



VICENTE FERRER FOUNDATION, USA, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
MARCH 31, 2019

VICENTE FERRER FOUNDATION USA, INC.

FINANCIAL STATEMENTS

MARCH 31, 2019

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OUELLETTE & ASSOCIATES, P.A.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Vicente Ferrer Foundation USA, Inc. (a nonprofit organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities, 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 organization'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 organization'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 Vicente Ferrer Foundation USA, Inc. as of March 31, 2019, and the changes 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.

Ouellette & Associates, P.A.
Certified Public Accountants

Lewiston, Maine
July 10, 2019

VICENTE FERRER FOUNDATION USA, INC.

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2019

ASSETS

Cash and Cash Equivalents	\$ 51,120
Pledges Receivable	1,497
Grants Receivable	9,700
Security Deposit and Other Assets	5,340
Property and Equipment, Net	<u>1,867</u>

TOTAL ASSETS \$ 69,524

LIABILITIES

Accounts Payable and Accrued Expenses	<u>\$ 139</u>
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NET ASSETS

Net Assets Without Donor Restrictions	54,835
Net Assets With Donor Restrictions	<u>14,550</u>
Total Net Assets	<u>69,385</u>

TOTAL LIABILITIES AND NET ASSETS \$ 69,524

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, 2019

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
REVENUES AND SUPPORT			
Grants	\$ 249,860	\$ -	\$ 249,860
Contributions	85,251	14,550	99,801
Special Event Revenue	161,970		161,970
In-Kind Contributions	68,579	-	68,579
TOTAL REVENUES AND SUPPORT	565,660	14,550	580,210
EXPENSES			
Program Services	332,566	-	332,566
Costs of Direct Benefits to Donors	69,659	-	69,659
Supporting Services:			
Management and General	186,144	-	186,144
Fundraising	73,015	-	73,015
Total Support Services	259,159	-	259,159
TOTAL EXPENSES	661,384	-	661,384
CHANGE IN NET ASSETS	(95,724)	14,550	(81,174)
NET ASSETS, BEGINNING OF YEAR	150,559	-	150,559
NET ASSETS, END OF YEAR	\$ 54,835	\$ 14,550	\$ 69,385

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, 2019

	<i>Program Services</i>	<i>Costs of Direct Benefits to Donors</i>	<i>Support Services</i>		<i>Total</i>
			<i>Management and General</i>	<i>Fundraising</i>	
GRANTS MADE TO OTHERS	\$ 127,905	\$ -	\$ -	\$ -	\$ 127,905
SALARIES AND RELATED EXPENSES					
Salaries and Wages	105,570	-	91,028	29,215	225,813
Payroll Taxes	8,877	-	7,498	2,426	18,801
Total Salaries and Related Expenses	114,447	-	98,526	31,641	244,614
OTHER EXPENSES					
Bank Service Charges	180	-	613	3,605	4,398
Charitable Solicitations	-	-	-	3,070	3,070
Conference Fee	3,473	-	304	1,536	5,313
Insurance	2,879	-	3,588	554	7,021
Outside Contracted Services	3,743	-	674	2,577	6,994
Postage and Mailing	149	-	14	68	231
Printing and Copying	796	-	220	30	1,046
Professional Fees	17,094	-	38,501	-	55,595
Rent, Parking, Utilities	13,629	-	8,635	2,954	25,218
Special Events Expenses	-	69,659	-	26,454	96,113
Supplies	1,077	-	61	119	1,257
Telephone	1,206	-	578	146	1,930
Travel	5,794	-	5,072	261	11,127
Depreciation	-	-	973	-	973
In-Kind Professional Services	40,194	-	28,385	-	68,579
Total Other Expenses	90,214	69,659	87,618	41,374	288,865
TOTAL EXPENSES	\$ 332,566	\$ 69,659	\$ 186,144	\$ 73,015	\$ 661,384

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

VICENTE FERRER FOUNDATION USA, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (81,174)
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Flows From Operating Activities:</i>	
Depreciation	973
<i>(Increase) Decrease in Operating Assets:</i>	
Accounts Receivable	867
Unconditional Promises to Give	(9,700)
Security Deposits and Other Assets	95
<i>Increase (Decrease) in Operating Liabilities:</i>	
Accounts Payable and Accrued Expenses	<u>(2,635)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>(91,574)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Property and Equipment	<u>(980)</u>
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NET CHANGE IN CASH AND CASH EQUIVALENTS **(92,554)**

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR **143,674**

CASH AND CASH EQUIVALENTS, END OF YEAR **\$ 51,120**

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

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2019

NOTE 1: NATURE OF ORGANIZATION

Nature of Organization

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, and to end poverty in India by empowering rural communities through grants and awareness programs. The principal place of business of VFF USA is in Washington, DC.

