

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**

FINANCIAL STATEMENTS

June 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ALDEA: Advancing Local Development through Empowerment and Action
New York, New York

We have audited the accompanying financial statements of ALDEA: Advancing Local Development through Empowerment and Action, which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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 ALDEA: Advancing Local Development through Empowerment and Action as of June 30, 2020 and 2019, 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.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, ALDEA: Advancing Local Development through Empowerment and Action adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued clarifying ASUs and ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of July 1, 2019. Our opinion is not modified with respect to this matter.

Wegner CPAs, LLP
Waukesha, Wisconsin
September 18, 2020

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash	\$ 473,550	\$ 214,347
Unconditional promises to give	-	13,001
Investments	610,620	829,309
Total assets	\$ 1,084,170	\$ 1,056,657
LIABILITIES		
Accrued payroll	\$ 3,146	\$ 2,526
Accrued vacation	1,438	2,661
Deferred revenue	7,180	5,280
Total liabilities	11,764	10,467
NET ASSETS		
Net assets without restrictions	852,996	785,770
Net assets with restrictions	219,410	260,420
Total net assets	1,072,406	1,046,190
Total liabilities and net assets	\$ 1,084,170	\$ 1,056,657

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2020 and 2019

	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions	\$ 517,731	\$ 525,323
Tour income	21,630	53,120
Investment return, net	26,074	20,102
Total support and revenue	565,435	598,545
EXPENSES		
Program services		
Guatemalan community assistance	510,461	551,640
Education and outreach	92,182	132,196
Total program services	602,643	683,836
Supporting activities		
Management and general	43,144	52,642
Fundraising	49,560	54,760
Total expenses	695,347	791,238
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	197,138	174,782
Change in net assets without donor restrictions	67,226	(17,911)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	156,128	233,316
Net assets released from restrictions	(197,138)	(174,782)
Change in net assets with donor restrictions	(41,010)	58,534
Change in net assets	26,216	40,623
Net assets at beginning of year	1,046,190	1,005,567
Net assets at end of year	\$ 1,072,406	\$ 1,046,190

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
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STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2020 and 2019

	<u>Program Services</u>		<u>Supporting Activities</u>		<u>Total Expenses</u>
	<u>Guatemalan Community Assistance</u>	<u>Education and Outreach</u>	<u>Management and General</u>	<u>Fundraising</u>	
<u>2020</u>					
Personnel	\$ -	\$ 43,272	\$ 12,982	\$ 30,290	\$ 86,544
Grants and scholarships	510,461	-	-	-	510,461
Professional fees	-	17,091	16,694	13,215	47,000
Travel	-	1,917	320	320	2,557
Tour expenses	-	19,832	-	-	19,832
Printing and postage	-	3,432	396	3,818	7,646
Office	-	1,612	9,853	-	11,465
Insurance	-	-	1,339	-	1,339
Conferences and meetings	-	2,547	424	424	3,395
Information technology	-	2,479	1,136	1,493	5,108
Total expenses	\$ 510,461	\$ 92,182	\$ 43,144	\$ 49,560	\$ 695,347
	<u>Program Services</u>	<u>Supporting Activities</u>			<u>Total Expenses</u>
	<u>Guatemalan Community Assistance</u>	<u>Education and Outreach</u>	<u>Management and General</u>	<u>Fundraising</u>	
<u>2019</u>					
Personnel	\$ -	\$ 42,237	\$ 20,715	\$ 41,399	\$ 104,351
Grants and scholarships	551,640	-	-	-	551,640
Professional fees	-	5,220	18,496	5,919	29,635
Travel	-	2,267	378	378	3,023
Tour expenses	-	40,520	-	-	40,520
Printing and postage	-	6,209	226	4,645	11,080
Office	-	4,655	10,565	525	15,745
Insurance	-	255	968	248	1,471
Conferences and meetings	-	964	160	160	1,284
Information technology	-	2,369	1,134	1,486	4,989
Video production	-	27,500	-	-	27,500.00
Total expenses	\$ 551,640	\$ 132,196	\$ 52,642	\$ 54,760	\$ 791,238

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 26,216	\$ 40,623
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized gain on investments (Increase) decrease in assets	(10,479)	(4,869)
Unconditional promises to give	13,001	15,326
Increase (decrease) in liabilities		
Accrued payroll	620	(2,382)
Accrued vacation	(1,223)	287
Deferred revenue	1,900	(15,225)
Net cash flows from operating activities	30,035	33,760
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and interest and dividends retained in investments	(307,161)	(1,274,749)
Proceeds from sales of investments	536,329	1,070,515
Net cash flows from investing activities	229,168	(204,234)
Change in cash	259,203	(170,474)
Cash at beginning of year	214,347	384,821
Cash at end of year	\$ 473,550	\$ 214,347

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

ALDEA: Advancing Local Development through Empowerment and Action (ALDEA) strengthens and expands processes of community development and participation that enhances people's lives. ALDEA works in respectful partnership with Mayan Guatemalans to have a positive impact on the problems associated with Guatemala's history of violence against indigenous populations, natural disasters, poverty, illiteracy and disastrously high rates of infant and maternal death. ALDEA supports sustainable development initiatives that strive to improve the health and well-being of particularly vulnerable sectors of society. ALDEA also promotes through experience-based education an understanding of the principles of participatory community development and the conditions under which it is most effective.

