



VICENTE FERRER FOUNDATION USA, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
MARCH 31, 2023 AND 2022

VICENTE FERRER FOUNDATION USA, INC.

FINANCIAL STATEMENTS

MARCH 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Vicente Ferrer Foundation USA, Inc.

Opinion

We have audited the accompanying financial statements of Vicente Ferrer Foundation USA, Inc. (a nonprofit organization), which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vicente Ferrer Foundation USA, Inc. as of March 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Vicente Ferrer Foundation USA, Inc. and to meet our 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, 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 Vicente Ferrer Foundation USA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 Vicente Ferrer Foundation USA, 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 Vicente Ferrer Foundation USA, 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.

Ouellette & Associates, P.A.
Certified Public Accountants

Lewiston, Maine
June 19, 2023

VICENTE FERRER FOUNDATION USA, INC.

STATEMENTS OF FINANCIAL POSITION

MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and Cash Equivalents	\$ 156,135	\$ 125,544
Pledges Receivable	69,116	4,992
Security Deposit and Other Assets	<u>6,075</u>	<u>7,146</u>
TOTAL ASSETS	<u>\$ 231,326</u>	<u>\$ 137,682</u>
LIABILITIES		
Accounts Payable and Accrued Expenses	<u>\$ 114</u>	<u>\$ -</u>
NET ASSETS		
Net Assets Without Donor Restrictions	177,212	137,682
Net Assets With Donor Restrictions	<u>54,000</u>	<u>-</u>
Total Net Assets	<u>231,212</u>	<u>137,682</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 231,326</u>	<u>\$ 137,682</u>

See Independent Auditor's Report and Accompanying Notes to the Financial Statements

VICENTE FERRER FOUNDATION USA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2023

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
REVENUES AND SUPPORT			
Private and Government Grants	\$ 300,000	\$ -	\$ 300,000
Contributions	<u>205,325</u>	<u>54,000</u>	<u>259,325</u>
TOTAL REVENUES AND SUPPORT	<u>505,325</u>	<u>54,000</u>	<u>559,325</u>
EXPENSES			
Program Services:			
Grants Made to India	177,954	-	177,954
Awareness	<u>120,996</u>	<u>-</u>	<u>120,996</u>
Total Program Services	<u>298,950</u>	<u>-</u>	<u>298,950</u>
Supporting Services:			
Management and General	112,350	-	112,350
Fundraising	<u>54,495</u>	<u>-</u>	<u>54,495</u>
Total Supporting Services	<u>166,845</u>	<u>-</u>	<u>166,845</u>
TOTAL EXPENSES	<u>465,795</u>	<u>-</u>	<u>465,795</u>
CHANGE IN NET ASSETS	39,530	54,000	93,530
NET ASSETS, BEGINNING OF YEAR	<u>137,682</u>	<u>-</u>	<u>137,682</u>
NET ASSETS, END OF YEAR	<u>\$ 177,212</u>	<u>\$ 54,000</u>	<u>\$ 231,212</u>

See Independent Auditor's Report and Accompanying Notes to the Financial Statements

VICENTE FERRER FOUNDATION USA, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED MARCH 31, 2022

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
REVENUES AND SUPPORT			
Grants	\$ 300,000	\$ -	\$ 300,000
Contributions	338,600	-	338,600
Contributions - PPP Loan	45,282	-	45,282
Release of Donor Restricted Funds	<u>10,000</u>	<u>(10,000)</u>	<u>-</u>
TOTAL REVENUES AND SUPPORT	<u>693,882</u>	<u>(10,000)</u>	<u>683,882</u>
EXPENSES			
Program Services			
Grants Made to India	305,224	-	305,224
Awareness	<u>106,095</u>	<u>-</u>	<u>106,095</u>
Total Program Services	<u>411,319</u>	<u>-</u>	<u>411,319</u>
Supporting Services:			
Management and General	116,149	-	116,149
Fundraising	<u>70,700</u>	<u>-</u>	<u>70,700</u>
Total Supporting Services	<u>186,849</u>	<u>-</u>	<u>186,849</u>
TOTAL EXPENSES	<u>598,168</u>	<u>-</u>	<u>598,168</u>
CHANGE IN NET ASSETS	95,714	(10,000)	85,714
NET ASSETS, BEGINNING OF YEAR	<u>41,968</u>	<u>10,000</u>	<u>51,968</u>
NET ASSETS, END OF YEAR	<u>\$ 137,682</u>	<u>\$ -</u>	<u>\$ 137,682</u>

