



EL PORVENIR

Financial Statements
With Independent Auditors' Report

December 31, 2023 and 2022

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 statements of financial position as of December 31, 2023 and 2022, 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 El Porvenir as of December 31, 2023 and 2022, and the changes in its net assets and 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 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 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 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
June 27, 2024

EL PORVENIR

Statements of Financial Position

	December 31,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 348,052	\$ 290,972
Investments	198,851	178,491
Investments held for others	39,012	35,654
Promises to give and other receivables	35,575	81,634
Inventory and other assets	4,477	8,365
Operating leases–right-of-use assets	30,414	46,409
Property and equipment–net	85,248	108,662
Total Assets	\$ 741,629	\$ 750,187
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 116,496	\$ 125,360
Refundable advances on grants	94,326	192,046
Amounts held for others	39,012	35,654
Operating lease obligations	30,414	46,409
Total liabilities	280,248	399,469
Net assets:		
Without donor restrictions	265,414	159,884
With donor restrictions	195,967	190,834
Total net assets	461,381	350,718
Total Liabilities and Net Assets	\$ 741,629	\$ 750,187

See notes to financial statements

EL PORVENIR

Statements of Activities

	Year Ended December 31,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Contributions	\$ 1,625,202	\$ 161,541	\$ 1,786,743	\$ 1,474,267	\$ 146,187	\$ 1,620,454
Donated construction materials	-	-	-	22,475	-	22,475
Other income (loss)	60,695	-	60,695	(30,371)	-	(30,371)
Total Support and Revenue	<u>1,685,897</u>	<u>161,541</u>	<u>1,847,438</u>	<u>1,466,371</u>	<u>146,187</u>	<u>1,612,558</u>
NET ASSETS RELEASED:						
From purpose restrictions	<u>156,408</u>	<u>(156,408)</u>	<u>-</u>	<u>169,764</u>	<u>(169,764)</u>	<u>-</u>
EXPENSES:						
Program services:	1,399,325	-	1,399,325	1,423,637	-	1,423,637
Supporting activities:						
General and administrative	201,334	-	201,334	209,521	-	209,521
Fundraising	111,710	-	111,710	123,545	-	123,545
	<u>313,044</u>	<u>-</u>	<u>313,044</u>	<u>333,066</u>	<u>-</u>	<u>333,066</u>
Total Expenses	<u>1,712,369</u>	<u>-</u>	<u>1,712,369</u>	<u>1,756,703</u>	<u>-</u>	<u>1,756,703</u>
Change in Net Assets Before						
Foreign Currency Translation	129,936	5,133	135,069	(120,568)	(23,577)	(144,145)
Foreign Currency Translation Adjustments	<u>(24,406)</u>	<u>-</u>	<u>(24,406)</u>	<u>(15,529)</u>	<u>-</u>	<u>(15,529)</u>
Change in Net Assets	105,530	5,133	110,663	(136,097)	(23,577)	(159,674)
Net Assets, Beginning of Year	<u>159,884</u>	<u>190,834</u>	<u>350,718</u>	<u>295,981</u>	<u>214,411</u>	<u>510,392</u>
Net Assets, End of Year	<u>\$ 265,414</u>	<u>\$ 195,967</u>	<u>\$ 461,381</u>	<u>\$ 159,884</u>	<u>\$ 190,834</u>	<u>\$ 350,718</u>

See notes to financial statements

EL PORVENIR

Statements of Functional Expenses

Year Ended December 31, 2023				
Program Services	Supporting Activities:			Total
	General and Administrative	Fundraising		
Project materials and supplies	\$ 706,898	\$ -	\$ -	\$ 706,898
Salaries and benefits	479,100	95,612	87,314	662,026
Travel and vehicles	88,397	5,528	3,684	97,609
Occupancy	50,140	7,343	6,244	63,727
Professional services	6,082	39,399	7,233	52,714
Education	45,891	-	-	45,891
Office expense, supplies, and other	22,817	12,587	7,235	42,639
Depreciation	-	26,218	-	26,218
Bank charges and other fees	-	14,647	-	14,647
Total Expenses	<u>\$ 1,399,325</u>	<u>\$ 201,334</u>	<u>\$ 111,710</u>	<u>\$ 1,712,369</u>

