



EL PORVENIR

Financial Statements
With Independent Auditors' Report

December 31, 2021

EL PORVENIR

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INDEPENDENT AUDITORS' REPORT

Board of Directors
El Porvenir
Broomfield, Colorado

Opinion

We have audited the accompanying financial statements of El Porvenir, which comprise the statement of financial position as of December 31, 2021, the related statements of activities, functional expenses, and cash flows for the year 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 El Porvenir as of December 31, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 El Porvenir's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
El Porvenir
Broomfield, Colorado

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 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 El Porvenir'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 EL Porvenir'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.

Capin Crouse LLP

Colorado Springs, Colorado
July 15, 2022

EL PORVENIR

Statement of Financial Position

December 31, 2021

ASSETS:

Cash and cash equivalents	\$	181,344
Investments		299,567
Investments held for others		26,116
Promises to give and other receivables		113,560
Inventory and other assets		10,045
Property and equipment—net		138,410

Total Assets	\$	<u>769,042</u>
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LIABILITIES AND NET ASSETS:

Liabilities:

Accounts payable and accrued expenses	\$	138,323
Refundable advance on grant		94,211
Amounts held for others		26,116

Total liabilities		<u>258,650</u>
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Net assets:

Without donor restrictions		295,981
With donor restrictions		214,411

Total net assets		<u>510,392</u>
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Total Liabilities and Net Assets	\$	<u>769,042</u>
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See notes to financial statements

EL PORVENIR

Statement of Activities

For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 1,756,780	\$ 214,411	\$ 1,971,191
Gain on extinguishment of debt	63,188	-	63,188
Other income	43,973	-	43,973
Total Support and Revenue	<u>1,863,941</u>	<u>214,411</u>	<u>2,078,352</u>
NET ASSETS RELEASED:			
From purpose restrictions	<u>319,738</u>	<u>(319,738)</u>	<u>-</u>
EXPENSES:			
Program services:	1,819,912	-	1,819,912
Supporting activities:			
Management and general	234,078	-	234,078
Fundraising	185,183	-	185,183
	<u>419,261</u>	<u>-</u>	<u>419,261</u>
Total Expenses	<u>2,239,173</u>	<u>-</u>	<u>2,239,173</u>
Change in Net Assets Before Foreign Currency Translation	(55,494)	(105,327)	(160,821)
Foreign Currency Translation Adjustments	<u>(26,067)</u>	<u>-</u>	<u>(26,067)</u>
Change in Net Assets	(81,561)	(105,327)	(186,888)
Net Assets, Beginning of Year	<u>377,542</u>	<u>319,738</u>	<u>697,280</u>
Net Assets, End of Year	<u>\$ 295,981</u>	<u>\$ 214,411</u>	<u>\$ 510,392</u>

See notes to financial statements

EL PORVENIR

Statement of Functional Expenses

Year Ended December 31, 2021

	Program Services	Supporting Activities:		Total
		General and Administrative	Fundraising	
Project materials and supplies	\$ 1,152,932	\$ -	\$ -	\$ 1,152,932
Salaries and benefits	434,487	113,346	111,079	658,912
Professional services	54,250	22,976	38,407	115,633
Travel and vehicles	70,946	8,382	1,588	80,916
Education	68,419	4,648	2,914	75,981
Occupancy	35,966	20,328	13,745	70,039
Depreciation	-	35,095	-	35,095
Bank charges and other fees	-	15,022	3,621	18,643
Office expense and supplies	2,912	2,588	3,317	8,817
Other	-	11,693	10,512	22,205
	-	11,693	10,512	22,205
Total Expenses	\$ 1,819,912	\$ 234,078	\$ 185,183	\$ 2,239,173