See Independent Auditor's Report and Accompanying Notes to the Financial Statements

VICENTE FERRER FOUNDATION USA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2023

	<i>Program Services</i>	<i>Support Services</i>		<i>Total</i>
		<i>Management and General</i>	<i>Fundraising</i>	
GRANTS MADE TO INDIA	\$ 177,954	\$ -	\$ -	\$ 177,954
SALARIES AND RELATED EXPENSES				
Salaries and Wages	93,869	54,444	39,425	187,738
Payroll Taxes	6,032	6,430	3,274	15,736
Total Salaries and Related Expenses	99,901	60,874	42,699	203,474
OTHER EXPENSES				
Bank Service Charges	-	832	1,548	2,380
Charitable Solicitations	-	-	2,291	2,291
Insurance	35	2,177	25	2,237
Outside Contracted Services	5,739	2,171	4,683	12,593
Postage and Mailing	382	193	280	855
Printing and Copying	559	236	429	1,224
Professional Fees	1,764	40,600	-	42,364
Rent, Parking, Utilities	11,600	4,042	1,933	17,575
Supplies	68	828	168	1,064
Telephone	467	298	342	1,107
Travel Expenses	481	99	97	677
Total Other Expenses	21,095	51,476	11,796	84,367
TOTAL EXPENSES	\$ 298,950	\$ 112,350	\$ 54,495	\$ 465,795

See Independent Auditor's Report and Accompanying Notes to the Financial Statements

VICENTE FERRER FOUNDATION USA, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED MARCH 31, 2022

	<i>Program Services</i>	<i>Support Services</i>		<i>Total</i>
		<i>Management and General</i>	<i>Fundraising</i>	
GRANTS MADE TO INDIA	<u>\$ 305,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 305,224</u>
SALARIES AND RELATED EXPENSES				
Salaries and Wages	81,288	86,399	49,565	217,252
Payroll Taxes	<u>6,823</u>	<u>7,380</u>	<u>4,209</u>	<u>18,412</u>
Total Salaries and Related Expenses	<u>88,111</u>	<u>93,779</u>	<u>53,774</u>	<u>235,664</u>
OTHER EXPENSES				
Bank Service Charges	-	848	3,816	4,664
Charitable Solicitations	-	179	1,749	1,928
Insurance	733	2,365	325	3,423
Outside Contracted Services	6,336	1,285	5,091	12,712
Postage and Mailing	85	150	177	412
Printing and Copying	846	77	175	1,098
Professional Fees	4,014	11,500	2,750	18,264
Rent, Parking, Utilities	5,184	5,441	2,679	13,304
Supplies	501	-	35	536
Telephone	257	280	129	666
Travel Expenses	28	-	-	28
Depreciation	<u>-</u>	<u>245</u>	<u>-</u>	<u>245</u>
Total Other Expenses	<u>17,984</u>	<u>22,370</u>	<u>16,926</u>	<u>57,280</u>
TOTAL EXPENSES	<u>\$ 411,319</u>	<u>\$ 116,149</u>	<u>\$ 70,700</u>	<u>\$ 598,168</u>

See Independent Auditor's Report and Accompanying Notes to the Financial Statements

VICENTE FERRER FOUNDATION USA, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 93,530	\$ 85,714
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Flows from Operating Activities:</i>		
Depreciation	-	245
Contributions - PPP Loan	-	(45,282)
<i>(Increase) Decrease in Operating Assets:</i>		
Pledges Receivable	(64,124)	8,419
Grants Receivable	-	5,000
Security Deposits and Other Assets	1,071	(394)
<i>Increase (Decrease) in Operating Liabilities:</i>		
Grants Payable	-	(74,865)
Accounts Payable and Accrued Expenses	114	(209)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>30,591</u>	<u>(21,372)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	30,591	(21,372)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>125,544</u>	<u>146,916</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 156,135</u>	<u>\$ 125,544</u>