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.

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.

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is necessary at March 31, 2019.

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 \$500. Minor additions or repairs that do not extend the useful life of these assets are expensed in the year incurred.

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. Grants receivable at March 31, 2019 totaled \$9,700.

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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

MARCH 31, 2019

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind

During the year ending March 31, 2019, VFF USA has service donations including legal services, advisory services, medical consulting services, Gala event services and photographer. Service donations for the year ending March 31, 2019 totaled \$68,579. In-kind contributions also consist of food for the Gala event totaling \$35,448. These donations are recorded at their fair value in the period received.

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.

Program Services

VFF USA empowers rural communities in India. VFF USA's mission is to eliminate poverty. 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 individuals in the United States about the challenges faced by communities in rural India by organizing events and activities to promote intercultural exchanges.

Grant Making to India - provides grants to their partners in India to support comprehensive development programs. VFF USA focuses grant making to support rural infrastructure, health equity, education for all, and sustainable agriculture for women, people with disabilities, and marginalized populations.

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 Trustees.

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 2019

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 which included the tax years ended March 31, 2017 through 2019.

Subsequent Events

Management has made an evaluation of subsequent events through July 10, 2019, the date the financial statements were available to be issued, and determine that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

NOTE 3: ADOPTION OF ACCOUNTING PRONOUNCEMENT

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three to two – net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by VFF USA, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the VFF USA's year ending March 31, 2019 and thereafter and must be applied on a retrospective basis. VFF USA adopted the ASU effective April 1, 2018. Adoption of the ASU did not result in any reclassifications or restatements of net assets or changes in net assets.

NOTE 4: PLEDGES RECEIVABLE

Pledges receivable consisted of small dollar donations made online to VFF USA that were not received as of March 31, 2019. Pledges receivable for the year ended March 31, 2019 total \$1,497. VFF USA believes these funds are fully collectible and no allowance is necessary.

VICENTE FERRER FOUNDATION USA, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 2019

NOTE 5: GRANTS RECEIVABLE

During the year ending March 31, 2019, VFF USA received a grant for a nutritional support project for the Adoni area in India. VFF USA received the first installment of \$4,850 at the time of the grant agreement. The remaining \$9,700 is scheduled to be received within the following fiscal year. VFF USA believes all unconditional promises to give are to be received.

NOTE 6: PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2019:

Computer Equipment	\$ 6,502
Less: Accumulated Depreciation	<u>4,635</u>
Net Property and Equipment	<u>\$ 1,867</u>

NOTE 7: CONCENTRATIONS

Approximately 48% of VFF USA's revenue, for the year ended March 31, 2019, was from one funding source, which is based in Spain.

NOTE 8: RELATED PARTY TRANSACTIONS

During 2019, a grant was given to an organization for which the president of VFF USA was also a program director. The grant awarded totaled \$127,905.

Ecotec is owned by the treasurer of the Board of Directors. For the year ended March 31, 2019, VFF USA paid Ecotec, \$12,000 for board advisory services.

NOTE 9: OPERATING LEASE

The Organization currently leases its office space under an operating lease for \$2,588 per month. The lease expires on February 28, 2020. Total rent expense was \$24,830 for the year ended March 31, 2019. Future minimum lease obligations under the non-cancelable lease agreement is \$28,468 for the year ending March 31, 2020.

NOTE 10: NET ASSETS WITH DONOR RESTRICTIONS

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

Manuel Contreras Pietri Grant - Nutritional support in India	<u>\$14,550</u>
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VICENTE FERRER FOUNDATION USA, INC.

NOTES TO FINANCIAL STATEMENTS

(Continued)

MARCH 31, 2019

NOTE 11: 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, 2019:

Cash and Cash Equivalents	\$ 51,120
Accounts Receivable	1,497
Unconditional Promises to Give	<u>9,700</u>
Total financial assets available within one year	<u>62,317</u>
Less amounts unavailable for general expenditures within one year, due to:	
Restricted by donors with purpose restrictions	<u>14,550</u>
Total financial assets available within one year after restrictions	<u>\$ 47,767</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.