AMERICAN NICARAGUAN FOUNDATION, INC.
Miami, Florida

FINANCIAL STATEMENTS
December 31, 2018 and 2017

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of American Nicaraguan Foundation, Inc., which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

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, 2018 and 2017, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, American Nicaraguan Foundation has adopted ASU 2016-14- *Not- For- Profit Entities (Topic 958): Presentation of Financial Statements for Not-For-Profit Entities.* Our opinion is not modified with respect to this matter.

Crowe LLP

Crowe LLP

Miami, Florida
June 6, 2019

AMERICAN NICARAGUAN FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 1,388,557	$ 2,231,366
Interest-bearing deposits in financial institution	1,650,000	2,159,743
Investments	1,011,335	-
Contributions and other receivables, net of allowance of $103,645 and $108,828	1,582,760	1,572,678
Inventories	4,325,451	19,694,082
Property and equipment, net	1,495,932	1,326,604
Other assets	71,301	63,965
Total assets	$ 11,525,336	$ 27,048,438
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 2,109,473	$ 2,193,311
Net assets:		
Without donor restrictions:		
Quasi-endowment fund	1,000,000	1,000,000
Undesignated	4,542,338	20,722,999
	5,542,338	21,722,999
With donor restrictions	3,873,525	3,132,128
Total net assets	9,415,863	24,855,127
Total liabilities and net assets	$ 11,525,336	$ 27,048,438

See accompanying notes to financial statements.

AMERICAN NICARAGUAN FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
In-kind contributions	$ 32,564,827	$ -	$ 32,564,827
Cash contributions and other	2,728,026	5,323,621	8,051,647
Donated shipping and handling	862,278	-	862,278
Net assets released from restrictions	4,582,224	(4,582,224)	-
Total revenues	40,737,355	741,397	41,478,752
Expenses			
Program expenses	54,911,786	-	54,911,786
Administrative expenses	1,624,791	-	1,624,791
Fundraising	381,439	-	381,439
Total expenses	56,918,016	-	56,918,016
Change in net assets	(16,180,661)	741,397	(15,439,264)
Net assets at the beginning of year	21,722,999	3,132,128	24,855,127
Net assets at the end of year	$ 5,542,338	$ 3,873,525	$ 9,415,863

(Continued)

AMERICAN NICARAGUAN FOUNDATION, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
In-kind contributions	$ 102,795,665	$ -	$ 102,795,665
Cash contributions and other	2,705,075	5,738,058	8,443,133
Donated shipping and handling	1,325,041	-	1,325,041
Net assets released from restrictions	4,998,200	(4,998,200)	-
Total revenues	111,823,981	739,858	112,563,839
Expenses			
Program expenses	107,809,183	-	107,809,183
Administrative expenses	1,177,322	-	1,177,322
Fundraising	418,642	-	418,642
Total expenses	109,405,147	-	109,405,147
Change in net assets	2,418,834	739,858	3,158,692
Net assets at the beginning of year	19,304,165	2,392,270	21,696,435
Net assets at the end of year	$ 21,722,999	$ 3,132,128	$ 24,855,127

See accompanying notes to financial statements.

AMERICAN NICARAGUAN FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities		
Change in net assets	$ (15,439,264)	$ 3,158,692
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	138,958	90,603
Cash flows resulting from changes in:		
Inventories	15,368,631	(2,640,053)
Contributions and other receivables	(10,082)	(282,910)
Other assets	(7,336)	(19,353)
Accounts payable and accrued expenses	(83,838)	402,300
Net cash from operating activities	(32,931)	709,279
Cash flows from investing activities		
Change in interest bearing deposit in financial institution	509,743	(1,159,743)
Sales of investments	-	786,218
Purchases of investments	(1,011,335)	-
Capital expenditures	(308,286)	(507,502)
Net cash from investing activities	(809,878)	(881,027)
Net change in cash and cash equivalents	(842,809)	(171,748)
Cash and cash equivalents at the beginning of year	2,231,366	2,403,114
Cash and cash equivalents at the end of year	$ 1,388,557	$ 2,231,366

See accompanying notes to financial statements.