See Independent Auditor's Report and Accompanying Notes to the Financial Statements

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2023 AND 2022

NOTE 1: NATURE OF ACITIVITIES

Vicente Ferrer Foundation USA, Inc. (VFF USA) was incorporated on March 18, 2013 for the purpose of supporting charitable, education, and scientific programs as described in Section 501(c)(3) of the Internal Revenue Code, by empowering rural communities in India through building strategic partnerships with key corporate, individual, and institutional stakeholders in the United States. VFF USA is supported primarily through donor contributions and grants. VFF USA's principal place of business is in Washington, DC.

VFF USA's mission is empowering rural communities to improve their living conditions. VFF USA does this by educating people in the USA about the development challenges faced by communities that they partner with in India and by fundraising for projects in India. Program services consist of grants, charitable initiatives, and educational events.

Awareness - Educate people in the United States about the challenges faced by marginalized communities in rural India, as well as the sustainable development projects which VFF and its partners are carrying out to empower local communities to improve their own living conditions.

Grant Making to India - Provides grants to their partners in India to support comprehensive development programs. Grant making supports rural infrastructure, health equity, education, and sustainable agriculture programs focused on marginalized populations, including women and people with disabilities.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of VFF USA have been prepared on the accrual basis of accounting and are presented in accordance with accounting principles generally accepted in the United States of America (GAAP), and accordingly reflects all significant receivables, payables, and other liabilities.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from the estimates.

Classification of Net Assets

Net assets of VFF USA are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or been met.

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 2023 AND 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets With Donor Restrictions - Assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of VFF USA.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, VFF USA considers all liquid investments with a maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Balances outstanding after management has used reasonable collection efforts are written-off through a charge to bad debt expense and a credit to the applicable grants receivable. Management does not believe an allowance for uncollectible grants receivable was necessary at March 31, 2023 or 2022.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at their estimated fair value at the date of the gift. Depreciation is computed on a straight-line basis over the following estimated useful lives of the assets:

Computer Equipment	3 years
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VFF USA's capitalization policy is to depreciate additions over \$1,000. Minor additions or repairs that do not extend the useful life of these assets are expensed in the year incurred.

Refundable Advance – Paycheck Protection Program (PPP)

VFF USA's policy to account for forgivable loans received through the Small Business Administration (SBA) under the *Coronavirus Aid, Relief and Economic Security Act (CARES Act)* Paycheck Protection Program (PPP), a refundable advance liability in accordance with Accounting Standards Codification (ASC) 958-605, *Not-for Profit Entities*. VFF USA recognizes contribution income once conditions for forgiveness are substantially met or explicitly waived. As of March 31, 2022, contributions of \$45,282, were recorded for the second round of PPP funds which were approved for forgiveness on December 9, 2021.

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 2023 AND 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Grants, Contributions and Unconditional Promises to Give**

VFF USA receives a grant from a partner organization in Spain to cover operational expenses. All grants have a grant agreement to determine the use and allocation. This grant allows additional donor contributions in the United States to be sent to India to meet the mission and continue to establish VFF USA's office in the United States. Grants that are considered exchange transactions are recorded as revenue when earned, which is generally when the related expenditures are incurred. Grants that are not exchange transactions and are unconditional are recorded when VFF USA receives notification of the grant award. There were no grants receivable at March 31, 2023 and 2022.

VFF USA receives monthly gifts to support their child sponsorship and women's empowerment initiatives, as well as general donations on a one-time basis from contributors, which may have restrictions based upon the request of individual donors. Contributions received are recorded as donor-restricted net assets or net assets without donor restriction, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When a restriction on a contribution is met in the same reporting period that the contribution was received, the contribution is reported in the statement of activities as net assets without donor restrictions.