Year Ended December 31, 2022				
Program Services	Supporting Activities:			Total
	General and Administrative	Fundraising		
Project materials and supplies	\$ 754,855	\$ -	\$ -	\$ 754,855
Salaries and benefits	461,644	107,435	94,366	663,445
Travel and vehicles	83,355	7,059	3,433	93,847
Occupancy	47,167	9,040	5,591	61,798
Professional services	11,300	37,648	13,583	62,531
Education	46,727	-	-	46,727
Office expense, supplies, and other	18,589	7,740	6,572	32,901
Depreciation	-	22,286	-	22,286
Bank charges and other fees	-	18,313	-	18,313
Total Expenses	<u>\$ 1,423,637</u>	<u>\$ 209,521</u>	<u>\$ 123,545</u>	<u>\$ 1,756,703</u>

See notes to financial statements

EL PORVENIR

Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 110,663	\$ (159,674)
Foreign currency translation adjustments	24,406	15,529
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Reinvested dividends	(1,153)	(506)
Loss on sale of investments	(23,750)	36,284
Depreciation and amortization	26,218	22,286
Change in operating assets and liabilities:		
Promises to give and other receivables	46,059	31,926
Inventory and other assets	3,888	1,680
Accounts payable and accrued expenses	(8,864)	(12,963)
Refundable advances on grants	(97,720)	97,835
Amounts held for others	3,358	9,538
Net Cash Provided by Operating Activities	<u>83,105</u>	<u>41,935</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(7,401)	(4,147)
Purchases of investments	(9,715)	(14,018)
Proceeds from investments	10,900	89,598
Net Cash Provided (Used) by Investing Activities	<u>(6,216)</u>	<u>71,433</u>
Effect of Exchange Rate Changes on Cash	(19,809)	(3,740)
Net Change in Cash and Cash Equivalents	57,080	109,628
Cash and Cash Equivalents, Beginning of Year	<u>290,972</u>	<u>181,344</u>
Cash and Cash Equivalents, End of Year	<u>\$ 348,052</u>	<u>\$ 290,972</u>
SUPPLEMENTAL DISCLOSURE:		
Operating lease–right-of-use assets obtained in exchange for operating lease obligations	<u>\$ -</u>	<u>\$ 58,998</u>

See notes to financial statements

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Notes to Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022, the balance on deposit exceeding the federally insured limits was approximately \$56,000 and \$37,500, respectively.

INVESTMENTS AND INVESTMENTS HELD FOR OTHERS

Investments and investments held for others are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in the statements of activities. Amounts 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.

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, 2023 and 2022.

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Notes to Financial Statements

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

OPERATING LEASES—RIGHT-OF-USE ASSETS AND OBLIGATIONS

Some of El Porvenir's contracts contain the right to control the use of property or assets and are therefore considered leases. El Porvenir records right-of-use assets and lease obligations on the statements of financial position for the rights and obligations created by leases with initial terms of more than twelve months. El Porvenir has elected to not separate lease and non-lease components. The additional lease disclosures can be found in Note 6.

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.

REFUNDABLE ADVANCES ON GRANTS

Refundable advances on grants consist of grant proceeds that were received by El Porvenir that have not been earned as of December 31, 2023 and 2022; therefore, they are not recognized as income until the grants are earned, which is when they are spent on the associated project.

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

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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.

Donated construction materials consist of materials to be used in the ministry that were donated to El Porvenir during the years ended December 31, 2023 and 2022 and used in the programs of El Porvenir. All contributions are recorded at the estimated fair value at the date of donation, based on retail or wholesale values and reported at the carrying amount thereafter. No donor imposed restrictions were associated with these contributed assets.

Other income (loss) consists of interest income, realized and unrealized gains and losses 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 occupancy 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, 2023 and 2022

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects El Porvenir's financial assets 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:

	December 31,	
	2023	2022
Financial Assets:		
Cash and cash equivalents	\$ 348,052	\$ 290,972
Investments	198,851	178,491
Investments held for others	39,012	35,654
Promises to give and other receivables	35,575	81,634
	<u>621,490</u>	<u>586,751</u>
Less those unavailable for general expenditures within one year due to:		
Investments held for others	<u>(39,012)</u>	<u>(35,654)</u>
	<u>\$ 582,478</u>	<u>\$ 551,097</u>

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.

