

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

FINANCIAL STATEMENTS

June 30, 2019 and 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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 Pronouncement

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. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Wegner CPAs LLP

Wegner CPAs, LLP
Waukesha, Wisconsin
September 24, 2019

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
Cash	\$ 214,347	\$ 384,821
Unconditional promises to give	13,001	28,327
Investments	829,309	620,206
Total assets	<u>\$ 1,056,657</u>	<u>\$ 1,033,354</u>
LIABILITIES		
Accrued payroll	\$ 2,526	\$ 4,908
Accrued vacation	2,661	2,374
Deferred revenue	5,280	20,505
Total liabilities	10,467	27,787
NET ASSETS		
Net assets without restrictions	785,770	803,681
Net assets with restrictions	260,420	201,886
Total net assets	<u>1,046,190</u>	<u>1,005,567</u>
Total liabilities and net assets	<u>\$ 1,056,657</u>	<u>\$ 1,033,354</u>

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2019 and 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT AND REVENUE		
Contributions	\$ 525,323	\$ 541,504
Tour income	53,120	23,150
Investment return, net	20,102	41,141
Total support and revenue	598,545	605,795
EXPENSES		
Program services		
Guatemalan community assistance	551,640	512,153
Education and outreach	132,196	85,756
Total program services	683,836	597,909
Supporting activities		
Management and general	52,642	80,134
Fundraising	54,760	43,185
Total expenses	791,238	721,228
NET ASSETS RELEASED FROM RESTRICTIONS		
Satisfaction of purpose restrictions	174,782	164,596
Change in net assets without donor restrictions	(17,911)	49,163
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	233,316	189,137
Net assets released from restrictions	(174,782)	(164,596)
Change in net assets with donor restrictions	58,534	24,541
Change in net assets	40,623	73,704
Net assets at beginning of year	1,005,567	931,863
Net assets at end of year	\$ 1,046,190	\$ 1,005,567

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2019 and 2018

	Program Services		Supporting Activities		Total Expenses
	Guatemalan Community Assistance	Education and Outreach	Management and General	Fundraising	
<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
Total expenses	\$ 551,640	\$ 132,196	\$ 52,642	\$ 54,760	\$ 791,238
	Program Services		Supporting Activities		
	Guatemalan Community Assistance	Education and Outreach	Management and General	Fundraising	Total Expenses
<u>2018</u>					
Personnel	\$ -	\$ 44,441	\$ 48,316	\$ 26,559	\$ 119,316
Grants and scholarships	512,153	-	-	-	512,153
Professional fees	-	4,263	16,087	7,203	27,553
Travel	-	7,692	713	713	9,118
Tour expenses	-	17,335	-	-	17,335
Printing and postage	-	5,247	-	4,967	10,214
Office	-	1,272	11,531	897	13,700
Insurance	-	293	2,262	284	2,839
Conferences and meetings	-	3,122	196	1,430	4,748
Information technology	-	2,091	1,029	1,132	4,252
Total expenses	\$ 512,153	\$ 85,756	\$ 80,134	\$ 43,185	\$ 721,228

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 40,623	\$ 73,704
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	(4,869)	(33,421)
Unconditional promises to give	15,326	(25,052)
Increase (decrease) in liabilities		
Accrued payroll	(2,382)	4,908
Accrued vacation	287	211
Deferred revenue	(15,225)	10,465
Net cash flows from operating activities	33,760	30,815
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and interest and dividends retained in investments	(1,274,749)	(47,720)
Proceeds from sales of investments	1,070,515	53,673
Net cash flows from investing activities	(204,234)	5,953
Change in cash	(170,474)	36,768
Cash at beginning of year	384,821	348,053
Cash at end of year	\$ 214,347	\$ 384,821

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
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NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 Pronouncement

ALDEA adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, as of and for the year ended June 30, 2019. This 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 changes required by the update have been applied retrospectively to all periods presented. A key change required by the update are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
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NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 24, 2019, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

ALDEA maintains its cash balances in one financial institution located in New York. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019, ALDEA's cash balances were fully insured with federal depository insurance. At June 30, 2018, ALDEA's uninsured cash balances total approximately \$135,000.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
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NOTES TO FINANCIAL STATEMENTS
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NOTE 3 – INVESTMENTS

Investments consist of the following:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 449,679	\$ 143,041
Exchange traded funds	-	239,414
Stock mutual funds	191,736	237,751
Bond mutual funds	<u>187,894</u>	<u>-</u>
Investments	<u>\$ 829,309</u>	<u>\$ 620,206</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	\$ 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>
Exchange traded funds	\$ 239,414	\$ 239,414	\$ -	\$ -
Stock mutual funds	<u>237,751</u>	<u>237,751</u>	<u>-</u>	<u>-</u>
Total - 2018	<u>\$ 477,165</u>	<u>\$ 477,165</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5 – PROMISES TO GIVE

Promises to give consist of the following:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 13,001	\$ 3,330
Receivable in one to five years	<u>-</u>	<u>24,997</u>
Unconditional promises to give	<u>\$ 13,001</u>	<u>\$ 28,327</u>

**ALDEA: ADVANCING LOCAL DEVELOPMENT
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NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Water projects	\$ 93,275	\$ 2,487
Subsequent year operations	125,886	-
Scholarships	7,174	8,326
Community Empowerment	10,562	-
Agriculture/nutrition projects	6,592	131,830
Development of Guatemalen communities	13,001	56,393
Stoves	3,830	2,850
Goats	100	-
Net assets with donor restrictions	\$ 260,420	\$ 201,886

NOTE 7 – 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, 2019 and 2018 were \$3,696 and \$5,242, respectively.

NOTE 8 – LIQUIDITY AND AVAILABILITY

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

Financial assets at year-end	\$ 1,056,657
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with purpose restrictions	(134,534)
Financial assets available to meet cash needs for general expenditures within one year	\$ 922,123

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.