

AYUDA PUERTO RICO, INC.
Financial Statements
December 31, 2018
With Independent Auditor's Report

Ayuda Puerto Rico, Inc.
Table of Contents
December 31, 2018

Independent Auditor's Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-9

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Ayuda Puerto Rico, Inc.:

We have audited the accompanying financial statements of Ayuda Puerto Rico, Inc. (a Not-for-Profit Organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 auditors consider 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 the Organization as of December 31, 2018, 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.

Emphasis of Matters

As discussed in Note 1 to the financial statements, in 2018 Ayuda Puerto Rico adopted new accounting guidance in accordance with Financial Accounting Standards Board Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

A handwritten signature in blue ink that reads 'Withum Smith + Brown, PC'. The signature is written in a cursive, flowing style.

March 13, 2020

Ayuda Puerto Rico, Inc.
Statement of Financial Position
December 31, 2018

Assets

Current assets

Cash

\$ 973,112

Total assets

\$ 973,112

Liabilities and Net Assets

Current liabilities

Related party payable

\$ 4,855

Net assets without donor restrictions

968,257

Total liabilities and net assets

\$ 973,112

The Notes to Financial Statements are an integral part of this statement.

Ayuda Puerto Rico, Inc.
Statement of Activities and Changes in Net Assets
Year Ended December 31, 2018

Revenues	
Public support	
Contributions	\$ 74,075
Expenses	
Program	254,555
General and administrative	<u>11,000</u>
	<u>265,555</u>
Change in net assets without donor restrictions	(191,480)
Net assets without donor restrictions	
Beginning of year	<u>1,159,737</u>
End of year	<u>\$ 968,257</u>

The Notes to Financial Statements are an integral part of this statements.

Ayuda Puerto Rico, Inc.
Statement of Cash Flows
Year Ended December 31, 2018

Operating activities

Change in net assets without donor restrictions	\$ (191,480)
Adjustments to reconcile change in net assets without donor restrictions to net cash used in operating activities	
Change in operating liabilities	
Accounts payable	<u>3,272</u>
Net cash used in operating activities	<u>(188,208)</u>

Net change in cash (188,208)

Cash

Beginning of year 1,161,320

End of year \$ 973,112

The Notes to Financial Statements are an integral part of this statement.

Ayuda Puerto Rico, Inc.
Statement of Functional Expenses
Year Ended December 31, 2018

	<u>Program</u>	<u>General and Administrative</u>	<u>Total</u>
Relief supplies	\$ 10,517	\$ -	\$ 10,517
Grants	161,351	-	161,351
Contract services	82,687	-	82,687
Professional fees	<u>-</u>	<u>11,000</u>	<u>11,000</u>
	<u>\$ 254,555</u>	<u>\$ 11,000</u>	<u>\$ 265,555</u>

The Notes to Financial Statements are an integral part of this statement.

Ayuda Puerto Rico, Inc.
Notes to Financial Statements
December 31, 2018

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies followed by Ayuda Puerto Rico, Inc. in the preparation of the accompanying financial statements are as follows:

Organization and Nature of Operations

Ayuda Puerto Rico, Inc. (“Ayuda” or the “Organization”) was incorporated as a New York not-for-profit corporation on September 20, 2017. Ayuda was established in our efforts to provide immediate financial assistance to the victims of natural disasters, including Hurricanes Irma and Maria, in Puerto Rico and other Caribbean islands. In partnership with other organizations, government, and private entities, is providing critical relief directly to the Island and all of its victims.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America which require the Organization to report information regarding its financial position and activities in accordance to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor imposed restrictions and many be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets.

Revenue Recognition

Contributions are recognized as revenues when they are received or unconditionally pledged.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and New York taxation codes. Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

The Organization follows accounting principles generally accepted in the United States of America related to uncertain tax positions which require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50 percent likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization’s primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose. Management has evaluated the tax positions reflected in the Organization’s tax

Ayuda Puerto Rico, Inc.
Notes to Financial Statements
December 31, 2018

filings and does not believe that any significant uncertain tax positions exist. There are no income tax related penalties or interest for the period reported in these financial statements. Should any such penalties and interest be incurred, the Organization's policy would be to recognize them as a general and administrative expense.

