



Financial Statements

December 31, 2021

CONTENTS

Independent Auditors' Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7



Nonprofit Accounting & Consulting Specialists

Independent Auditor's Report

Board of Directors
Limitless Horizons Ixil, Inc.
Roslindale, MA

Opinion

We have audited the accompanying financial statements of Limitless Horizons Ixil, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Limitless Horizons Ixil, Inc. as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Limitless Horizons Ixil, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Limitless Horizons Ixil, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Limitless Horizons Ixil, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate that raise substantial doubt about Limitless Horizons Ixil, Inc. ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

As stated in the opinion section of this report, the financial statements of Limitless Horizons Ixil, Inc. present fairly, in all material respects, the financial position of Limitless Horizons Ixil, Inc. as of December 31, 2021 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.

PGM, LLC
Biddeford, Maine
November 2, 2022

Statement of Financial Position

December 31, 2021

Assets

Cash and cash equivalents	\$ 908,554
Grants and contributions receivable	61,751
Promises to give receivable, net	84,106
Prepaid expenses and other current assets	187,683
Investments	<u>159,973</u>
Total Assets	<u>1,402,067</u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and Accrued Liabilities	\$ <u>23,535</u>
Total Liabilities	<u>23,535</u>

Net Assets

Without donor restrictions	655,731
With donor restrictions	<u>722,801</u>
Total Net Assets	<u>1,378,532</u>

Total Liabilities and Net Assets	<u><u>\$ 1,402,067</u></u>
---	-----------------------------------

Statement of Activities

Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue and Other Support			
Contributions	\$ 372,401	\$ 495,321	\$ 867,722
Grants	45,100	62,565	107,665
Artisan sales	4,636		4,636
Noncash financial contributions		134,875	134,875
Interest and dividends	2,142		2,142
Realized and unrealized gains on investments	6,979		6,979
Net Assets Released from Restrictions	652,484	(652,484)	
Total Revenue and Other Support	1,083,742	40,277	1,124,019
Expenses			
Program services	608,812		608,812
General and administrative	63,178		63,178
Fundraising	72,586		72,586
Total Expenses	744,576		744,576
Change in Net Assets	339,166	40,277	379,443
Net Assets, Beginning of Year	316,565	682,524	999,089
Net Assets, End of Year	\$ 655,731	\$ 722,801	\$ 1,378,532

Statement of Functional Expenses

Year Ended December 31, 2021

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Supporting Subtotal</u>	<u>Total</u>
Distributions to Guatemalan NGO - operating	\$ 188,566	\$ -	\$ -	\$ -	\$ 188,566
Distributions for construction	303,424	30,001		30,001	333,425
Salaries and related benefits	66,730	11,263	34,643	45,906	112,636
Contractors	38,162	9,020	22,203	31,223	69,385
Rent, utilities and maintenance	5,520	960	3,120	4,080	9,600
Travel and meals	1,024	-	-	-	1,024
Accounting and filing fees	488	9,885	577	10,462	10,950
Telephone and technology	3,428	596	1,937	2,533	5,961
Supplies and materials	988	172	558	730	1,718
Bank and processing fees	262	-	6,712	6,712	6,974
Printing, publication, posting and shipping	-	-	2,655	2,655	2,655
Other	220	1,281	181	1,462	1,682
Total Expenses	<u>\$ 608,812</u>	<u>\$ 63,178</u>	<u>\$ 72,586</u>	<u>\$ 135,764</u>	<u>\$ 744,576</u>

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows

Year Ended December 31, 2021

Cash Flows from Operating Activities:

Change in net assets	\$ 379,443
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Contributions for long-lived assets	(471,886)
Forgiveness of PPP loan	(43,266)
Earnings from investments	(8,863)
(Increase) decrease in operating assets:	
Grants and contributions receivable	(31,096)
Promises to give receivable, net	101,423
Prepaid expenses	53,612
Increase (decrease) in operating liabilities:	
Accruals and accounts payable	4,953
Total adjustments	(395,123)
Net Cash from Operating Activities	(15,680)

Cash Flows from Investing Activities:

Purchase of investments	(3,048)
Proceeds from sales of investments	3,048
Net Cash from Investing Activities	-

Cash from Financing Activities:

Contributions for long term-lived assets	471,886
Proceeds from PPP advance	22,366
Net Cash from Financing Activities	494,252

Net Increase in Cash and Cash Equivalents 478,572

Cash and Cash Equivalents, Beginning of Year 429,982

Cash and Cash Equivalents, End of Year \$ 908,554

Notes to Financial Statements

December 31, 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Direct distributions to that entity is referred to in the statement of functional expenses as distributions to Guatemalan NGO.

Basis of Accounting and Presentation

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.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported, as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-or certain grantor-imposed restrictions. 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

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 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 revenues and expenses in the reporting period. Actual results could differ from these estimates.

Cash and cash equivalents

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

Notes to Financial Statements

December 31, 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Grants and Contributions Receivable

Accounts and grants receivable are stated at the amount management expects to collect from outstanding balances. LHI's policy is to charge off uncollectible grants receivable when management determines that the grants receivable will not be collectible. No reserve for uncollectable amounts is deemed necessary, as management considers them to be fully collectible as of December 31, 2021.

