



Financial Statements

December 31, 2022 and 2021

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Nonprofit Accounting & Consulting Specialists

Independent Auditors' 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 statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years 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, 2022 and 2021, 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.

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, 2022 and 2021 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.

PGM, LLC
Biddeford, Maine
July 27, 2023

Statements of Financial Position

December 31,

| ASSETS | <u>2022</u> | <u>2021</u> |
|---|-------------------------|-------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 1,102,465 | \$ 908,554 |
| Grants and contributions receivable | 527,986 | 61,751 |
| Promises to give receivable, net | 125,386 | 84,106 |
| Prepaid expenses and other current assets | 5,673 | 187,683 |
| Investments | 146,900 | 159,973 |
| Total Assets | <u>\$ 1,908,410</u> | <u>\$ 1,402,067</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities | | |
| Accounts payable and accrued liabilities | \$ 33,922 | \$ 23,535 |
| Total Liabilities | <u>33,922</u> | <u>23,535</u> |
| Net Assets | | |
| Without donor restrictions | 892,313 | 655,731 |
| With donor restrictions | 982,175 | 722,801 |
| Total Net Assets | <u>1,874,488</u> | <u>1,378,532</u> |
| Total Liabilities and Net Assets | <u>\$ 1,908,410</u> | <u>\$ 1,402,067</u> |

Statement of Activities

Year Ended December 31, 2022

| | Without donor restrictions | With donor restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| Revenue and Other Support | | | |
| Contributions | \$ 339,016 | \$ 496,236 | \$ 835,252 |
| Grants | 166,270 | 585,075 | 751,345 |
| Community engagement trip revenue | 30,106 | - | 30,106 |
| Artisan sales | 1,850 | - | 1,850 |
| Noncash financial contributions | - | 6,499 | 6,499 |
| Interest and dividends | 3,120 | - | 3,120 |
| Realized and unrealized gains (losses) on investments | (15,144) | - | (15,144) |
| Net assets released from restriction | 828,436 | (828,436) | - |
| Total Revenue and Other Support | 1,353,654 | 259,374 | 1,613,028 |
| Expenses | | | |
| Program services | 930,399 | - | 930,399 |
| General and administrative | 92,275 | - | 92,275 |
| Fundraising | 94,398 | - | 94,398 |
| Total Expenses | 1,117,072 | - | 1,117,072 |
| Change in Net Assets | 236,582 | 259,374 | 495,956 |
| Net Assets, Beginning of Year | 655,731 | 722,801 | 1,378,532 |
| Net Assets, End of Year | \$ 892,313 | \$ 982,175 | \$ 1,874,488 |

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 restriction | 652,484 | (652,484) | - |
| Total Revenue and Other Support | <u>1,083,742</u> | <u>40,277</u> | <u>1,124,019</u> |
| Expenses | | | |
| Program services | 608,812 | - | 608,812 |
| General and administrative | 63,178 | - | 63,178 |
| Fundraising | 72,586 | - | 72,586 |
| Total Expenses | <u>744,576</u> | <u>-</u> | <u>744,576</u> |
| Change in Net Assets | 339,166 | 40,277 | 379,443 |
| Net Assets, Beginning of Year | <u>316,565</u> | <u>682,524</u> | <u>999,089</u> |
| Net Assets, End of Year | <u>\$ 655,731</u> | <u>\$ 722,801</u> | <u>\$ 1,378,532</u> |

Statement of Functional Expenses

Year Ended December 31, 2022

| | Program Services | General and Administrative | Fundraising | Supporting Subtotal | Total |
|---|---------------------|-------------------------------|------------------|------------------------|---------------------|
| Distributions to Guatemalan NGO - operating | \$ 341,760 | \$ - | \$ - | \$ - | \$ 341,760 |
| Distribution for construction | 424,963 | 49,999 | - | 49,999 | 474,962 |
| Salaries and related benefits | 84,531 | 15,204 | 52,306 | 67,510 | 152,041 |
| Contractors | 36,650 | 13,021 | 25,894 | 38,915 | 75,565 |
| Rent, utilities and maintenance | 5,379 | 959 | 3,262 | 4,221 | 9,600 |
| Travels and meals | 8,059 | - | - | - | 8,059 |
| Accounting and filing fees | 381 | 9,868 | 903 | 10,771 | 11,152 |
| Telephone and technology | 3,689 | 659 | 2,239 | 2,898 | 6,587 |
| Supplies and materials | 5,666 | 1,006 | 3,422 | 4,428 | 10,094 |
| Bank and processing fees | 831 | - | 4,307 | 4,307 | 5,138 |
| Printing, publication, postage and shipping | - | - | 2,045 | 2,045 | 2,045 |
| Uncollectible account expense | 8,500 | - | - | - | 8,500 |
| Community engagement trips | 7,376 | - | - | - | 7,376 |
| Other | 2,614 | 1,559 | 20 | 1,579 | 4,193 |
| Total Expenses | \$ 930,399 | \$ 92,275 | \$ 94,398 | \$ 186,673 | \$ 1,117,072 |

The accompanying notes are an integral part of these financial statements

Statement of Functional Expenses

Year Ended December 31, 2021

| | Program Services | General and Administrative | Fundraising | Supporting Subtotal | Total |
|---|-----------------------------|---------------------------------------|--------------------|--------------------------------|-------------------|
| Distributions to Guatemalan NGO - operating | \$ 188,566 | \$ - | \$ - | \$ - | \$ 188,566 |
| Distribution 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 |
| Travels 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, postage and shipping | - | - | 2,655 | 2,655 | 2,655 |
| Other | 220 | 1,281 | 181 | 1,462 | 1,682 |
| Total Expenses | \$ 608,812 | \$ 63,178 | \$ 72,586 | \$ 135,764 | \$ 744,576 |