See notes to financial statements

EL PORVENIR

Statement of Cash Flows

For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (186,888)
Foreign currency translation adjustments	26,067
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Reinvested dividends	(11,868)
Loss on sale of investments	858
Depreciation and amortization	35,095
Gain on extinguishment of debt	(63,188)
Change in operating assets and liabilities:	
Promises to give and other receivables	(96,102)
Inventory and other assets	(5,798)
Accounts payable and accrued expenses	(9,785)
Refundable advance on grant	94,211
Amounts held for others	26,116
Net Cash Used by Operating Activities	<u>(191,282)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of property and equipment	<u>(14,850)</u>
Net Cash Used by Investing Activities	<u>(14,850)</u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from loan payable	<u>31,611</u>
Net Cash Provided by Financing Activities	<u>31,611</u>

Effect of Exchange Rate Changes on Cash	3,959
Net Change in Cash and Cash Equivalents	(170,562)
Cash and Cash Equivalents, Beginning of Year	<u>351,906</u>
Cash and Cash Equivalents, End of Year	<u>\$ 181,344</u>

See notes to financial statements

EL PORVENIR

Notes to Financial Statements

December 31, 2021

1. NATURE OF ORGANIZATION:

El Porvenir is a nonprofit corporation organized under the laws of the State of California. The purpose of El Porvenir is to help empower rural Nicaraguan communities to improve their living standards through the sustainable development of clean water, sanitation, cooking systems, health education, reforestation and watershed management projects.

El Porvenir is operated as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), and comparable state laws. However, El Porvenir is subject to federal income tax on any unrelated business taxable income. El Porvenir is not a private foundation under Section 509(a) of the IRC. El Porvenir's primary source of support and revenue is from contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

El Porvenir maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents contain checking accounts, savings accounts, and highly liquid investments with original maturities of three months or less. As of December 31, 2021, the amount exceeding the federally insured limits was approximately \$19,200. El Porvenir has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk.

INVESTMENTS

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in the statement of activities. Investments acquired by gift are recorded at their fair value at the date of gift and thereafter reported in accordance with the above provisions. Certificates of deposit are carried at cost, plus any accrued interest.

EL PORVENIR

Notes to Financial Statements

December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

PROMISES TO GIVE

Unconditional promises to give are recognized as assets and support in the period made. Promises to give are expected to be received within one year. El Porvenir expects that the entire amount will be collectible; thus, there is no allowance for doubtful accounts recorded as of December 31, 2021.

PROPERTY AND EQUIPMENT—NET

Property and equipment is recorded at cost. Donated items are recorded at their fair market value on the date of the gift. Donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted. Absent donor stipulations regarding how long those donated assets must be maintained, El Porvenir reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is computed on the straight-line method over the estimated useful lives (currently three to forty years) of the related assets. El Porvenir capitalizes fixed asset purchases exceeding \$500, with lesser amounts expensed in the year purchased.

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets as follows:

Net assets without donor restrictions are those currently available at the discretion of management for use in El Porvenir's operations.

Net assets with donor restrictions are restricted by donors for specific operating purposes or until time restrictions have been met.

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Notes to Financial Statements

December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE

Contributions are recorded when made, which may be when cash or other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, 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. If a restriction is satisfied in the same time period in which the contribution is received, El Porvenir reports the support without donor restrictions. El Porvenir reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, El Porvenir reports expirations of donor restrictions when the donated long-lived assets are placed in service.

During the year ended December 31, 2021, El Porvenir received notice that the Small Business Administration had forgiven its two Paycheck Protection Program (PPP) loans in their entirety. The entire balance of \$63,188 is recognized as gain on extinguishment of debt in the statement of activities for the year ended December 31, 2021.

Other income consists of interest income, realized and unrealized gains on investments, and miscellaneous income. It is recorded when earned, or when performance obligations are satisfied.

FUNCTIONAL ALLOCATION OF EXPENSES

The statements of activities and functional expenses report certain categories of expenses that are attributable to program or support activities of El Porvenir. These expenses include facility costs and depreciation, which are allocated based on usage. Salaries and benefits are allocated based on time and effort, and costs of other categories are allocated based on the purpose of the expense.