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business: American Nicaraguan Foundation, Inc. (the "Foundation") is a not-for-profit organization established in the state of Florida in 1992. The Foundation was established principally to support the neediest sectors in Nicaragua by forging strategic alliances with domestic and foreign sponsors to procure funds, quality goods and products, and deliver this aid and educational programs to the ultimate recipient in Nicaragua through social service organizations pre-qualified by the Foundation.

The Foundation operates a division in Nicaragua, "Asociación Nicaraguense de Fomento Social", for the purpose of serving as the local organization of the Foundation to raise funds and support the Foundation's activities within the country.

Basis of Reporting: The Foundation prepares its financial statements following principles generally accepted in the United States of America. In accordance with these principles for certain nonprofit organizations, expenses are allocated into functional categories based on the ultimate purpose of the expenditure.

The Foundation applied ASC No. 958, *Not for Profit Entities*, for the recording of donations received, contributions made and for its financial statement presentation. Accordingly, the accompanying financial statements present balances and transactions based on the existence or absence of donor imposed restrictions. Consequently, the net assets of the Foundation and their changes are reported and classified as follows:

- *Without donor restriction net assets* are free of donor-imposed restrictions and include the effects of revenues, expenses, gain and losses that are not changes in net assets with donor restrictions. The Foundation’s Board has designated a portion of its net assets without donor restrictions to function as an endowment, known as a quasi-endowment fund that is functioning as an endowment that will be retained and invested rather than expended. As of December 31, 2018 and 2017, the Foundation has an outstanding quasi-endowment fund consisting of a portion of the interest bearing deposits in a financial institution.

- *With donor restriction net assets* are those assets which use has been temporarily restricted by donors. As of December 31, 2018 and 2017, and during the years then ended, the Foundation had no permanently restricted net assets.

Cash and Cash Equivalents: Cash and cash equivalents include deposits in financial institutions of unrestricted cash. For the purposes of the statement of cash flows, the Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The Foundation maintains bank accounts at various financial institutions in the United States of America and Nicaragua.

Interest-Bearing Deposits in Financial Institution: Interest-bearing deposits in financial institution mature within a year and are carried at cost plus accrued interests, which approximates fair value.

Fair Value of Financial Instruments: Fair values of financial instruments are estimated using relevant market information and other assumptions, as more fully disclosed in a separate note. Fair value estimates involve uncertainties and matters of significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially in the absence of broad markets for particular items. Changes in assumptions or in market conditions could significantly affect these estimates.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions and other receivables: Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the present value of their future cash flows as of the date of gift receipt and subsequently net of unamortized discounts and an allowance for uncollectible amounts. Amortization of the corresponding discount, when applicable is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. The allowance for doubtful accounts is a valuation for probable incurred losses on donations. Receivables are charged against the allowance when management believes the uncollectibility of the receivable is confirmed.

Inventories: Inventories are comprised mainly of undistributed clothing, medical, educational and nutritional supplies, as well as inventories in transit and fundraising goods (Virtus I watches) used in fundraising activities. Inventories are stated at the lower of their estimated fair value or the fair value determined by the donor as of the date of donation, except for the Virtus I watches that are recorded at the lower of cost or estimated fair value.

Inventories of medical supplies that are subject to expiration dates on their use, as dictated by the manufacturer, are periodically monitored. Medical supplies that expire within two months of year-end are identified and considered obsolete, and a valuation reserve is established.

Investments: Investments are recorded at fair value with changes in fair value including interest and dividends are included in the statements of activities and changes in net assets.

Property and Equipment: Property and equipment are stated at cost if purchased or at their estimated fair value if received in donation. Property and equipment with a purchase price before taxes of $100 or more are depreciated using the straight line method over the estimated useful lives of the asset, which range from two to ten years. Leasehold improvements are amortized using the straight line method over the lesser of the lease term or the estimated useful lives of the asset.

Long-lived assets are evaluated for impairment on a yearly basis. No impairment losses on long-lived assets have been recognized in 2018 or 2017.