The accompanying notes are an integral part of these financial statements

Statements of Cash Flows

Years Ended December 31, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|-------------------|
| Cash flows used in operating activities: | | |
| Change in net assets | \$ 495,956 | \$ 379,443 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Contributions for long-lived assets | (242,815) | (471,886) |
| Forgiveness of PPP loan | - | (43,266) |
| Losses (earnings) from investments | 15,144 | (8,863) |
| (Increase) decrease in operating assets: | | |
| Grants and contributions receivable | (466,235) | (31,096) |
| Promises to give receivable, net | (41,280) | 101,423 |
| Prepaid expenses | 182,010 | 53,612 |
| Increase in operating liabilities: | | |
| Accruals and accounts payable | 10,387 | 4,953 |
| Total adjustments | (542,789) | (395,123) |
| Net cash used in operating activities | <u>(46,833)</u> | <u>(15,680)</u> |
| Cash flows used in investing activities: | | |
| Purchase of investments | (3,985) | (3,048) |
| Proceeds from sales of investments | 1,914 | 3,048 |
| Net cash used in investing activities | <u>(2,071)</u> | <u>-</u> |
| Cash from financing activities: | | |
| Contributions for long term-lived assets | 242,815 | 471,886 |
| Proceeds from PPP advance | - | 22,366 |
| Net cash from financing activities | <u>242,815</u> | <u>494,252</u> |
| Net Increase in Cash and Cash Equivalents | 193,911 | 478,572 |
| Cash and Cash Equivalents, Beginning of Year | <u>908,554</u> | <u>429,982</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 1,102,465</u> | <u>\$ 908,554</u> |

Notes to Financial Statements

December 31, 2022 and 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, 2022 and 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. There were no uncollectible grants or contributions receivable at December 31, 2022 and 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. LHI's policy is to charge off uncollectible promises to give when management determines that the receivable will not be collectible. The allowance for uncollectible promises to give balance was \$8,500 and \$0 at December 31, 2022 and 2021, respectively.

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 in 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, 2022 and 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 2019 through 2022.

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.

Recently Adopted 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 increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure to include disaggregation of contributed nonfinancial assets and qualitative information about the use of these assets as well as descriptions regarding restrictions, valuation techniques and fair value measurement. The new standard applies for years beginning after June 30, 2021. Management has adopted the standard which has no effect on the financial statements for the years presented.

Notes to Financial Statements

December 31, 2022 and 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, 2022 and 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, 2022 and 2021:

| | 2022 | 2021 |
|-------------------------------------|-------------------|-------------------|
| Cash and cash equivalents | \$ 651,349 | \$ 429,837 |
| Grants and contributions receivable | 127,986 | 61,751 |
| Investments | 146,900 | 159,973 |
| Total | <u>\$ 926,235</u> | <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, 2022 and 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, 2022 and 2021:

| December 31, 2022 | Fair Value | Fair Value Measurements At Report Date Using: | | |
|-------------------------|-------------------|--|------------------|-------------|
| | | Level 1 | Level 2 | Level 3 |
| Certificates of deposit | \$ 83,896 | \$ - | \$ 83,896 | \$ - |
| Bond and stock funds | 63,004 | 63,004 | - | - |
| | <u>\$ 146,900</u> | <u>\$ 63,004</u> | <u>\$ 83,896</u> | <u>\$ -</u> |

| 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, 2022 and 2021:

| | 2022 | 2021 |
|------------------------------------|-------------------|------------------|
| Within one year | \$ 116,300 | \$ 48,000 |
| In one to five years | 10,000 | 37,000 |
| | <u>126,300</u> | <u>85,000</u> |
| Less discount to net present value | 914 | 894 |
| | <u>\$ 125,386</u> | <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 years ended December 31, 2022 and 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. The uninsured balance at December 31, 2022 was approximately \$550,000. The uninsured balance was reduced to \$0 as of June 30, 2023.

Notes to Financial Statements

December 31, 2022 and 2021

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.

NOTE 8 – NET ASSETS

Net assets with donor restrictions are comprised of the following at December 31, 2022 and 2021:

| | 2022 | 2021 |
|---|-------------------|-------------------|
| Subject to expenditure for specified purpose or time: | | |
| Capital campaign | \$ 305,775 | \$ 697,801 |
| Time restrictions | 636,300 | - |
| Colegio Horizontes | 30,000 | 17,000 |
| Youth Development | 5,000 | 8,000 |
| Scholarships | 5,100 | - |
| Total | <u>\$ 982,175</u> | <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 years ended December 31, 2022 and 2021:

| | 2022 | 2021 |
|---------------------------------------|-------------------|-------------------|
| Expiration of time restrictions: | \$ - | \$ 16,000 |
| Satisfaction of purpose restrictions: | | |
| Colegio Horizontes | 135,172 | - |
| Scholarships | 49,050 | 33,435 |
| Capital campaign | 611,339 | 575,484 |
| Other purpose restrictions | 32,875 | 27,565 |
| | <u>828,436</u> | <u>636,484</u> |
| Total | <u>\$ 828,436</u> | <u>\$ 652,484</u> |

Notes to Financial Statements

December 31, 2022 and 2021

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 years ended December 31, 2022 and 2021, retirement plan expense was \$2,835 and \$3,769, respectively, and is included in salaries and related benefits on the accompanying statements of functional expenses.

NOTE 10 – SUBSEQUENT EVENTS

LHI has evaluated subsequent events through July 27, 2023, 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.