i>Net increase in cash and cash equivalents</i>	<i>2,997</i>	<i>(139,678)</i>
<b><i>Cash and cash equivalents, beginning of year</i></b>	<b><i>1,056,794</i></b>	<b><i>1,196,472</i></b>
<b><i>Cash and cash equivalents, end of year</i></b>	<b><i>\$ 1,059,791</i></b>	<b><i>\$ 1,056,794</i></b>
<b><i>Supplemental Disclosures:</i></b>		
In-kind contributed medical services	\$ 17,837,707	\$ 19,200,885
In-kind medical equipment	\$ -	\$ 360,271

See accompanying notes to financial statements.

# **GLOBAL SMILE FOUNDATION, INC.**

## ***Notes to Financial Statements***

***For the Years Ended December 31, 2023 and 2022***

### ***Note 1. Nature of Activities***

Global Smile Foundation, Inc. (the Organization), a non-profit organization, was incorporated under the laws of the Commonwealth of Massachusetts and commenced operating on October 1, 2008. The Organization's goal is to alleviate the suffering of underserved patients born with facial congenital deformities with special emphasis on cleft lips and palates with a focus on the urgent need for implementing comprehensive care coupled with educational and preventive programs. During 2023 and 2022, the Organization conducted 5 and 3 missions, respectively, in El Salvador, Lebanon, Ecuador, and Peru.

### ***Note 2. Summary of Significant Accounting Policies***

#### ***Basis of Accounting and Financial Statement Presentation***

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Revenues are recognized when the services are performed, and expenses are recorded as incurred.

The Organization's net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

***Net assets without donor restrictions:*** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

***Net assets with donor restrictions:*** Net assets subject to donor- or certain grantor- imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### ***Use of Estimates and Assumptions***

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**GLOBAL SMILE FOUNDATION, INC.**

***Notes to Financial Statements***

***For the Years Ended December 31, 2023 and 2022***

***Note 2. Summary of Significant Accounting Policies (Continued)***

***Revenue Recognition and Deferred Revenue***

*Contributions:* The Organization recognizes contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest are 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 met.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets but are less specific than donor-imposed conditions. Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations about the use of the donated assets, or if they are designated as support for future periods.

Exchange transactions: Reciprocal transfers in which each party receives and sacrifices goods or services with approximate commensurate value are recognized as exchange transactions. The Organization adopted Accounting Standards Codification ("ASC") Topic 606, Revenue from Contracts with Customers ("Topic 606") on December 1, 2020 using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The Organization applies Topic 606 to exchange transactions in which it receives consideration for products or services offered. Under U.S. GAAP, these arrangements are exchange transactions between The Organization and the customers participating in the Organization's programs or using their services.

The following is a discussion of key revenue streams within the scope of Topic 606. The Organization provides medical procedures to individuals in need at no cost. The Organization's donated revenue are recognized immediately and is recorded as net assets with restriction when donated for a mission. Upon the completion of a mission the revenue is released.

**GLOBAL SMILE FOUNDATION, INC.**

***Notes to Financial Statements***

***For the Years Ended December 31, 2023 and 2022***

***Note 2. Summary of Significant Accounting Policies (Continued)***

*Contributed goods and services:* The Organization records in-kind goods and goods as expenses upon receipt or performance. All donated goods and services are utilized within the Organization’s programs and are recorded as revenue and offsetting expense upon receipt. Contributions are recognized at the estimated fair market value when received. The amounts reflected in the accompanying financial statements as “in-kind revenue” are offset by amounts included in expenses.

***Cash and Cash Equivalents***

The Organization considers cash and cash equivalents to be cash on hand, cash in operating bank accounts, and cash in brokerage accounts. For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

***Fixed Assets***

Property and equipment, having a unit cost in excess of \$1,000 and having an estimated useful life of at least three years, are capitalized at cost. Donations of property and equipment are recorded as support revenue at their estimated fair value. Depreciation is computed using the straight-line method calculated to extinguish the book value of the respective assets over their estimated useful lives, which are as follows:

Leasehold improvements	Remaining life of lease
Equipment	5-10 years
Motor vehicles	5 years

***Advertising***

The Organization expenses advertising costs as they are incurred. The advertising expense for the years ended December 31, 2023 and 2022 was \$5,504 and \$5,570, respectively.

