

CLEAN THE WORLD FOUNDATION, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



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**CLEAN THE WORLD FOUNDATION, INC.
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YEARS ENDED DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Clean the World Foundation, Inc.
Orlando, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Clean the World Foundation, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, 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 position of Clean the World Foundation, Inc. as of December 31, 2022 and 2021, and the changes in 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 Clean the World 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 Clean the World Foundation, Inc.'s ability to continue as a going concern for one year after the date 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 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 Clean the World 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 Clean the World 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.



CliftonLarsonAllen LLP

Orlando, Florida
March 28, 2024

**CLEAN THE WORLD FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 420,443	\$ 645,160
Contributions Receivable, Net	2,854,589	388,761
Undistributed Hygiene Products	1,371,320	914,683
Property and Equipment, Net	48,934	57,122
Other Assets	27,000	27,000
Total Assets	\$ 4,722,286	\$ 2,032,726
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,884,721	\$ 542,061
Due to Clean the World Global, LLC	47,585	85,157
Deferred Revenue	111,831	-
Paycheck Protection Program Loan	-	81,815
Total Liabilities	2,044,137	709,033
NET ASSETS		
Without Donor Restrictions	2,376,073	286,926
With Donor Restrictions	302,076	1,036,767
Total Net Assets	2,678,149	1,323,693
Total Liabilities and Net Assets	\$ 4,722,286	\$ 2,032,726

See accompanying Notes to Financial Statements.

CLEAN THE WORLD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 1,227,988	\$ 575,000	\$ 1,802,988
Hygiene Kit Distribution Fees	1,425,921	-	1,425,921
Program Revenue	1,842,789	-	1,842,789
Distribution Administration Fees	57,110	-	57,110
Forgiveness of Paycheck Protection Program Loan	81,815	-	81,815
Other Income	249,547	-	249,547
Net Assets Released from Restriction	1,309,691	(1,309,691)	-
Total Revenue and Support	<u>6,194,861</u>	<u>(734,691)</u>	<u>5,460,170</u>
EXPENSES			
Program Services Expense:			
Recycling and Distribution	1,347,058	-	1,347,058
Awareness and Education	2,483,336	-	2,483,336
Total Program Expense	<u>3,830,394</u>	<u>-</u>	<u>3,830,394</u>
Supporting Services Expense:			
Management and General	452,996	-	452,996
Fundraising and Development	429,885	-	429,885
Total Supporting Services Expense	<u>882,881</u>	<u>-</u>	<u>882,881</u>
Total Expenses	<u>4,713,275</u>	<u>-</u>	<u>4,713,275</u>
CHANGE IN NET ASSETS - OPERATING EXCLUDING DONATED HYGIENE PRODUCTS	1,481,586	(734,691)	746,895
DONATED HYGIENE PRODUCTS			
Donated Hygiene Products Received	1,192,614	-	1,192,614
Donated Hygiene Products Distributed	(585,053)	-	(585,053)
Change in Net Assets-Donated Hygiene Products	<u>607,561</u>	<u>-</u>	<u>607,561</u>
CHANGE IN NET ASSETS	2,089,147	(734,691)	1,354,456
Net Assets - Beginning of Year	<u>286,926</u>	<u>1,036,767</u>	<u>1,323,693</u>
NET ASSETS - END OF YEAR	<u>\$ 2,376,073</u>	<u>\$ 302,076</u>	<u>\$ 2,678,149</u>

See accompanying Notes to Financial Statements.