Promises to Give

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At June 30, 2019, all unconditional promises to give are collectible within one year.

Investments

ALDEA carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

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

Adoption of New Accounting Guidance

On May 28, 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU and all subsequently issued clarifying ASUs supersedes the revenue recognition requirements and most industry-specific guidance in U.S. generally accepted accounting principles. The core principle of the new guidance is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance also includes a cohesive set of disclosure requirements that will provide users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
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NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Guidance - continued

ALDEA adopted the requirements of the new guidance as of July 1, 2019, using the modified retrospective method of transition. In applying the new guidance, ALDEA elected to use the practical expedient that allows the guidance to be applied only to contracts that were not complete as of July 1, 2019.

The majority of ALDEA's revenue is recognized at a point in time based on the transfer of control. In addition, the majority of ALDEA's contracts do not contain variable consideration and contract modifications are generally minimal.

The adoption of the new guidance did not have a significant impact on ALDEA's financial statements. The majority of the ALDEA's revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. Based on the ALDEA's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new guidance.

Also, On June 21, 2018, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides a more robust framework for evaluating whether transactions such as grants and similar contracts with government agencies and others should be accounted for as exchange transactions or contributions. The ASU also assists entities in determining whether a contribution is conditional. ALDEA adopted the requirements of the ASU as of July 1, 2019. The changes in the ASU have been applied on a modified prospective basis, that is, the changes have been applied to agreements that are either not completed as of July 1, 2019, or entered into after that date.

Contributions

All contributions are considered available for ALDEA's general use unless specifically restricted by the donor. Contributions restricted by the donor are reported as increases in net asset with donor restrictions. Contributions received with restrictions that are met in the reporting period in which the support is recognized are reported as increases in net assets without donor restrictions. When a restriction expires, 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.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, professional fees, travel, printing and postage, office, insurance, conferences and meetings, and information technology, which are allocated on the basis of estimates of time and effort.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

ALDEA holds at least one 8 day and 8 night tour to Guatemala each year. Registration revenue from the tour is recognized over the point in time when the tour takes place. Tour fees paid in advance are recorded as deferred revenue until the tour is held.

Income Tax Status

ALDEA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, ALDEA 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).

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Date of Management’s Review

Management has evaluated subsequent events through September 18, 2020, the date which the financial statements were available to be issued.

NOTE 2 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes or periods:

	2020	2019
Water projects	\$ 46,799	\$ 93,275
Scholarships	7,174	7,174
Community Empowerment	8,413	10,562
Agriculture/nutrition projects	40,542	132,478
Development of Guatemalen communities	116,382	13,001
Stoves	-	3,830
Goats	100	100
	\$ 219,410	\$ 260,420

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NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 3 – INVESTMENTS

Investments consist of the following:

	<u>2020</u>	<u>2019</u>
Money market funds	\$ 211,200	\$ 449,679
Stock mutual funds	199,977	191,736
Bond mutual funds	<u>199,443</u>	<u>187,894</u>
Investments	<u>\$ 610,620</u>	<u>\$ 829,309</u>

NOTE 4 – FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Stock mutual funds	\$ 199,977	\$ 199,977	\$ -	\$ -
Bond mutual funds	<u>199,443</u>	<u>199,443</u>	<u>-</u>	<u>-</u>
Total - 2020	<u>\$ 399,420</u>	<u>\$ 399,420</u>	<u>\$ -</u>	<u>\$ -</u>
Stock mutual funds	\$ 191,736	\$ 191,736	\$ -	\$ -
Bond mutual funds	<u>187,894</u>	<u>187,894</u>	<u>-</u>	<u>-</u>
Total - 2019	<u>\$ 379,630</u>	<u>\$ 379,630</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions

NOTE 5 – RETIREMENT PLAN

ALDEA maintains a Simplified Employee Pension plan for all full-time employees. Employer contributions are discretionary and employees are fully vested upon participation in the plan. Retirement expense for the years ended June 30, 2020 and 2019 were \$2,033 and \$3,696, respectively.

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NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 6 – LIQUIDITY AND AVAILABILITY

The following reflects the ALDEA’s financial assets as of the date of the statements of financial position, reduced by amounts not available for general expenditures within one year of the date of the statements of financial position because of donor-imposed or other restrictions.

	2020	2019
Financial assets at year-end	\$ 1,084,170	\$ 1,056,657
Less those unavailable for general expenditures within one year, due to:		
Restricted by donor with purpose restrictions	(219,410)	(260,420)
Financial assets available to meet cash needs for general expenditures within one year	\$ 864,760	\$ 796,237

As part of the ALDEA’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.