

FINANCIAL STATEMENTS



El Porvenir

Clean Water, Healthy Nicaraguans

**FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2019**

EL PORVENIR

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Porvenir
Broomfield, Colorado

We have audited the accompanying financial statements of El Porvenir (the Organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Freedman

April 24, 2021

EL PORVENIR

**STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

ASSETS

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 351,906	\$ 447,609
Investments	314,673	294,454
Contributions receivable, net of allowance for doubtful accounts	17,458	100,164
Inventory	3,552	7,084
Fixed assets, net	188,681	199,712
Security deposit	<u>695</u>	<u>695</u>
TOTAL ASSETS	<u>\$ 876,965</u>	<u>\$ 1,049,718</u>

LIABILITIES AND NET ASSETS**LIABILITIES**

Loan payable	\$ 31,577	\$ -
Accounts payable and accrued liabilities	5,337	31,179
Accrued salaries and related benefits	<u>142,771</u>	<u>103,903</u>
Total liabilities	<u>179,685</u>	<u>135,082</u>

NET ASSETS

Without donor restrictions	377,542	669,663
With donor restrictions	<u>319,738</u>	<u>244,973</u>
Total net assets	<u>697,280</u>	<u>914,636</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 876,965</u>	<u>\$ 1,049,718</u>

EL PORVENIR

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Contributions	\$ 575,736	\$ 1,278,408	\$ 1,854,144	\$ 1,848,963
In-kind contributions	45,847	-	45,847	28,943
Other revenue	27,461	-	27,461	7,484
Investment income, net	23,222	-	23,222	20,820
Work trips	5,000	-	5,000	22,600
Program revenue	-	-	-	26,584
Net assets released from donor restrictions	<u>1,203,643</u>	<u>(1,203,643)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>1,880,909</u>	<u>74,765</u>	<u>1,955,674</u>	<u>1,955,394</u>
EXPENSES				
Program Services	<u>1,802,799</u>	<u>-</u>	<u>1,802,799</u>	<u>1,465,844</u>
Supporting Services:				
Management and General	224,112	-	224,112	205,753
Fundraising	<u>133,639</u>	<u>-</u>	<u>133,639</u>	<u>123,609</u>
Total supporting services	<u>357,751</u>	<u>-</u>	<u>357,751</u>	<u>329,362</u>
Total expenses	<u>2,160,550</u>	<u>-</u>	<u>2,160,550</u>	<u>1,795,206</u>
Change in net assets before other item	(279,641)	74,765	(204,876)	160,188
OTHER ITEM				
Exchange rate loss	<u>(12,480)</u>	<u>-</u>	<u>(12,480)</u>	<u>(17,222)</u>
Change in net assets	(292,121)	74,765	(217,356)	142,966
Net assets at beginning of year	<u>669,663</u>	<u>244,973</u>	<u>914,636</u>	<u>771,670</u>
NET ASSETS AT END OF YEAR	<u>\$ 377,542</u>	<u>\$ 319,738</u>	<u>\$ 697,280</u>	<u>\$ 914,636</u>

EL PORVENIR

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020				2019	
	Supporting Services			Total Expenses	Total Expenses	
	Program Services	Management and General	Fundraising			Total Supporting Services
Water and sanitation materials and supplies	\$ 770,585	\$ -	\$ -	\$ -	\$ 770,585	\$ 468,504
Waslala project	386,375	-	-	-	386,375	355,251
Salaries and wages	252,278	80,433	67,157	147,590	399,868	364,939
Payroll taxes and benefits	128,369	42,191	22,542	64,733	193,102	153,082
Reforestation materials and supplies	83,261	-	-	-	83,261	86,127
Travel	45,545	7,535	1,390	8,925	54,470	82,517
Health and hygienic education	94,248	-	-	-	94,248	57,754
Professional services	5,787	6,695	19,529	26,224	32,011	50,867
Rent and utilities	20,088	7,734	9,309	17,043	37,131	37,076
Depreciation	-	33,134	-	33,134	33,134	32,663
Institutional expenses	-	3,690	1,122	4,812	4,812	28,835
Bank charges and other fees	-	25,327	-	25,327	25,327	26,894
Office expense and supplies	2,678	16,144	7,902	24,046	26,724	25,278
Work trips	13,001	-	-	-	13,001	11,391
Outside services	-	-	-	-	-	9,667
Insurance	584	1,229	4,688	5,917	6,501	4,361
TOTAL	\$ 1,802,799	\$ 224,112	\$ 133,639	\$ 357,751	\$ 2,160,550	\$ 1,795,206

See accompanying notes to financial statements.