CLEAN THE WORLD FOUNDATION, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions	\$ 2,543,580	\$ 978,571	\$ 3,522,151
Hygiene Kit Distribution Fees	524,004	-	524,004
Distribution Administration Fees	121,122	-	121,122
Forgiveness of Paycheck Protection Program Loan	85,577	-	85,577
Other Income	4,476	-	4,476
Net Assets Released from Restriction	319,022	(319,022)	-
Total Revenue and Support	<u>3,597,781</u>	<u>659,549</u>	<u>4,257,330</u>
EXPENSES AND LOSSES			
Program Services Expense:			
Recycling and Distribution	1,553,291	-	1,553,291
Awareness and Education	1,304,812	-	1,304,812
Total Program Expense	<u>2,858,103</u>	<u>-</u>	<u>2,858,103</u>
Supporting Services Expense:			
Management and General	629,662	-	629,662
Fundraising and Development	302,490	-	302,490
Total Supporting Services Expense	<u>932,152</u>	<u>-</u>	<u>932,152</u>
Total Expenses	<u>3,790,255</u>	<u>-</u>	<u>3,790,255</u>
CHANGE IN NET ASSETS - OPERATING EXCLUDING DONATED HYGIENE PRODUCTS	(192,474)	659,549	467,075
DONATED HYGIENE PRODUCTS			
Donated Hygiene Products Received	1,156,063	-	1,156,063
Donated Hygiene Products Distributed	(651,132)	-	(651,132)
Change in Estimate	(989,074)	-	(989,074)
Change in Net Assets-Donated Hygiene Products	<u>(484,143)</u>	<u>-</u>	<u>(484,143)</u>
CHANGE IN NET ASSETS	(676,617)	659,549	(17,068)
Net Assets - Beginning of Year	<u>963,543</u>	<u>377,218</u>	<u>1,340,761</u>
NET ASSETS - END OF YEAR	<u>\$ 286,926</u>	<u>\$ 1,036,767</u>	<u>\$ 1,323,693</u>

See accompanying Notes to Financial Statements.

**CLEAN THE WORLD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services			Supporting Services			Total
	Recycling and Distribution	Awareness and Education	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	
Advertising and Promotion	\$ -	\$ -	\$ -	\$ 72,000	\$ -	\$ 72,000	\$ 72,000
Contracted Services	-	1,463,660	1,463,660	-	-	-	1,463,660
Depreciation	1,766	13,964	15,730	-	-	-	15,730
Drop by Drop Program Grants	-	76,945	76,945	-	-	-	76,945
Equipment	1,373	18,759	20,132	-	-	-	20,132
Facilities	197,854	308,608	506,462	55,412	-	55,412	561,874
Filing Fees	-	-	-	4,162	-	4,162	4,162
Bank Fees and Other Fees	-	-	-	16,080	-	16,080	16,080
Logistics	172,085	135,238	307,323	-	-	-	307,323
Materials	797,382	-	797,382	28,256	-	28,256	825,638
Personnel	43,489	355,549	399,038	-	429,885	429,885	828,923
Postage	-	-	-	952	-	952	952
Printing	-	39	39	20,174	-	20,174	20,213
Professional Fees	-	62,999	62,999	210,569	-	210,569	273,568
Remanufacturing Fees	133,109	-	133,109	-	-	-	133,109
Transportation	-	47,575	47,575	45,391	-	45,391	92,966
Total Expenses, Excluding Donated Hygiene Products Distributed	<u>\$ 1,347,058</u>	<u>\$ 2,483,336</u>	<u>\$ 3,830,394</u>	<u>\$ 452,996</u>	<u>\$ 429,885</u>	<u>\$ 882,881</u>	<u>\$ 4,713,275</u>
Donated Hygiene Products Distributed	<u>\$ 585,053</u>	<u>\$ -</u>	<u>\$ 585,053</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 585,053</u>
Total Expenses	<u>\$ 1,932,111</u>	<u>\$ 2,483,336</u>	<u>\$ 4,415,447</u>	<u>\$ 452,996</u>	<u>\$ 429,885</u>	<u>\$ 882,881</u>	<u>\$ 5,298,328</u>

See accompanying Notes to Financial Statements.