Functional Expenses

VFF USA allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses, that are common to several functions, are allocated by management based on effort. Supporting services are those related to operating and managing VFF USA and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Management and General - Includes all activities related to VFF USA's internal management.

Fundraising - Includes all activities related to maintaining contributor information, distribution of materials and other similar projects related to the procurement of funds for VFF USA's allocations and programs.

Grants to Others

VFF USA recognizes grant expenses at the time grant negotiations are substantially complete with the grantee and the grant award has been approved by the board of directors. As of March 31, 2023 and 2022, no grants were approved by the board of directors to India, but not yet paid.

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 2023 AND 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

VFF USA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, VFF USA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

Management has determined that VFF USA does not have any uncertain tax positions and associated unrecognized benefits or liabilities that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that VFF USA's tax returns will not be challenged by the taxing authorities and that VFF USA will not be subject to additional tax, penalties, and interest as a result of such challenge. Generally, VFF USA's tax returns remain subject to examination for three years after they were filed, however, there are currently no audits for any tax periods in progress.

Recent Accounting Pronouncements

Contributions

In June 2018, the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The issuance of this ASU was in response to the difficulty and diversity in practice of distinguishing between exchange transactions (reciprocal) and contributions (nonreciprocal), as well as distinguishing between conditional and unconditional contributions. Management has retroactively adopted the ASU effective April 1, 2021. No adjustment to the beginning balances of net asset accounts was necessary due to this change.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic ASC 842)*, which require leases to be recorded as an asset on the balance sheet for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than twelve months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2021. VFF USA has an operating lease for office space which has a term of twelve months and renews annually if both parties agree to the terms. As a result, management has not adopted ASC 842.

Subsequent Events

Management has made an evaluation of subsequent events through June 19, 2023, the date the financial statements were available to be issued and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

VICENTE FERRER FOUNDATION USA, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 2023 AND 2022

NOTE 3: PLEDGES RECEIVABLE

Pledges receivable have consisted of small dollar donations (contributions) made online to VFF USA that were not received as of year-end. However, at March 31, 2023, two pledges totaling \$60,000 had been committed to VFF USA. Total pledges receivable for the years ended March 31, 2023 and 2022 were \$69,116 and \$4,992, respectively. VFF USA believes these funds are fully collectible and no allowance was necessary.

NOTE 4: CONCENTRATIONS

Approximately 54% and 44% of VFF USA's revenue, for the years ended March 31, 2023 and 2022, respectively, was from one funding source, which is based in Spain.

NOTE 5: RELATED PARTY TRANSACTIONS

Grants were awarded to an organization for which the president of the board of VFF USA was also a program director. The grants awarded totaled \$177,954 and \$305,224 for the years ended March 31, 2023 and 2022, respectively.

NOTE 6: OPERATING LEASE

The Organization currently leases its office space under an operating lease for \$1,785 per month. The current operating lease was effective on March 1, 2023 and expires on February 29, 2024. Total rent expense was \$17,575 and \$13,304 for the years ended March 31, 2023 and 2022, respectively. Future minimum lease obligations under the lease agreement are \$19,635 for the year ending March 31, 2024.

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose:

	<u>2023</u>	<u>2022</u>
Anantapur Inclusive High School	\$ 36,000	\$ -
Batthalapalli Cerebral Palsy Center	<u>18,000</u>	<u>-</u>
	<u>\$ 54,000</u>	<u>\$ -</u>

VICENTE FERRER FOUNDATION USA, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 2023 AND 2022

NOTE 8: LIQUIDITY

VFF USA's financial assets available within one year of the statement of financial position date for general expenditures are as follows at March 31, 2023:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 156,135	\$ 125,544
Pledges Receivable	<u>69,116</u>	<u>4,992</u>
Total financial assets available within one year	<u>\$ 225,251</u>	<u>130,356</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	<u>54,000</u>	<u>-</u>
Total financial assets available within one year after restrictions	<u>\$ 171,251</u>	<u>\$ 130,356</u>

VFF USA manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.