Promises to Give

Unconditional promises to give are initially recorded and subsequently carried at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect assumptions market participants would use in pricing the asset. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Revenue and Revenue Recognition

Artisan sales are recognized at the time of purchase. Contribution revenue, including cash, securities or other assets, unconditional promises to give or a notification of a beneficial interest, is recognized when received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor 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 restriction.

Grant revenue is comprised of private foundation grants which are recognized when notification of the award is received. Funds received in advance from grants which do not have a return of funds clause are recorded as donor restricted revenue and are released to unrestricted net assets when the terms are met. Funds received advance from grants with a return of funds clause are recorded to deferred revenue and recognized as revenue when the terms of the awards are met.

In-Kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the good or services received. Contributed goods are recorded at fair value at the date of donation.

In addition to non-financial assets, volunteers contribute significant amounts of time to program services, administration and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by general accepted accounting principles.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at fair value in the statements of financial position. Net investment return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Notes to Financial Statements

December 31, 2021

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

Income Taxes

LHI is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code and has been determined not to be a private foundation within the meaning of Section 509(a) of the Code. Management has evaluated the organization's tax position and concluded that LHI has not taken any uncertain tax position that required adjustment to the financial statements. LHI is subject to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for years ended 2018 through 2021.

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.

Recent Accounting Pronouncements

Leasing

In February 2016, FASB issued ASU 2016-02, *Leases*. 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 standard is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. LHI adopted this standard effective January 1, 2021, and such adoption had no impact on LHI's financial statements.

New Accounting Pronouncements

Contributed Nonfinancial Assets

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This new standard will increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure, the amendments provide specific presentation requirements which include qualitative information about how the nonfinancial assets were either monetized or utilized during the reporting period. The new standard would apply for annual periods beginning after June 15, 2021. The standard requires retroactive application and early adoption is permitted. Management is currently evaluating the impact of adoption on its financial statements.

Notes to Financial Statements

December 31, 2021

NOTE 2 – LIQUIDITY AND AVAILABILITY

LHI strives to maintain liquid financial assets sufficient to cover 180 days of general expenditures. The following table reflects the Organization’s financial assets as of December 31, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2021:

Cash and cash equivalents	\$ 429,837
Grants and Contributions receivable	61,751
Investments	<u>159,973</u>
Total	<u>\$ 651,561</u>

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 expenses.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENT

Fair Value is the price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances.

Generally accepted accounting principles require that fair value of financial assets be measured using a fair value hierarchy that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy is categorized into three levels using the following guidelines:

Level 1 - Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes;

Level 2 - Includes inputs other than Level 1 inputs that are directly or indirectly observable in the marketplace, such as yield curves or other market data;

Level 3 - Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts.

Investments are stated at fair value based upon quoted market prices. 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 ETF’s are authorized by the Board of Directors.

Notes to Financial Statements

December 31, 2021

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENT - CONTINUED

In determining the appropriate levels, LHI performs a detailed analysis of the assets and liabilities that are subject to fair value. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

Investments measured on a recurring basis at fair value under the fair value hierarchy consist of the following at December 31, 2021:

	Fair Value	Fair Value Measurements At Report Date Using:		
		Level 1	Level 2	Level 3
Certificates of deposit	\$ 83,616	\$ -	\$ 83,616	\$ -
Bond and stock funds	76,357	76,357	-	-
	<u>\$ 159,973</u>	<u>\$ 76,357</u>	<u>\$ 83,616</u>	<u>\$ -</u>

NOTE 4 – PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows at December 31, 2021

Within one year	\$ 48,000
In one to five years	37,000
	<u>85,000</u>
Less discount to net present value	894
	<u>\$ 84,106</u>

NOTE 5 – OPERATING LEASE – RELATED PARTY

LHI has 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, 2021 rent expense totaled \$9,600 and is included in rent, utilities and maintenance on the accompanying statement of functional expenses.

NOTE 6 – 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. At various times throughout the year and at year end, LHI had cash balances in excess of FDIC insurance. Management believes LHI is not exposed to any significant credit risk on its cash balances.

NOTE 7 – FORGIVABLE PPP LOANS

LHI received two forgivable advances in the amounts of \$20,900 in May 2020 and \$22,366 in April 2021 from the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest were forgivable as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. The first PPP loan for \$20,900 was forgiven on March 17, 2021 and the second loan for \$22,366 was forgiven on September 30, 2021. Both loans were recognized as contribution revenue in the year ended December 31, 2021.

Notes to Financial Statements

December 31, 2021

NOTE 8 – NET ASSETS

Net assets with donor restrictions are comprised of the following at December 31, 2021:

Subject to expenditure for specified purpose or time:	
Capital campaign	\$ 697,801
Colegio Horizontes	17,000
Youth Development	8,000
Total	<u>\$ 722,801</u>

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were as follows for the year ended December 31, 2021:

Expiration of time restrictions:	\$ 16,000
Satisfaction of purpose restrictions:	
Scholarships	\$ 33,435
Capital campaign	575,484
Other purpose restrictions	27,565
	<u>636,484</u>
Total	<u>\$ 652,484</u>

NOTE 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, 2021, retirement plan expense was \$3,769 and is included in salaries and related benefits on the accompanying statement of functional expenses.

NOTE 10 – SUBSEQUENT EVENTS

LHI has evaluated subsequent events through November 2, 2022, which represents the date on which the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.