EL PORVENIR

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (217,356)	\$ 142,966
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	33,134	32,663
Unrealized gain on investments	(23,860)	(20,062)
Receipt of donated securities	(5,821)	(57,103)
Proceeds from the sale of donated securities	9,462	57,103
Gain on sale of fixed assets	(21,553)	-
Decrease (increase) in:		
Contributions receivable	82,706	106,918
Inventory	3,532	(273)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(25,842)	2,147
Accrued salaries and related benefits	<u>38,868</u>	<u>15,791</u>
Net cash (used) provided by operating activities	<u>(126,730)</u>	<u>280,150</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(45,550)	(60,006)
Proceeds from sale of fixed assets	45,000	-
Purchase of investments	<u>-</u>	<u>(92,206)</u>
Net cash used by investing activities	<u>(550)</u>	<u>(152,212)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>31,577</u>	<u>-</u>
Net cash provided by financing activities	<u>31,577</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(95,703)	127,938
Cash and cash equivalents at beginning of year	<u>447,609</u>	<u>319,671</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 351,906</u>	<u>\$ 447,609</u>

EL PORVENIR

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

El Porvenir (the Organization) is a non-profit organization, incorporated in the State of California. The Organization's mission 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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.

Net Assets With Donor Restrictions - Contributions restricted by donors are reported 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", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of \$52,473 as of December 31, 2020. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, the Organization maintains cash balances in excess of the FDIC insurance limits.

As of December 31, 2020, the Organization had \$86,576 of cash and cash equivalents held at financial institutions in Nicaragua to support operations in that country. The Fondo de Garantia de Depositos (Fund for Deposits Insurance) insures accounts at each Nicaraguan institution up to \$10,000.

Management believes the risk in these situations to be minimal.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income net of investment expenses paid to external investment advisors in the accompanying Statement of Activities and Change in Net Assets.

Investments acquired by gift are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Contributions receivable -

Contributions receivable are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor.

Inventory -

Inventory consists of stove tops, rope pumps and chimneys and is measured at the lower of cost and net realizable value using the first-in, first-out method of inventory under FASB ASU 2015-11 *Simplifying the Measurement of Inventory*.

Fixed assets -

Fixed assets in excess of \$500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally two to twenty years. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation expense for the year ended December 31, 2020 totaled \$33,134.

Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization is not a private foundation.

Uncertain tax positions -

For the year ended December 31, 2020, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Contributions -

The majority of the Organization's activities are supported by contributions. These awards are for various activities performed by the Organization. Contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Contributions (continued) -

For contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Contributions that are unconditional and have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions qualifying as conditional contributions contain a right of return from obligation provision that limits the Organization on how funds transferred should be spent. Additionally, a barrier is present that is related to the purpose of the agreement. Revenue is recognized when the condition or conditions on which they depend are substantially met. These transactions are nonreciprocal and classified as conditional and are therefore recognized as contributions when the revenue becomes unconditional. The Organization recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). The Organization had no unrecognized conditional awards as of December 31, 2020.

In-kind contributions -

In-kind contributions consist of donated materials to aid in building piped water systems, wells, handwashing stations, improved stoves, soil or water conservation works and latrines or toilets as well as aid in planting trees. In-kind contributions are recorded at their fair value as of the date of the gift. In addition, volunteers have donated significant amounts of their time to the Organization; these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

Foreign currency translation -

The functional currencies used by the Organization are the U.S. Dollar and the Nicaraguan Cordoba. Transactions in currencies other than U.S. Dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in currencies other than U.S. Dollars are translated into dollars at the exchange rate in effect at the date of the Statement of Financial Position. The Organization's operations are concentrated outside the United States in Nicaragua. Though the risk that any foreign operations could be interrupted in the near term is reasonably possible, management does not expect any disruption in the near or long-term.

Use of estimates -

The preparation of the 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Advertising -

The Organization expenses advertising costs as incurred.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Organization adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Organization accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

New accounting pronouncement (not yet adopted) -

FASB issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organization plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organization's operations. The overall potential impact is unknown at this time.

