



# LIMITLESS HORIZONS IXIL, INC.

---

## Report on Reviewed Financial Statements

For the Year Ended  
December 31, 2020

***Archer365, PLLC***  
*Certified Public Accountants*

<b>Accountants' Review Report .....</b>	<b>1</b>
<b>Financial Statements</b>	
Statement of Financial Position .....	2
Statement of Activities.....	3
Statement of Functional Expenses .....	4
Statement of Cash Flows – Indirect Method.....	5
<b>Notes to Financial Statements.....</b>	<b>6</b>



**ARCHER365, PLLC**

*Certified Public Accountants*

## **Independent Accountants' Review Report**

To the Board of Trustees of  
LIMITLESS HORIZONS IXIL, INC.  
Roslindale, Massachusetts

We have reviewed the accompanying financial statement of Limitless Horizons Ixil, Inc. (a non-profit organization) which comprises the Statement of Financial Position as of December 31, 2020, and the related Statements of Activities, Functional Expenses, and Cash Flows - Indirect Method for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

*Archer365, PLLC*

November 2, 2021

Limitless Horizons Ixil, Inc.

Statement of Financial Position

As of December 31, 2020

**Assets**

Cash and Cash Equivalents	\$ 429,982
Investments (at fair value)	151,110
Pledges receivable, net	185,529
Grant and contributions receivable	30,655
Prepaid Expenses and Other Assets	<u>241,295</u>

**Total Assets** \$ 1,038,571

**Liabilities and Net Assets**

**Liabilities**

Accounts Payable and Accrued Liabilities	\$ 18,582
Loan Payable	<u>20,900</u>

**Total Liabilities** 39,482

**Net Assets**

Without Donor Restrictions	316,565
With Donor Restrictions	<u>682,524</u>

**Total Net Assets** 999,089

**Total Liabilities and Net Assets** \$ 1,038,571

Limitless Horizons Ixil, Inc.

Statement of Activities

For the Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total 2020
<b>Revenue and Support</b>			
Contributions	\$ 195,548	\$ 164,954	\$ 360,502
Grants	9,747	33,819	43,566
Craft Sales	7,481	-	7,481
Community Engagement Trips	5,500	-	5,500
Interest and Dividends	3,427	-	3,427
Unrealized loss on investments	(3,630)	-	(3,630)
Gain on Sale of Investments	9,386	-	9,386
Net Assets Released from Restrictions	<u>188,224</u>	<u>(188,224)</u>	<u>-</u>
<b>Total Revenues and Support</b>	<u>415,683</u>	<u>10,549</u>	<u>426,232</u>
<b>Expenses</b>			
Program services	331,580	-	331,580
General and administrative	64,279	-	64,279
Fundraising	<u>70,818</u>	<u>-</u>	<u>70,818</u>
<b>Total Expenses</b>	<u>466,677</u>	<u>-</u>	<u>466,677</u>
Change in Net Assets	(50,994)	10,549	(40,445)
Net Assets at Beginning of Year	<u>367,559</u>	<u>671,975</u>	<u>1,039,534</u>
Net Assets at End of Year	<u>\$ 316,565</u>	<u>\$ 682,524</u>	<u>\$ 999,089</u>

Limitless Horizons Ixil, Inc.

Statement of Functional Expenses

For the Year Ended December 31, 2020

	Program Services	Supporting Services			Total 2020
		General and Administrative	Fundraising	Supporting Subtotal	
<b>Expenses</b>					
Distributions to Guatemalan NGO - Operating	\$ 165,601	\$ -	\$ -	\$ -	\$ 165,601
Salaries and Related Benefits	88,133	14,101	38,779	52,880	141,013
Distributions for Construction	25,711	33,636	-	33,636	59,347
Contractors	17,596	4,285	16,498	20,783	38,379
Rent, Utilities and Maintenance	8,663	1,386	3,812	5,198	13,861
Community Collaboration	10,225	-	-	-	10,225
Stipends	5,501	1,222	1,426	2,648	8,149
Travel and Meals	3,543	567	1,559	2,126	5,669
Accounting and Filing Fees	-	4,817	-	4,817	4,817
Telephone and Technology	517	1,385	2,844	4,229	4,746
Supplies and Materials	2,747	440	1,209	1,649	4,396
Bank and Processing Fees	517	-	3,231	3,231	3,748
Depreciation	1,415	226	623	849	2,264
Printing, Publication, Posting and Shipping	-	-	837	837	837
Community Engagement Trip	634	-	-	-	634
Cost of Handicraft Sales	234	-	-	-	234
Other	543	2,214	-	2,214	2,757
<b>Total Expenses</b>	<u>\$ 331,580</u>	<u>\$ 64,279</u>	<u>\$ 70,818</u>	<u>\$ 135,097</u>	<u>\$ 466,677</u>