**CLEAN THE WORLD FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services			Supporting Services			Total
	Recycling and Distribution	Awareness and Education	Total Program Services	Management and General	Fundraising and Development	Total Supporting Services	
Advertising and Promotion	\$ 16,788	\$ -	\$ 16,788	\$ 179,640	\$ -	\$ 179,640	\$ 196,428
Contracted Services	-	1,075,114	1,075,114	-	-	-	1,075,114
Depreciation	22	13,964	13,986	-	-	-	13,986
Drop by Drop Program Grants	-	73,000	73,000	-	-	-	73,000
Equipment	7,987	-	7,987	-	-	-	7,987
Facilities	203,274	66,000	269,274	33,000	11,441	44,441	313,715
Filing Fees	-	-	-	425	-	425	425
Fundraising	-	-	-	-	388	388	388
Bank Fees and Other Fees	-	-	-	15,602	-	15,602	15,602
Logistics	524,702	-	524,702	-	-	-	524,702
Materials	246,768	-	246,768	345	-	345	247,113
Personnel	351,754	51,676	403,430	19,604	290,661	310,265	713,695
Postage	-	-	-	184	-	184	184
Printing	-	10,426	10,426	-	-	-	10,426
Professional Fees	-	-	-	378,995	-	378,995	378,995
Remanufacturing Fees	201,996	-	201,996	-	-	-	201,996
Soap Museum	-	-	-	-	-	-	-
Transportation	-	14,632	14,632	1,867	-	1,867	16,499
Total Expenses, Excluding Donated Hygiene Products Distributed	\$ 1,553,291	\$ 1,304,812	\$ 2,858,103	\$ 629,662	\$ 302,490	\$ 932,152	\$ 3,790,255
Donated Hygiene Products Distributed	\$ 651,132	\$ -	\$ 651,132	\$ -	\$ -	\$ -	\$ 651,132
Total Expenses	\$ 2,204,423	\$ 1,304,812	\$ 3,509,235	\$ 629,662	\$ 302,490	\$ 932,152	\$ 4,441,387

See accompanying Notes to Financial Statements.

**CLEAN THE WORLD FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,354,456	\$ (17,068)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	15,730	13,986
Donated Hygiene Products Revenue	(1,192,614)	(1,156,063)
Donated Hygiene Products Expense	585,053	651,132
Change in Value of Undistributed Hygiene Products	-	989,074
Forgiveness of Paycheck Protection Program Loan	(81,815)	(85,577)
Changes in Assets and Liabilities:		
Contributions Receivable, Net	(2,465,828)	(179,678)
Undistributed Hygiene Products	150,924	(307,002)
Deferred Revenue	111,831	-
Accounts Payable and Accrued Expenses	1,342,660	217,244
Due to Clean the World Global, LLC	(37,572)	(16,767)
Net Cash Provided (Used) by Operating Activities	(217,175)	109,281
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	-	81,815
Purchases of Property and Equipment	(7,542)	(1,288)
Net Cash Provided (Used) by Financing Activities	(7,542)	80,527
NET CHANGE IN CASH AND CASH EQUIVALENTS	(224,717)	189,808
Cash and Cash Equivalents - Beginning of Year	645,160	455,352
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 420,443	\$ 645,160

See accompanying Notes to Financial Statements.

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Clean the World Foundation, Inc. (the Foundation) collects hygiene products such as discarded soaps, shampoos, conditioners, lotions, and gels from hospitality partners and manufacturers, and recycles and distributes the products domestically and internationally for humanitarian aid both directly and through partnering nonprofit organizations. This process takes place primarily at two U.S. recycling operations centers in Orlando, Florida and Las Vegas, Nevada. Support for providing these services is obtained from both public and private sector contributions as well as administrative fees paid by partnering nonprofit organizations and fees collected for hygiene kits. The base of operations is located in Orlando, Florida.

The Foundation is also dedicated to working towards universal access to water, sanitation, and hygiene (WASH), by focusing on outcome-based programs to improve the quality of life for vulnerable populations around the world. Programs emphasize a local needs-based approach, focusing on education, local ownership and accountability, and community engagement, along with rigorous monitoring and evaluation to gauge progress. The goal is to have the programmatic impact sustained locally, without dependence on ongoing aid. The Foundation is one of just a few dozen organizations named to the United Nations Global WASH Cluster playing an active leadership role in global WASH issues.

Basis of Accounting

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 (U.S. GAAP).

Cash

The Foundation maintains cash with various major financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC). From time to time, balances may exceed amounts insured by the FDIC. Such amounts potentially subject the Foundation to concentrations of credit risk. Management does not believe that the risk of loss for balances in excess of the FDIC coverage limits is significant because of their assessment of the credit worthiness and financial viability of such financial institutions.

Contributions Receivable

Contributions receivable consist of unconditional promises to give, which are recognized within net assets at their fair value when the unconditional promises are received.