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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

2. INVESTMENTS

Investments consisted of the following as of December 31, 2020:

	<u>Fair Value</u>
Money market funds	\$ 52,473
Mutual funds	197,797
Certificates of deposit	<u>64,403</u>
TOTAL INVESTMENTS	\$ <u>314,673</u>

Included in investment income are the following:

Interest and dividends	\$ 1,549
Unrealized gain	23,860
Investment expenses provided by external investment advisors	<u>(2,187)</u>
TOTAL INVESTMENT INCOME, NET OF INVESTMENT EXPENSES	\$ <u>23,222</u>

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the year ended December 31, 2020.

- *Money market funds* - The money market fund is an open-end fund that is registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Mutual funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Organization are deemed to be actively traded.
- *Certificates of deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

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**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020**

2. INVESTMENTS (Continued)

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of December 31, 2020.

Asset Class:	Level 1	Level 2	Level 3	Total
Money market funds	\$ 52,473	\$ -	\$ -	\$ 52,473
Mutual funds	197,797	-	-	197,797
Certificates of deposit	-	64,403	-	64,403
TOTAL	\$ 250,270	\$ 64,403	\$ -	\$ 314,673

3. FIXED ASSETS

Fixed assets consisted of the following at December 31, 2020:

Land	\$ 16,891
Buildings	106,780
Furniture	35,515
Vehicles	218,623
Total fixed assets	377,809
Less: Accumulated depreciation	(189,128)
NET FIXED ASSETS	\$ 188,681

4. LOAN PAYABLE

On April 24, 2020, the Organization received loan proceeds in the amount of \$31,577 under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note with a deferral of payments for the first six months. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part. The Organization intends to use the proceeds for purposes consistent with the Paycheck Protection Program. Subsequent to year-end, the loan was forgiven, and accordingly, the Organization will record revenue from debt extinguishments during the year ending December 31, 2021

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020:

Program Services	\$ 319,738
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The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Program Services	\$ 1,203,643
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EL PORVENIR

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

6. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 351,906
Investments	314,673
Contributions receivable	<u>17,458</u>
Subtotal financial assets available within one year	684,037
Less: Donor restricted funds	<u>(319,738)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS
FOR GENERAL EXPENDITURES WITHIN ONE YEAR** \$ 364,299

The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due.

7. IN-KIND CONTRIBUTIONS

During the year ended December 31, 2020, the Organization was the beneficiary of donated goods which allowed the Organization to provide greater resources toward various programs. To properly reflect total program expenses, the following donations have been included in revenue and expense for the year ended December 31, 2020.

Donated Materials and Supplies \$ 45,847

The following programs have benefited from these donated services:

Program Services \$ 45,847

8. LEASE COMMITMENTS

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

In addition, the Organization has three separate operating leases for office rental space in various parts of Nicaragua, with terms ranging between September 1, 2017 through October 31, 2022. Monthly rental payments on each space average between \$150 to \$164 per month with no annual increase.

The following is a schedule of the future minimum lease payments:

Year Ending December 31,

2021	\$ 9,608
2022	<u>5,315</u>
	\$ <u><u>14,923</u></u>

Rent expense for the year ended December 31, 2020 totaled \$37,131 and is included in rent and utilities in the accompanying Statement of Functional Expenses.

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NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020

9. RETIREMENT PLAN

The Organization 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%. Contributions to the Plan during the year ended December 31, 2020 totaled \$2,978.

10. WATERAID AMERICA INC.

The Organization entered into a cooperative agreement with WaterAid America (WAA) for the period 2016 through 2020 for the municipality of Waslala, Nicaragua. The purpose of the agreement is to increase access to water, sanitation and hygiene in rural communities of Waslala. As of December 31, 2020, the Organization had received \$554,629 towards the Waslala project, of which \$413,840 was from WAA. The Waslala project has expended a total of \$386,375 for the year ended December 31, 2020. The Organization is required to have a separate bank account for the WAA contributions and as of December 31, 2020, the balance in the account totaled \$17,490. WAA has agreed to fund 60% of the project in Waslala and the rest of the funding is to be provided by the Organization at 20% and local contributions at 20%. As of December 31, 2020, the Organization had funded 39% of the costs for the Waslala project.

11. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 24, 2021, the date the financial statements were issued.

On April 1, 2021, the Organization entered into a five-year promissory note agreement in the amount of \$31,365 with a 1% fixed interest rate under the Paycheck Protection Program. The promissory note calls for monthly principal and interest payments amortized over the term of the promissory note, unless otherwise forgiven. Under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the promissory note may be forgiven by the Small Business Administration in whole or in part.