## Statement of Cash Flows - Indirect Method

---

*For the Year Ended December 31, 2020*

---

<b>Cash Flows from Operating Activities:</b>	
Change in Net Assets	\$ (40,445)
<b>Adjustments to reconcile change in net assets to net cash used in operating activities:</b>	
Depreciation	2,265
Net unrealized loss on investments	3,630
Discount on pledge receivable	(7,093)
Decrease (Increase) in Assets	
Pledges receivable, net	71,700
Grant and contributions receivable	27,376
Prepaid expenses and other assets	(228,629)
Increase in Liabilities	
Accounts Payable and Accrued Liabilities	<u>10,751</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(160,445)</u>
<b>Cash Flows from Investing Activities:</b>	
Purchases of Investments	(4,823)
Withdrawal of certificates of deposits	6,000
Sales of Investments	<u>51,922</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>53,099</u>
<b>Cash from Financing Activities:</b>	
Loan payable	<u>20,900</u>
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>20,900</u>
<b>Net Increase in Cash and Cash Equivalents</b>	(86,446)
<b>Cash and Cash Equivalents, Beginning of Year</b>	516,428
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 429,982</u></u>

(1) **Organization**

**Nature of Operations**

Limitless Horizons Ixil, Inc. (“LHI”) is a non-profit organization, incorporated in the State of Massachusetts. LHI’s mission is to create opportunities for the indigenous youth, women, and families of Chajul, Guatemala, to develop the academic and professional skills needed to effect change in their lives and community.

To support this mission LHI provides support to Horizontes Sin Limites, a local non-governmental organization registered in Guatemala. This support is referred to in the statement of functional expenses as distributions to Guatemalan NGO.

(2) **Summary of Significant Accounting Policies**

(a) ***Basis of Accounting***

LHI prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”) which involve the application of the accrual basis of accounting; consequently revenues and gains are recognized when earned and expenses and losses are recognized when incurred.

(b) ***Cash and cash equivalents***

LHI considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

(c) ***Grant and contributions receivable***

Grant and contributions receivable are stated at the amount management expects to collect from outstanding balances. It is the LHI’s policy to charge off uncollectible grants receivable when management determines that the grants receivable will not be collectible. As of December 31, 2020, management has established no allowance for doubtful accounts.

(d) ***Pledges Receivable***

Pledges receivable are stated net of a discount of \$1,171 at December 31, 2020 based on LHI’s calculation of the discount and based on an analysis of specific donors, taking into consideration the age of past due amounts and an assessment of the donor’s ability to pay.

(e) ***Financial Statement Presentation –***

To ensure the observation of limitations and restrictions on the use of resources available to LHI its net assets and revenues have been reported according to the following classifications:



- i) *Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions and may be used for any purpose in performing the primary objective of LHI. These net assets may be used at the discretion of LHI’s management and the Board of Directors and are considered net assets without donor restrictions.
- ii) *Net assets with donor restrictions* – Net assets subject to donor (or certain grantor) imposed restrictions or law. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. These donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.
- (f) *Use of estimates*
- The preparation of the financial statements in conformity with GAAP, requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (g) *Investments*
- LHI carries investments in marketable securities with readily determinable fair values at their fair values based on quoted prices in active markets (all Level 1 measurements) in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by a donor are reported as increases in net assets received without donor restrictions if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.
- (h) *Property and equipment*
- Furniture and equipment are recorded at cost, or if received as a gift, at fair value when acquired. Depreciation is computed on the straight-line basis over the estimated useful lives, which range from three to seven years. When items of furniture and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Maintenance and repairs are charged to expense as incurred; major renewals and betterments with a cost in excess of \$2,000 are capitalized
- (i) *Functional allocation of expenses*
- The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses, such as community engagement trips, salaries, and consulting are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of time and usage. Management and general expenses include those expenses that are not directly identifiable with any other specific function and provide for the overall support and direction of LHI.

(j) ***Income taxes***

LHI is exempt from income tax as a non-profit organization under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for income taxes is included in these financial statements. LHI adopted the income tax standard for uncertain tax positions on January 1, 2009. The implementation of the standard had no effect on the net assets of LHI.

(k) ***Net asset classification***

The net assets are reported in two self-balancing groups as follows:

*Net Assets without Donor Restrictions* include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of LHI and include both internally designated and undesignated resources.

*Net Assets with Donor Restrictions* include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of LHI and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

(l) ***In-kind contributions***

No amounts have been reflected in the statements for donated volunteer services because the criteria for recognition under generally accepted accounting principles have not been satisfied. However, a substantial number of volunteers have donated significant amounts of their time to develop LHI's programs and fundraising events.