***Income Taxes***

The Organization is a tax-exempt organization under the Internal Revenue Code 501(c)(3) and as such has no federal income tax liability. This status was granted by the Internal Revenue Service District Director in October 2008.

**GLOBAL SMILE FOUNDATION, INC.**

***Notes to Financial Statements***

***For the Years Ended December 31, 2023 and 2022***

***Note 2. Summary of Significant Accounting Policies (Continued)***

***Adopted Accounting Pronouncements***

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. The FASB has issued several updates to the ASU since its original issuance in 2016. The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The CECL methodology replaces the multiple impairment methods permitted to be utilized in prior years, which generally require that a loss be incurred before it is recognized. On July 1, 2023, the Organization adopted the ASU prospectively. The impact of the adoption of this ASU was immaterial to the financial statements. Accordingly, there was no adjustment to net assets upon adoption. The Organization has not restated comparative information for the prior year and, therefore, the comparative information for the prior year is reported in accordance with previously applicable GAAP.

***Leased Property from Operating Leases and Amortization***

The Organization follows the lease reporting for operating leases as outlined in FASB Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. A lease conveys the right to use an underlying asset for a period of time in exchange for consideration. On the lease commencement date, a lessee is required to measure and record a lease liability and right-to-use asset equal to the present value of the remaining lease payments. The present value of the lease payments was calculated using the interest rate of 1.82% for the lease (which was based on the interest rate for the line of credit the Organization had in place at the time of the signing of the lease and the implementation of ASU 2016-02 in 2022). The right-to-use property and equipment leased from a lessor under an operating lease is reported on the statement of financial position as a right-to-use asset and is recorded at the present value of the lease at the lease commencement date and amortized over the lease term. The lease liability is initially reported on the statement of financial position at the present value of the operating lease reduced by the annual lease payments.

***Contributed Goods and Services***

The Organization follows FASB ASU 2020-07 and maintains a policy whereby the value of the donated goods and services which create or enhance nonfinancial assets; require a specialized skill; and which would have otherwise been purchased by the Organization if not provided by the donation are recorded at the fair market value in the period received. These donations are recognized as revenue on the statements of activities and listed as expenses on the statements on functional expenses. While material in amount, these donations do not have an impact on the change in net assets for the years presented.

**GLOBAL SMILE FOUNDATION, INC.**

***Notes to Financial Statements***

***For the Years Ended December 31, 2023 and 2022***

***Note 2. Summary of Significant Accounting Policies (Continued)***

***Functional Allocation of Expenses***

The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Professional fees, salary, payroll taxes and benefits are allocated depending on time and effort. Depreciation is allocated across the useful life of the assets. Rent is allocated in accordance with square footage used by full time equivalents.

The following functional expenses are directly allocated to the programs, projects and departments as they are utilized:

- Meeting expenses
- Program supplies
- Postage and delivery
- Printing

The following functional expenses are allocated depending on time and effort:

- Office supplies
- Payroll taxes and benefits
- Professional fees
- Rent
- Salary
- Telephone

***Note 3. Prepaid Mission Expenses***

At December 31, 2023 and 2022, the Organization had paid airfare and mission expenses of \$53,962 and \$166,842, respectively, which related to missions and events in the subsequent years.

***Note 4. In-Kind Contributions***

To provide additional further support for its medical activities, the Organization solicits and receives donations of supplies, equipment, and volunteer support. During the years ended December 31, 2023 and 2022, the Organization received donations such as rent, equipment, supplies, lodging, and airfare with combined values of \$0 and \$360,271, respectively. During the years ended December 31, 2023 and 2022, the Organization was provided with medical services, including the services of skilled surgical volunteer labor, valued at \$17,837,708 and \$19,200,885, respectively. All in-kind donations and services are utilized within the Organization's missions.