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions Receivable (Continued)

Management expects all unconditional contributions receivable be collected within one year. The Foundation determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. As of December 31, 2022 there was no allowance recorded. As of December 31, 2021, the allowance was \$18,486.

Undistributed Hygiene Products

Undistributed hygiene products are recorded at the estimated fair value of such products at the date they are collected from hospitality partners.

Property and Equipment

The Foundation records property and equipment additions over \$2,500 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 to 7 years. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

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 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 restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-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. 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.

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition

Contributions

The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Contributions

In-kind contributions of hygiene products received from hospitality partners and manufacturers are recorded as support and an increase in undistributed hygiene products at the estimated fair value of those items based on the fair value of similar items. In addition, in-kind contribution of property and equipment are recorded as support and increases of property and equipment at fair market value based on the estimates of current market rates for similar items.

Volunteers contribute significant amounts of time to the Foundation's program services and administration. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Hygiene Kit Distribution Fees

Hygiene kit distribution fees are received from Clean the World Global, LLC f/k/a Clean the World Ventures, Inc. (Global) for soap, bottles, toothbrushes, and other supplies provided to Global for hygiene kit building events. Fees are collected and revenue is recognized at the time of each hygiene kit building event.

Distribution Administration Fees

Distribution administration fees are received from partnering organizations for supplying the logistics of distribution and delivery for hygiene products provided by the Foundation. Fees are billed and revenue is recognized at the time of distribution each shipment of hygiene products.

Advertising Costs

The Foundation advertises its mission primarily through maintaining an internet presence and print media distributed to potential partner hospitality businesses. Advertising costs are expensed as incurred and was approximately \$72,000 and \$179,600 during the years ended December 31, 2022 and 2021, respectively.

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Functional Allocation of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs are allocated among the programs and supporting services benefited based on the estimated time or space allocated to those functions. When possible, expenses that are specifically identified with a program or supporting service are assigned to that function.

Income Taxes

The Foundation is organized as Florida nonprofit corporation and is recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as organizations described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. The Foundation is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Foundation determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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 could differ from those estimates, and those differences could be material.

Leases

The Foundation determines if an arrangement is a lease at inception. The Foundation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not incomed as lease liabilities or right-of-use (ROU) assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Foundation has elected to use their incremental borrowing rate for computing the present value of these lease liabilities.

Subsequent Events

In preparing these financial statements, the Foundation has evaluated subsequent events through March 28, 2024, the date the financial statements were available to be issued.

**CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The Foundation adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption.

The Foundation has not elected to adopt the package of practical expedients available in the year of adoption. The Foundation has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Foundation's ROU assets. The adoption of this ASU did not result in a material impact on the Foundation's financial statements.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Office Equipment	24,820	\$ 17,278
Furniture and Fixtures	97,749	97,749
Subtotal	<u>122,569</u>	<u>115,027</u>
Less: Accumulated Depreciation and Amortization	<u>(73,635)</u>	<u>(57,905)</u>
Total Property and Equipment	<u>\$ 48,934</u>	<u>\$ 57,122</u>

Depreciation expense totaled \$15,730 and \$13,986 for the years ended December 31, 2022 and 2021, respectively.

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 PAYCHECK PROTECTION PROGRAM LOAN

On May 14, 2021, the Foundation applied for and was approved for a second PPP Loan for \$81,815 under the Paycheck Protection Program (PPP Loan) created as part of the relief efforts related to COVID-19 pandemic and administered by the Small Business Administration. The PPP Loan bears interest at a fixed rate of 1% per annum, has a term of five years, is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or if the Foundation failed to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The Foundation applied for and was granted forgiveness of the full amount on September 19, 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes.

	<u>2022</u>	<u>2021</u>
Subject to Expenditure for Specified Purpose:		
Drop by Drop Program	\$ 68,743	\$ 58,196
Fresh Start (MHU) Program	233,333	850,000
Location Specific Programs	-	128,571
Total Net Assets with Donor Restrictions	<u>\$ 302,076</u>	<u>\$ 1,036,767</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions:		
Drop by Drop Program	\$ 74,453	\$ 73,000
Fresh Start (MHU) Program	1,106,667	58,628
Location Specific Programs	128,571	187,394
Total Net Assets Released from Donor Restrictions	<u>\$ 1,309,691</u>	<u>\$ 319,022</u>

CLEAN THE WORLD FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 CONCENTRATIONS

Total revenue received from Global represents 27% and 20% of total revenue received during years ended December 31, 2022 and 2021, respectively.

