



**AMERICAN NICARAGUAN
FOUNDATION, INC.**
Miami, Florida

Financial Statements and
Independent Auditors' Report

December 31, 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
American Nicaraguan Foundation, Inc.
Miami, Florida

Opinion

We have audited the accompanying financial statements of American Nicaraguan Foundation, Inc (“ANF”, the “Foundation”), which comprise the statement of financial position as of December 31, 2022, 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 American Nicaraguan Foundation, Inc as of December 31, 2022, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the Foundation will continue as a going concern. As discussed in Note 1 to the financial statements, the Foundation’s board of directors on May 11, 2022 consented to a complete liquidation and dissolution of its program in Nicaragua, resulting in a significant reduction in contributions and a significant decrease in its net assets, and has stated that substantial doubt exists about the Foundation’s ability to continue as a going concern. Management’s evaluation of the events and conditions and management’s plans regarding those matters are also described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Responsibility of Management 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, 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 's ability to continue as a going concern within one year after the date the financial statements are issued or 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 auditor's 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 on the effectiveness of the Foundation'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 American Nicaraguan Foundation, Inc's 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
September 25, 2023

AMERICAN NICARAGUAN FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

Current assets:

Cash and equivalents	\$ 1,619,689
Investments	467,409
Inventory	167,760
	<u>2,254,858</u>

TOTAL ASSETS \$ 2,254,858

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$ 284,340
TOTAL LIABILITIES	<u>284,340</u>

Net assets:

Without donor restrictions	1,970,518
With donor restrictions	-
	<u>1,970,518</u>

TOTAL LIABILITIES AND NET ASSETS \$ 2,254,858

The accompanying notes are an integral part
of these financial statements.

AMERICAN NICARAGUAN FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities:			
Contributions of cash and other financial assets	\$ 1,592,065	\$ -	\$ 1,592,065
Total revenue and support before releases	1,592,065	-	1,592,065
Net assets released from restrictions	4,962,720	(4,962,720)	-
Total support and revenue	6,554,785	(4,962,720)	1,592,065
Expenses:			
Program services	3,171,312	-	3,171,312
Management and general	1,296,483	-	1,296,483
Fundraising	111,318	-	111,318
Total expenses	4,579,113	-	4,579,113
Change in net assets from operating activities	1,975,672	(4,962,720)	(2,987,048)
Nonoperating activities:			
Interest and dividend income	62,279	-	62,279
Other income	26,642	-	26,642
Change in net assets from nonoperating activities	88,921	-	88,921
Change in net assets	2,064,593	(4,962,720)	(2,898,127)
Net assets, beginning of year	(94,075)	4,962,720	4,868,645
Net assets, end of year	\$ 1,970,518	\$ -	\$ 1,970,518

The accompanying notes are an integral part of these financial statements.

AMERICAN NICARAGUAN FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022

	Program Activities	Supporting Activities		Total Expenses
		Management & General	Fund Raising	
Contributions	\$ 894,772	\$ -	\$ -	\$ 894,772
Wages and benefits	622,148	600,786	83,644	1,306,578
Professional fees	39,003	89,257	6,594	134,854
Utilities	30,402	22,806	2,513	55,721
Rent	37,385	22,667	373	60,425
Travel	17,077	10,211	670	27,958
Repairs and maintenance	16,939	28,545	1,458	46,942
Supplies and fuel	22,183	14,110	2,240	38,533
Investment losses and bank charges	-	43,644	-	43,644
Depreciation	48,865	50,806	8,492	108,163
Loss on disposal of contributed property	1,393,640	-	-	1,393,640
Foreign currency exchange loss	-	111,097	-	111,097
Other expenses	48,898	302,554	5,334	356,786
	<u>\$ 3,171,312</u>	<u>\$ 1,296,483</u>	<u>\$ 111,318</u>	<u>\$ 4,579,113</u>

The accompanying notes are an integral part
of these financial statements.

AMERICAN NICARAGUAN FOUNDATION, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

Cash Flows From Operating Activities	
Change in net assets	<u>\$ (2,898,127)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	108,163
Donated property and equipment at cost	1,278,157
Investment return, net	30,666
Change in assets and liabilities:	
(Increase) decrease in pledges receivable	358,136
Decrease in other current assets	259,579
Decrease in accounts payable and accrued expenses	<u>(2,462,940)</u>
	<u>(428,239)</u>
Net Cash Used in Operating Activities	(3,326,366)
Cash Flows From Investing Activities	
Proceeds from sale of investments	<u>509,500</u>
Net Cash provided by Investing Activities	<u>509,500</u>
Net decrease in cash	(2,816,866)
Cash at beginning of year	<u>4,436,555</u>
Cash at end of year	<u><u>\$ 1,619,689</u></u>

The accompanying notes are an integral part
of these financial statements.

AMERICAN NICARAGUAN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 1 – Significant Accounting Policies and Operations

Nature of Activities

American Nicaraguan Foundation, Inc. (the "Foundation") is a not-for-profit corporation incorporated in the State of Florida in 1992. The Foundation's mission is to acquire directly or through strategic partners the necessary resources to contribute substantially and sustainably with the objective of reducing the impact of poverty in the lives of the most vulnerable population in Nicaragua; providing, without a profit, these resources to their beneficiaries, in an efficient, effective and transparent manner, with the assistance of a network of local partners. As discussed below, the Board of Directors is currently in the process of establishing a new program for the organization.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting.

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 *Accounting for Statements of Not-for-Profit Organizations* dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide").