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Notes to Financial Statements

December 31, 2021

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects El Porvenir's financial assets as of December 31, 2021 reduced by amounts not available for general use because of contractual, donor-imposed restrictions, or board designations within one year of the statement of financial position date:

Financial Assets:	
Cash and cash equivalents	\$ 181,344
Investments	299,567
Investments held for others	26,116
Promises to give and other receivables	113,560
	<hr/>
	620,587
Less those unavailable for general expenditures within one year due to:	
Investments held for others	<hr/>
	(26,116)
	<hr/>
	\$ 594,471

El Porvenir structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows closely through board meetings and detailed financial analysis.

4. FAIR VALUE MEASUREMENTS:

El Porvenir uses appropriate valuation techniques to determine fair value based on inputs available. When available, El Porvenir measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. The following table displays the fair values of assets measured on a recurring basis, using quoted prices in active markets for identical assets (Level 1) at December 31, 2021:

Investments and assets held at fair value:	
Fixed income bond funds	\$ 210,782
Equity exchange-traded and mutual funds	78,522
	<hr/>
	289,304
Investments and assets held at other than fair value:	
Certificates of deposit	30,194
Money market accounts	6,185
	<hr/>
	36,379
Total investments and investments held for others	<hr/>
	\$ 325,683

EL PORVENIR

Notes to Financial Statements

December 31, 2021

5. INVESTMENTS:

Investments consist of the following at December 31, 2021, and are reported as investments and investments held for others on the statement of financial position:

Fixed income bond funds	\$ 210,782
Equity exchange-traded and mutual funds	78,522
Certificates of deposit	30,194
Money market accounts	6,185
	<hr/>
	\$ 325,683
	<hr/> <hr/>

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, as of December 31, 2021 consists of:

Land	\$ 12,067
Buildings and Improvements	82,003
Furniture and Equipment	35,388
Vehicles	186,529
	<hr/>
	315,987
Less accumulated depreciation	<hr/> (177,577)
	<hr/>
	\$ 138,410
	<hr/> <hr/>

7. AMOUNTS HELD FOR OTHERS:

Amounts held for others consist of Nicaraguan retirement accounts included in the investments held for others on the statement of financial position. As of December 31, 2021, \$26,116 was held for others.

8. OPERATING LEASES:

El Porvenir leases one general office suite in Broomfield, Colorado under an operating lease which expires May 31, 2022. Rent is \$5,400 per year and increases annually between 4% to 6% per year.

In addition, El Porvenir has three operating leases for office rental spaces in various parts of Nicaragua, with terms through December 31, 2022. Monthly rental payments on each space average between \$120 to \$285 per month with no annual increase.

Rent expense for the year ended December 31, 2021 totaled approximately \$19,800. Minimum annual lease payments for the year ending December 31, 2022 are approximately \$11,900.

EL PORVENIR

Notes to Financial Statements

December 31, 2021

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions as of December 31, 2021 consists of:

Time-restricted promises to give	\$ 111,500
Program services	<u>102,911</u>
	<u>\$ 214,411</u>

10. RETIREMENT PLAN:

El Porvenir provides retirement benefits to its U.S. employees through a 401(k) retirement plan after six months of employment. Employer matching depends on employee contributions with a maximum employer match up to 2%. El Porvenir also makes contributions to retirement savings for its employees in Nicaragua. Total retirement contributions made by El Porvenir during the year ended December 31, 2021 were \$13,503.

11. RELATED PARTY TRANSACTIONS:

During the year ended December 31, 2021, El Porvenir received donations from board members totaling approximately \$55,600.

12. DONOR CONCENTRATION:

During the year ended December 31, 2021, donations from El Porvenir's five largest donors provided 33% of El Porvenir's total support and revenue.

13. RISKS AND UNCERTAINTIES:

In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the world. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of El Porvenir for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

14. SUBSEQUENT EVENTS:

Subsequent events were evaluated through July 15, 2022, which is the date the financial statements were available to be issued.