**GLOBAL SMILE FOUNDATION, INC.**

*Notes to Financial Statements*

*For the Years Ended December 31, 2023 and 2022*

**Note 5. Operating Lease Commitments**

On September 3, 2021, the Organization signed a five-year office lease at 106 Access Road, Norwood, which will expire on September 30, 2026.

Supplemental statement of financial position information for lease at December 31, is as follows:

	<i>2023</i>	<i>2022</i>
Right-of-use assets	\$ 183,389	\$ 183,389
Accumulated amortization of right-of-use assets	(75,357)	(37,339)
<b><i>Right-of-use assets, net of accumulated amortization</i></b>	<b>\$ 108,032</b>	<b>\$ 146,050</b>
Weighted average remaining term (in years)	2.75	3.75
Weighted average discount rate	1.82%	1.82%

The future minimum rental commitments for this lease at December 31, 2023 are as follows:

Year ending December 31,:		
2024		\$ 38,479
2025		39,633
2026		30,389
<b><i>Total commitments</i></b>		<b>108,501</b>
Present value interest		(2,622)
<b><i>Present value of operating lease liability</i></b>		<b>\$ 105,879</b>

**Note 6. Concentration of Credit Risk**

The Organization occasionally maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2023 and 2022, the Organization's uninsured cash balances totaled \$103,943 and \$701,737, respectively.

**GLOBAL SMILE FOUNDATION, INC.**

*Notes to Financial Statements*

*For the Years Ended December 31, 2023 and 2022*

**Note 7. Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets based on the statements of financial position, reduced by amounts not available for general use within one year of the statement of financial position as of December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,059,791	\$ 1,056,794
Investments	<u>36,195</u>	<u>14,421</u>
<b>Total financial assets</b>	1,095,986	1,071,215
Less: amounts not available to be used within one year:		
Net assets with donor restrictions	<u>48,929</u>	<u>90,725</u>
<b>Total financial assets available to meet cash needs for general expenditures and missions within one year</b>	<u>\$ 1,010,862</u>	<u>\$ 966,069</u>

The Organization receives major support from contributions with donor restrictions which require resources to be used in a particular manner or in a future period. The Organization must maintain sufficient resources to meet these responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note 8. Fixed Assets**

Property and equipment and accumulated depreciation account balances at December 31, are as follows:

	<u>2023</u>	<u>2022</u>
Equipment	\$ 35,687	\$ 35,687
Accumulated depreciation	<u>(32,586)</u>	<u>(30,651)</u>
<b>Fixed assets, net</b>	<u>\$ 3,101</u>	<u>\$ 5,036</u>

For the years ended December 31, 2023 and 2022, the depreciation expense was \$1,936 and \$2,387, respectively.

**GLOBAL SMILE FOUNDATION, INC.**

**Notes to Financial Statements**

**For the Years Ended December 31, 2023 and 2022**

**Note 9. Fair Measurement of Investments**

Financial Accounting Standards Board Statement ASC 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy under FASB Statement ASC 820 are described below:

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

Level 2            Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

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

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

The fair value of investments appearing on the statement of financial position has the following valuation approaches as defined by FASB ASC 820 hierarchy and presented in the following table as of June 30:

	<u>2023</u>	<u>2022</u>
Quoted prices in the active market for identical assets (Level 1):		
Common stock	<u>\$ 36,195</u>	<u>\$ 14,421</u>

***GLOBAL SMILE FOUNDATION, INC.***

***Notes to Financial Statements***

***For the Years Ended December 31, 2023 and 2022***

***Note 10. Subsequent Events***

The Organization evaluated events that occurred after December 31, 2023, the date of the statement of financial position, but before the date the financial statements were available to be issued, November 9, 2024, for potential recognition or disclosure in the financial statements. There were no material subsequent events noted that would require disclosure.