(m) ***Recent Accounting Pronouncements***

i) ***Revenue Recognition*** - In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)," which outlined a single comprehensive model to use for accounting for revenue arising from customers and superseded nearly all existing GAAP revenue recognition guidance, including industry-specific guidance. The core principle of the standard is that revenue is recognized when the transfer of goods or services to customers occurs in an amount that reflects the consideration to which the LHI expects to be entitled in exchange for those goods or services. LHI adopted this standard effective January 1, 2020, and such adoption had no impact on LHI's revenue recognition.

ii) ***Leases*** - In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)." The primary objective of the standard is to increase transparency and comparability among organizations by requiring lessees to recognize lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset. The standard is effective for fiscal years beginning after December 15, 2020. Early adoption is permitted. LHI is currently evaluating the standard and its impact on the financial statements.

**(3) Concentration of Credit Risk**

LHI maintains its cash balances in various financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per depositor. As of December 31, 2020, LHI’s uninsured cash balance totaled approximately \$2,000.

**(4) Pledges Receivable**

Unconditional promises to give are recorded as receivables and revenue when received. LHI distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges are recorded after being discounted to the anticipated present value of the future cash flows.

Pledges are expected to be realized in the following periods:

Less than one year	\$111,700
One to five years	75,000
Less: Discount	<u>(1,171)</u>
Net unconditional promises to give	\$185,529

**(5) Investments**

The following is a summary of investments at December 31, 2020:

The overall investment objective of LHI is to attain a long-term rate of return sufficient to fund a portion of its annual activities and to preserve and enhance the real (inflation-adjusted) purchasing power of the investment portfolio. LHI diversifies its investments among various asset classes and the funds invested in ETFs are authorized by the Board of Directors.

LHI’s investments by major category in the fair value hierarchy as of December 31, 2020 are as follows:

	Cost	Level 1 Fair Market Value	Unrealized Appreciation (Depreciation)
Certificates of Deposits	\$83,418	83,418	-
Bond and Stock Funds	<u>\$29,553</u>	<u>67,692</u>	<u>38,141</u>
Total	\$112,971	\$151,110	\$38,141

Investment return is summarized as follows for the year ended December 31, 2020:

Interest and dividends	\$3,427
Realized gains	9,386
Net unrealized (losses) gains	<u>(3,630)</u>
Investment return	\$9,183

Accounting standards for fair value measurements establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. LHI uses appropriate valuation techniques based on the available inputs to measure fair value of its investments when available. LHI measures fair value for its holdings of bond and stock funds using level 1 inputs because they provide the most reliable evidence of fair value.

The fair value of bond and stock funds have been measured on a recurring basis using Level 1 inputs, which are based on unadjusted quoted market prices within active markets. There have been no changes in valuation techniques and related inputs.

#### (6) Liquidity and Availability

The following represents LHI's financial assets at December 31, 2020:

Financial assets, at year-end	
Cash and cash equivalents	\$429,982
Pledges receivable, net	185,529
Grants and contributions receivable	30,655
Investments	<u>151,110</u>
Total financial assets	\$797,276
Less: amounts not available to be used in one year	( 75,000)
Financial assets available to meet cash needs for general expenditure within one year	\$722,276

LHI regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. LHI typically maintains its financial assets in cash and investment accounts available for sale with a goal of having funds available when needed.

In addition to financial assets available to meet general expenditures over the next 12 months, LHI operates with a balanced budget and anticipates collecting sufficient revenue to cover general restricted resources.

**(7) Net Assets**

Net assets with donor restrictions as of December 31, 2020 consist of the following:

Purpose or time restriction	
Capital Campaign	\$ 666,524
Time restrictions	<u>16,000</u>
Total	<u>\$ 682,524</u>

Net assets released from donor restrictions were as follows for the year ended December 31, 2020:

Scholarships	\$36,263
Capital Campaign	94,604
Purpose restrictions	<u>57,357</u>
Total	<u>\$ 188,224</u>

**(8) Commitments**

In July 2020, LHI terminated their existing lease agreement in Santa Cruz as the space could not be utilized due to the COVID-19 pandemic. In July 2020, LHI signed a month-to-month sublease agreement with the Executive Director for an office space located in Santa Cruz, California for \$800 per month. For the year ended December 31, 2020 rent expense totaled \$13,276 and is included in rent, utilities and maintenance on the accompanying statement of functional expenses.

**(9) Retirement Plan**

LHI makes contributions on behalf of all employees who meet certain eligibility requirements to employee's pension retirement accounts established under Section 408(k) of the Internal Revenue Code. For the year ended December 31, 2020, retirement plan expense was \$4,294 and is included in salaries and related benefits on the accompanying statement of functional expenses.

**(10) Subsequent Events**

LHI has evaluated subsequent events through November 2, 2021, which is the date the financial statements were available to be issued.

In March 2021, LHI's loan payable, a \$20,900 loan under the Paycheck Protection Program was forgiven.

In May 2021, LHI obtained a \$22,366 second loan under the Paycheck Protection Program. In September 2021, this loan was forgiven.