In-kind Contributions and Donations: The Foundation receives in-kind contributions and donations of medicine and medical supplies, clothing, educational supplies, nutritional supplies, shipping and handling and other items from individual donors, governments, and other organizations. These contributions are recorded and valued as revenue at their estimated fair value based upon the Foundation's estimate of the wholesale values that would be received for selling the goods in their principal market. The Foundation principal market is the market where the donation originates, as there is no market in Nicaragua. In-kind contributions received are valued at their estimated wholesale value as provided by the donor at the date of donation or, in the absence of the donor's reasonable valuation, estimated by the Foundation using like-kind analyses and past donation history. The Foundation contributes these items to social service organizations, principally in Nicaragua, and records these contributions as program expenses, at the fair value originally provided by the donor.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Transactions in Foreign Currency: Transactions made in a currency other than the functional currency (US Dollar) are converted using the official rate in effect on the transaction date. As of the date of the financial statements, monetary assets and liabilities, which are expressed in a currency other than the functional currency, have been converted to US Dollars at the exchange rate in effect on the closing date. Non-monetary assets and liabilities are converted at their historical exchange rate. Differences arising from currency conversion are recorded as part of operating activities. Foreign currency losses for 2018 and 2017 were $203,307 and $166,523, respectively.

Use of Estimates: To prepare financial statements in conformity with accounting principles generally accepted in the United States of America, management makes estimates and assumptions based on available information. These estimates and assumptions affect the amounts reported in the financial statements and the disclosures provided. Actual results could differ from these estimates. The inventory valuation and fair values of financial instruments are particularly subject to change.

Functional expenses: The cost of providing the various activities of the Foundation have been summarized in note 9 on a functional basis. The schedule of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Support services include administration, accounting, facilities, public relations, and human resources. Most expenses are directly charged to the department/function incurring the expense. The expenses that are allocated include allocation of facility costs which includes utilities, communications and rent and are allocated based on direct costs charged to each department/function. Administrative costs are allocated based on direct costs charged to each department/function.

Severance Pay Accrued: The division in Nicaragua is subject to local labor legislation, which requires certain severance payments to its personnel upon termination regardless of cause. The statutory severance pay accrued is computed as follows: one month of salary for each year of employment during the first three years of employment and twenty days of salary for each subsequent year, with a minimum of one month and a maximum of five months' salary. As of December 31, 2018 and 2017, the Foundation had severance pay accrued totaling approximately $222,000 and $252,000, respectively, and is included in the accompanying statements of financial position.

Recent Accounting Pronouncement: In August 2016, the FASB issued ASU 2016-14, Presentation of Financial Statements for Not-for-Profit Entities, which revises the not-for profit financial reporting model. ASU 2016-14 provides for additional disclosure requirements and modifies net asset reporting. The standard requires the Foundation to reclassify its net assets (i.e., unrestricted, temporarily restricted and permanently restricted) into two new categories; net assets without donor-imposed restrictions and net assets with donor-imposed restrictions, among other requirements. The Foundation adopted ASU 2016-14 for its fiscal year ending December 31, 2018 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The implementation of this ASU did not have a material effect on amounts previously presented.

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NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent accounting guidance: In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers: Topic 606. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective retrospectively for fiscal years beginning after December 31, 2018. The Foundation has not yet implemented this ASU and is in the process of assessing the effect on the Foundation's financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued its new lease accounting guidance under which lessees will be required to recognize at the commencement date for all leases (with the exception of short-term leases): (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance simplified the accounting for sale and leaseback transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. This standard will be effective for fiscal years beginning after December 15, 2019, with early application permitted. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements.

The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. The Foundation is currently evaluating the effect that the updated standard will have on the financial statements.

Income Taxes: The Foundation has received determination of tax exempt status from the U.S. Internal Revenue Service under Code Section 501(c)(3) and, consequently, the income generated from activities related to the Foundation's exempt purpose are not taxed and no provision for income taxes is included in the accompanying financial statements. The Foundation is also exempt from state income tax. There was no unrelated business income tax payable for the years ending December 31, 2018 and 2017. The Foundation has adopted ASC 958, *Not for Profit Entities*, which establishes a single model to address accounting for uncertainty in tax positions.