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Notes to Financial Statements

December 31, 2023 and 2022

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):

	December 31,	
	2023	2022
Investments and assets held at fair value:		
Fixed income bond funds	\$ 102,176	\$ 94,646
Equity exchange-traded and mutual funds	113,200	95,254
	<u>215,376</u>	<u>189,900</u>
Investments and assets held at other than fair value:		
Certificates of deposit	19,822	19,605
Money market accounts	2,665	4,640
	<u>22,487</u>	<u>24,245</u>
Total investments and investments held for others	<u>\$ 237,863</u>	<u>\$ 214,145</u>

5. INVESTMENTS AND INVESTMENTS HELD FOR OTHERS:

Investments and investments held for others consist of the following and are reported as investments and investments held for others on the statements of financial position:

	December 31,	
	2023	2022
Fixed income bond funds	\$ 102,176	\$ 94,646
Equity exchange-traded and mutual funds	113,200	95,254
Certificates of deposit	19,822	19,605
Money market accounts	2,665	4,640
	<u>\$ 237,863</u>	<u>\$ 214,145</u>

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Notes to Financial Statements

December 31, 2023 and 2022

6. OPERATING LEASES—RIGHT-OF-USE ASSETS AND OBLIGATIONS:

El Porvenir leases office space under six noncancelable operating leases. These leases expire at various dates through 2027. The discount rate represents the incremental borrowing discount rate using a period comparable with that of the individual lease term as of adoption date. Monthly payments under these leases total \$1,611 with discount rates ranging from 2.66%-9.5%.

	December 31,	
	2023	2022
Operating lease right-of-use assets	\$ 30,414	\$ 46,409
Operating lease liabilities	\$ 30,414	\$ 46,409
Operating lease costs	\$ 19,332	\$ 16,857
Weighted-average discount rate	9.01%	8.44%
Weighted-average remaining lease term	2.45 years	2.90 years

Future minimum lease payments required under the operating leases that have an initial or remaining non-cancelable lease term in excess of one year are as follows:

<u>Year Ending December 31,</u>	
2024	\$ 15,867
2025	8,760
2026	5,520
2027	4,600
	<u>34,747</u>
Less imputed interest	<u>(4,333)</u>
	<u>\$ 30,414</u>

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Notes to Financial Statements

December 31, 2023 and 2022

7. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net, consists of:

	December 31,	
	2023	2022
Land	\$ 11,646	\$ 11,646
Buildings and improvements	81,636	81,981
Furniture and equipment	42,732	35,462
Vehicles	179,357	180,021
	315,371	309,110
Less accumulated depreciation	(230,123)	(200,448)
	<u>\$ 85,248</u>	<u>\$ 108,662</u>

8. AMOUNTS HELD FOR OTHERS:

Amounts held for others consist of Nicaraguan retirement accounts included in the investments held for others on the statements of financial position. As of December 31, 2023 and 2022, \$39,012 and \$35,654 was held for others, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consists of:

	December 31,	
	2023	2022
Time-restricted promises to give	\$ 34,426	\$ 80,824
Program services	161,541	110,010
	<u>\$ 195,967</u>	<u>\$ 190,834</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 years ended December 31, 2023 and 2022, were \$16,318 and \$14,108, respectively.

11. RELATED PARTY TRANSACTIONS:

During the years ended December 31, 2023 and 2022, El Porvenir received donations from board members totaling approximately \$47,000 and \$60,700, respectively.

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Notes to Financial Statements

December 31, 2023 and 2022

12. DONOR CONCENTRATION:

During the years ended December 31, 2023 and 2022, donations from El Porvenir's five largest donors provided 41% and 35% of El Porvenir's total support and revenue, respectively.

13. SUBSEQUENT EVENTS:

Subsequent events were evaluated through June 27, 2024, which is the date the financial statements were available to be issued.