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 those estimates.

Donated services and materials

Volunteers provided a variety of tasks to assist the Organization in carrying out its mission that are not recognized as contributions in the accompanying financial statements because they do not meet the criteria for recognition.

Donated materials are recognized as contributions at their fair value in the period received. During fiscal 2018 the Organization received donated materials that were not recognized in the accompanying financial statements because they were not significant.

Recent Accounting Pronouncements

Adopted in the current year:

Presentation of Financial Statements of Not-For-Profit Entities

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958) - *Presentation of Financial Statements of Not-for-profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively with a reclassification of net assets from unrestricted net assets to net assets without donor restrictions in the amount of \$1,161,320 at December 31, 2017.

Not yet adopted:

Contribution Revenue Recognition

In July 2018, the FASB issued Accounting Standards Update ("ASU") 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The FASB issued this ASU to improve and clarify existing guidance on revenue recognition of grants and contracts by not-for-profit organizations ("NFPs") because there is diversity in practice among NFPs with characterizing grants and similar contracts with government agencies and others as reciprocal transactions (exchanges) or nonreciprocal transactions (contributions) and distinguishing between conditional and unconditional contributions. This ASU also provides guidance to help determine whether a contribution is conditional or unconditional, and better distinguish a donor-imposed condition from a donor-imposed restriction. This ASU is effective for annual periods and interim periods beginning after December 15, 2018. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Ayuda Puerto Rico, Inc.
Notes to Financial Statements
December 31, 2018

2. RELATED PARTY TRANSACTIONS

Ayuda Puerto Rico, Inc. is a member of the Acacia Network (“the Network”) and is related to each of the organizations within the Network through common management and overlapping board members on the respective entities. Certain members of the Network have entered into transactions with the Organization. A brief summary of selected entities is as follows: Puerto Rican Organization to Motivate, Enlighten and Serve Addicts, Inc. (“Promesa”), a not-for-profit healthcare organization, Promesa Administrative Services Organization, Inc. (“PASO”), the Network’s common paymaster, Acacia Network Inc. (“Acacia”), a not-for-profit entity, and Sera Security Services, LLC (“Sera”), a for-profit guard service security company. In addition, Promesa Enterprises, Inc. (“Enterprises”), a for-profit corporation, and Promesa Foundation (“Foundation”), a not-for-profit fundraising entity and landlord for the Network, each has an equity interest in Sera.

3. NOT FOR PROFIT REPORTING MODEL

In accordance with ASU 2016-14, the Organization is required to provide information about liquidity as well as the method used to allocate expenses among various functional categories.

Liquidity and Availability

The Organization has \$973,112 of cash financial assets that could be available within one year of the statement of financial position date to meet cash needs for general expenditures which are also not subject to contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The Organization has a goal to maintain financial assets, which consist of cash, to meet 60 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Functional Allocation of Expenses

The Organization has one major function which is providing immediate financial assistance to the victims of natural disasters in Puerto Rico. Expenses that are supporting in nature are reported on the statement of activities and changes in net assets and include professional fees. Significant program expenses presented on the statement of activities and changes in net assets are grants, contract services and relief supplies. These expenses are direct expenses of the program and are not allocated between functional expense categories.

4. CONCENTRATION OF CREDIT RISK

For the year ended December 31, 2018, five contributors, each of which accounted for more than 10 percent of the Organization’s contributions, accounted for 76% percent of total revenues.

Ayuda Puerto Rico, Inc’s financial instruments exposed to concentrations of credit risk consists primarily of cash. Cash is placed in institutions that have high credit ratings. These policies limit the Organization’s exposure to concentrations of credit risk. For the year ended December 31, 2018, Ayuda Puerto Rico, Inc. had cash deposits in excess of FDIC limits.

5. SUBSEQUENT EVENTS

Ayuda Puerto Rico, Inc. has evaluated subsequent events occurring after the statement of financial position date, through the date of March 13, 2020, the date the financial statements were available for release. Based upon this evaluation, Ayuda Puerto Rico, Inc. has determined that no subsequent events have occurred, which require adjustment to or disclosure in the financial statements.