In Nicaragua, the Foundation and Asociación Nicaragüense Americana de Fomento Social are not–for-profit organizations exempt from income taxes in accordance with article (11), subparagraph (4) of the Equitable Tax Law.

The Foundation does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Generally, the Foundation is not subject to examination by U.S. taxing authorities for years prior to 2015. The Foundation is not subject to examination by Nicaraguan authorities for any year prior to 2011.
If the Foundation were to recognize interest and penalties related to unrecognized tax benefits, these would be recorded as interest and income tax expense, respectively. The Foundation has no amounts accrued for interest or penalties as of December 31, 2018 and 2017.

(Continued)

NOTE 1 – NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events: Currently there is a socio-political crisis in Nicaragua that has affected transportation in the country, security and the distribution of donations in kind, causing difficulties in the execution of programs and increasing the risk that internal and foreign donors suspend their donations. At the date of issuance of the financial statements, the financial effect of these events cannot be determined.

Reclassifications: Some items in the prior year financial statements were reclassified to conform to the current presentation. Reclassifications had no effect on prior year net assets and changes in net assets.

NOTE 2 – CONCENTRATIONS AND CREDIT RISK

For the years ended December 31, 2018 and 2017, approximately 61% and 58%, respectively of cash donations came from a single donor (a not-for-profit organizations in the United States of America) and approximately 96% of total contributions received during 2018 and 2017, were contributed by two donors.

Approximately $661,850 and $694,944 of accounts receivable balance is due from a governmental body in Nicaragua as of December 31, 2018 and 2017, respectively.

The Foundation has several bank accounts and time deposits which exceed the insurance provided by the Federal Deposit Insurance Corporation (FDIC). It also has uninsured deposits in a financial institution in Nicaragua.

NOTE 3 – LIQUIDITY AND AVAILABILITY

As of December 31, 2018, financial assets available within one year of the balance sheet date for general expenditure were as follows:

	2018	2017
Cash and cash equivalents	$ 1,388,557	$ 2,231,366
Interest-bearing deposits in financial institution	650,000	1,159,743
Investments	1,011,335	-
Contributions and other receivables	1,582,760	1,572,678
	$ 4,632,652	$ 4,963,787

The Foundation regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenses over a 12-month period, the Foundation considers all expenses related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenses.

Contributions and other receivables includes the portion of the receivables expected to be received within one year.

The investment amount listed above represents assets which could be converted to cash on a short-term basis and thus are available to support cash flow needs and operations. However, the Foundation has adopted a policy of funding administrative expenses from the total return from its investments over the long term and in practice also seeks to fund development expenses from these returns. This policy requires the

(Continued)

NOTE 3 – LIQUIDITY AND AVAILABILITY (Continued)

Foundation to maintain investment portfolios that generate sufficient returns to fund these expenses. Accordingly, the Foundation has no plans to liquidate the investments until approved by the Board of Directors.

NOTE 4 – INVESTMENTS

Investments consisted of the following as of December 31, 2018:

Fixed income securities	$ 996,827
Mutual funds	14,508
	$ 1,011,335

There were no sales during the year 2018. The Foundation sold all securities and other investments during 2017. The proceeds from sales of securities and other investments and the associated gain in 2017 is listed below:

Proceeds	$ 788,858
Gross gain	2,640

NOTE 5 – FAIR VALUE

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (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. There are three levels of inputs that may be used to measure fair values:

Level 1 – Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2 – Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Significant unobservable inputs that reflect the Foundation's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Cash and Cash Equivalents: The fair value of cash and cash equivalents re-price frequently and fully. Carrying amount approximates the estimated fair value and the Foundation has the ability to value these financial instruments based on active markets (Level 1).

Interest-Bearing Deposits in Financial Institution: Interest-bearing deposits in financial institution mature within a year and are carried at cost plus accrued interests. Carrying amount approximates the estimated fair value and the Foundation has the ability to value these financial instruments based on active markets (Level 1).