NOTE 6 IN-KIND CONTRIBUTIONS OF HYGIENE PRODUCTS

The Foundation received in-kind contributions of recyclable hygiene products from partner hospitality organizations and manufacturers during the years ended December 31, 2022 and 2021 totaling \$- and \$1,156,063, respectively.

The Foundation had undistributed hygiene products at December 31:

2022	Pounds	Estimated Price Per Pound	Total
Soap	823,742	0.96	\$ 790,792
NGO Soap	968	26.48	25,633
Mixed Unsorted Soap	267,896	0.58	155,380
Materials	33,328	0.08	2,666
Socks	272,000	0.75	204,000
Total Donated Hygiene Products			1,178,471
Purchased Boxes and Materials			192,849
Balance at December 31, 2022			<u>\$ 1,371,320</u>
2021			
Soap	443,400	0.96	\$ 425,664
NGO Soap	88,708	0.96	85,160
Mixed Unsorted Soap	146,300	0.58	84,854
Materials	72,900	0.08	5,831
Socks	9,000	0.75	6,750
Total Donated Hygiene Products			608,259
Purchased Boxes and Materials			306,424
Balance at December 31, 2021			<u>\$ 914,683</u>

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NOTE 7 DUE TO CLEAN THE WORLD GLOBAL, LLC

The Foundation has a contract with Global which expires December 31, 2026, under which Global provides legal, human resources, accounting, information technology, marketing, and hygiene product remanufacturing services, as well as access to offices and warehousing facilities. Global bills the Foundation on a monthly basis based on the labor requirements to fulfill the mission of the Foundation. Fees charged to the Foundation for these services totaled approximately \$1,863,000 and \$984,000 for the years ended December 31, 2022 and 2021, respectively. Global also occasionally pays certain vendors on behalf of the Foundation, for which it is reimbursed. The Foundation had an outstanding payable balance to Global totaling \$1,709,635 and \$85,157 at December 31, 2022 and 2021, respectively. The Chairman of the board of directors of the Foundation is the majority owner of Global.

Revenue from Global including contributions and hygiene kit distribution fees was approximately \$1,812,000 and \$861,000 for the years ended December 31, 2022 and 2021, respectively. As of December 31, 2021, the Foundation had receivables from Global of \$2,362,119.

NOTE 8 LIQUIDITY AND AVAILABILITY

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, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 420,443	\$ 645,160
Contributions Receivable, Net	2,854,589	388,761
Less: Net Assets with Restrictions	<u>(302,076)</u>	<u>(1,036,767)</u>
Total	<u>\$ 2,972,956</u>	<u>\$ (2,846)</u>

The Foundation regularly monitors the availability of resources required to meet its operating needs, while striving to maximize its available funds. The Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

For the year ended December 31, 2021, the Foundation had a slightly negative financial assets available for general expenditures, representing less than 1% of its gross revenue. The negative financial assets available for general expenditures is present because of the terms of a certain agreement which controlled a large, restricted gift. Because the agreement was performance-based, the Foundation was able to achieve the required deliverables slightly more efficiently than originally budgeted. Accordingly, it was not necessary for cash on hand to equal the total restricted gift amount, as the Foundation has successfully achieved its deliverables. The Foundation anticipates adequate financial assets available for general expenditures as the restrictions of this agreement are met.

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NOTE 9 RETIREMENT PLAN

During the year, Global adopted a 401(k) retirement plan (the Plan) for employees of both Global and the Foundation. Employees are eligible for participation in the Plan after reaching 18 years of age and upon completing 3 months of service. Under the provisions of the Plan, eligible employees may elect to defer a percentage of their salary subject to certain Internal Revenue Code limitations. The Foundation may make a discretionary match contribution of up to 50% of the first 6% of the employee's wages.

NOTE 10 LEGAL MATTERS

From time to time, the Foundation is involved in litigation in the normal course of business. Management does not believe the outcome of any legal action will be material.



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