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. The Foundation's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. The Foundation had no net assets held in perpetuity at year end.

Going Concern

The accompanying financial statements have been prepared assuming that the Foundation will continue as a going concern. The Foundation's principal operating activities have been supporting various projects in Nicaragua. On May 11, 2022, the Board of Directors consented to a complete liquidation and dissolution of its business affairs in Nicaragua. Additionally, the Foundation has been dependent mainly on one donor to fund ongoing projects. These factors raise substantial doubt about the Foundation's ability to continue as a going concern.

AMERICAN NICARAGUAN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 1 – Significant Accounting Policies and Operations (Continued)

Going Concern (continued)

As of the current date of these financial statements, the Foundation ceased its programs in Nicaragua, has significantly reduced its operating expenses, and centralized its management activities in Miami, Florida. The Foundation currently is not operating any programs. The Board of Directors is in the search of new programs and activities for the Foundation to continue its mission. Management believes that these actions will allow the Foundation to continue as a going concern. These financial statements do not include any adjustments that might result from the outcome of these uncertainties.

Contributions of cash and other financial assets

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation has defined cash and cash equivalents as those highly liquid investments purchased with an original maturity of three months or less. Financial instruments which potentially subject the Foundation to concentrations of credit risk consists principally of cash in excess of federally insured limits. The Foundation generally limits the amount of credit exposure by maintaining its cash balances under these limits. As of December 31, 2022, the Foundation did not have deposits in excess of the insured limits.

Pledges and Grants Receivable

Pledges and grants are recorded as receivables in the year made, net of estimated uncollectible amounts and discounts.

Property and Equipment

Property and equipment is recorded at cost. Depreciation is provided by using the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are expensed when incurred. Renewals and betterments are capitalized.

AMERICAN NICARAGUAN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 1 – Significant Accounting Policies and Operations (Continued)

Income Taxes

The Foundation is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified as other than a private foundation. The Foundation has adopted “Accounting for Uncertainties in Income Taxes” as prescribed by the Accounting Standards Codification, which provides guidance for financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return for open tax years (generally a period of three years from the later of each return’s due date or the date filed) that remain subject to examination.

In Nicaragua, the Foundation was registered with the Ministerio de Gobernacion as a foreign-not-for-profit Foundation exempt from income taxes in accordance with chapter V, article 19 of Law 147: General Law of Non-profit Legal Entities (1992). As of December 31, 2022, the Foundation had ceased all operations in Nicaragua and had requested to terminate its registration.

Investments

Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is presented in the statement of activities as investment return. Investment return is presented net of investment fees. The average cost method is primarily used to determine the basis for computing realized gains or losses.

Valuation of Investments in Securities at Fair Value - Definition and Hierarchy

The Foundation reports its investments in marketable securities at fair market value in the statement of financial position. Fair value is defined as the price that the Foundation would receive to sell an investment or pay to transfer a liability in an orderly transaction with an independent counter-party in the principal market or in the absence of a principal market, the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity’s own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs); and establishes a classification of fair value measurements for disclosure purposes.

AMERICAN NICARAGUAN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 1 – Significant Accounting Policies and Operations (Continued)

The hierarchy is summarized in the three broad levels listed below:

- Level 1- quoted prices in active markets for identical investments
- Level 2- other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)
- Level 3- significant unobservable inputs (including the Foundation’s own assumptions in determining the fair value of investments)

As of December 31, 2022, all investment securities owned by the Foundation are Level 1 securities (See Note 3).

Measure of Operations

The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Foundation’s ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services. Such allocations are determined by management on an equitable basis. The expenses that are allocated include salaries and benefits, occupancy, professional services and administrative expenses. The allocation is made based on time and effort and full time equivalent estimates.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 during the reporting period. Actual results could differ from those estimates.

Subsequent Events

In accordance with ASC 855, the Foundation has evaluated subsequent events and transactions for potential recognition or disclosure through September 25, 2023, which is the date the financial statements were available to be issued.

AMERICAN NICARAGUAN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 2 – Concentrations and Credit Risk

The Foundation’s program was concentrated in Nicaragua. During 2022, the Board of Directors voted to cease all programs and operations in Nicaragua. As of December 31, 2022, all employees in Nicaragua were terminated, bank accounts were closed, and all property owned in Nicaragua was donated to other nonprofit organizations.

During 2022, approximately 93% of contributions were received from one donor.

As of December 31, 2022, the Foundation maintains its cash balances at bank accounts that are insured by the Federal Deposit Insurance Corporation (FDIC). At times, the balances in those accounts exceed the FDIC insurance limit. In addition, it had deposits of approximately \$85,000 in a foreign financial institution.

Note 3 – Investments

The following is a summary of investments held at December 31, 2022:

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Fair Value</u>
Corporate bonds	\$ 472,188	\$ (4,779)	\$ 467,409

The net unrealized loss recorded for the year ended December 31, 2022 was \$34,074.

Note 4 – Property and Equipment

Depreciation expense for 2022 totaled \$108,163. As of December 31, 2022, the Foundation held no property and equipment. As previously discussed, the Foundation donated all its previously held property and equipment, consisting of land, buildings, vehicle and equipment with a carrying value of approximately \$1,300,000 to various organizations in Nicaragua.

Note 5 – Inventory

Inventory held at December 31, 2022 of \$167,760 consisted of a collection of watches held for resale.

AMERICAN NICARAGUAN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022

Note 6 – Liquidity

The Foundation's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Cash, unrestricted	\$ 1,619,689
Investments	467,409
	<u>\$ 2,087,098</u>