Investments: The fair values of securities and other investments are determined by quoted market prices, if available (Level 1). For securities where quoted prices are not available, fair values are calculated based on market prices of similar securities (Level 2).

(Continued)

NOTE 5 – FAIR VALUE (Continued)

For securities where quoted prices or market prices of similar securities are not available, fair values are calculated using discounted cash flows or other market indicators (Level 3).

Mutual funds which amount to $14,508 as of December 31, 2018 are recorded at fair value with changes in fair value included in cash contributions and other in the statements of activities and changes in net assets and are considered Level 1.

Fixed income securities which amount to $996,827 as of December 31, 2018 are recorded at fair value with changes in fair value included in cash contributions and other in the statements of activities and changes in net assets and are considered Level 2.

There were no transfers between Levels 1 and 2 during 2018 and 2017. There were no level 3 securities as of December 31, 2018.

NOTE 6 – RECEIVABLES

Included in contributions and other receivables are the following unconditional promises to receive, all due within one year:

	2018	2017
Housing contributions	$ 593,527	$ 282,106
Fund raising gala	134,776	173,250
Programs contributions	41,399	28,230
Nicaragua value added tax reimbursement	661,850	694,944
Other accounts receivable	254,853	502,976
	1,686,405	1,681,506
Less: allowance for doubtful accounts	(103,645)	(108,828)
	$ 1,582,760	$ 1,572,678

NOTE 7 – INVENTORIES

As of December 31, inventories consisted of the following:

	2018	2017
Medicine and medical supplies	$ 239,582	$ 2,625,826
Dried and processed foods	235,358	710,077
Household goods	533,144	593,124
Educational supplies	297,384	194,642
Clothing	138,919	241,443
Silent auction inventory	-	31,900
Virtus I watches	419,400	419,400
Inventory in transit	2,461,664	14,877,670
	$ 4,325,451	$ 19,694,082

(Continued)

NOTE 7 – INVENTORIES (Continued)

The table below summarizes the inventory in transit as of December 31, 2018 and 2017:

	2018	2017
Medicine and medical supplies	$ 736,784	$ 4,274,267
Dried and processed foods	318,542	608,760
Clothing	51,610	2,205,151
Household goods	1,354,728	7,789,492
	$ 2,461,664	$ 14,877,670

There was no balance at year-end and no activity during the years ended December 31, 2018 and 2017 in the allowance for obsolescence.

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2018 and 2017:

	Estimated Useful Lives (years)	2018	2017
Land for future development		$ 239,509	$ 239,509
Leasehold improvements	5	437,572	457,398
Building	20	912,705	495,867
Equipment	2-5	350,688	324,702
Vehicles and other	2-5	337,602	304,574
		2,278,076	1,822,050
Less: accumulated depreciation and amortization		(782,144)	(714,536)
Construction in progress		-	219,090
		$ 1,495,932	$ 1,326,604

During 2017, the Foundation incurred $219,090 costs to construct new office space in Nicaragua. The office was completed in 2018.

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NOTE 9 – FUNCTIONAL EXPENSES

	Program Expenses						
2018	Goods Distributed and Services Donated	Program Implementation	Project Implementation	Total Program	Administrative	Fundraising	Total
Contributions	$ 48,650,717	$ 542,363	$ 4,092,780	$ 53,285,860	$ -	$ -	$ 53,285,860
Salaries	155,189	142,745	331,112	629,046	441,265	174,170	1,244,481
Employee benefits	59,042	54,704	131,202	244,948	137,250	62,555	444,753
Duties	208,967	-	134	209,101	-	-	209,101
Professional services	17,308	11,862	75,792	104,962	98,264	36,291	239,517
Utilities	6,095	4,420	11,822	22,337	9,665	2,174	34,176
Communications	7,024	5,535	16,421	28,980	12,767	6,202	47,949
Rent	9,431	6,658	17,295	33,384	9,795	52,046	95,225
Travel	507	13,950	14,600	29,057	19,374	1,505	49,936
Maintenance	13,027	6,917	15,091	35,035	15,425	4,177	54,637
Fuel & Oil	5,491	2,658	952	9,101	3,959	872	13,932
Supplies	3,789	2,037	4,561	10,387	8,109	5,071	23,567
Financial costs	-	-	-	-	263,643	-	263,643
Depreciation expense	14,518	11,926	45,647	72,091	53,502	13,365	138,958
Foreign currency loss	-	-	-	-	203,307	-	203,307
Other expenses	77,663	36,887	82,947	197,497	348,466	23,011	568,974
Total	$ 49,228,768	$ 842,662	$ 4,840,356	$ 54,911,786	$ 1,624,791	$ 381,439	$ 56,918,016

(Continued)

NOTE 9 – FUNCTIONAL EXPENSES (Continued)

	Program Expenses						
2017	Goods Distributed and Services Donated	Program Implementation	Project Implementation	Total Program	Administrative	Fundraising	Total
Contributions	$ 102,189,503	$ 765,067	$ 3,294,975	$ 106,249,545	$ -	$ -	$ 106,249,545
Salaries	165,070	145,715	298,755	609,540	429,133	193,909	1,232,582
Employee benefits	68,247	51,765	125,153	245,165	128,260	63,839	437,264
Duties	220,702	-	-	220,702	-	-	220,702
Professional services	21,672	12,193	56,363	90,228	97,080	33,246	220,554
Utilities	6,215	3,868	8,560	18,643	10,568	2,955	32,166
Communications	7,472	5,475	12,236	25,183	13,223	10,643	49,049
Rent	12,498	7,857	12,105	32,460	15,948	66,098	114,506
Travel	1,808	14,808	12,262	28,878	14,089	8,596	51,563
Maintenance	15,324	7,210	16,130	38,664	23,227	4,146	66,037
Fuel & Oil	5,341	2,121	368	7,830	6,534	1,052	15,416
Supplies	8,690	1,375	3,403	13,468	8,487	6,689	28,644
Financial costs	-	-	-	-	11,290	-	11,290
Depreciation expense	20,552	11,176	16,356	48,084	32,652	9,867	90,603
Foreign currency loss	-	-	-	-	166,523	-	166,523
Other expenses	67,889	26,093	86,811	180,793	220,308	17,602	418,703
Total	$ 102,810,983	$ 1,054,723	$ 3,943,477	$ 107,809,183	$ 1,177,322	$ 418,642	$ 109,405,147

(Continued)

NOTE 10 – COMMITMENTS

The Foundation has an operating land lease in Nicaragua. The Foundation built its warehouse and administrative offices on the leased land. On January 27, 2016 the Foundation renewed the land lease which expired on October 2015. The land lease calls for retroactive monthly lease payments of $3,000 and expires in 2020. Furthermore, the lessor has recognized the investments made by the Foundation for a total of $191,447 in the form of leasehold improvements. Under the amendment, $95,724 in leasehold improvements is being deducted from total rental payments through maturity. Monthly rent payment after amortizing leasehold improvements is approximately $1,750. Contributed rent expense under this agreement totaled approximately $126,000 and $119,000 for the years ended 2018 and 2017, respectively and is included as in-kind contributions in the statement of activities and changes in net assets.

During September 2017, the Foundation renewed the Miami office lease, which expires in September 2021 with monthly payments of approximately $2,800. In July 2018, the Foundation subleased the Miami premises for an amount that approximates $2,800.

Rent expense under these operating lease agreements are recognized as fund raising expenses and amounted to approximately $52,046 and $66,098 for the years ended 2018 and 2017, respectively.

Future estimated minimum rental cash payments under these operating leases are as follows:

Year ending December 31		
2019	$	55,886
2020		51,684
2021		27,555
Total minimum payments required[a]	$	135,125

(a) Minimum payments have not been reduced by minimum sublease rentals of $104,339 due in the future under noncancelable subleases.

NOTE 11 – TRANSACTIONS WITH RELATED PARTIES

Various members of the Board of Directors of the Foundation are also members of the board of a United States bank where the Foundation maintains a bank account. As of December 31, 2018 and 2017, cash and other investments deposited in such bank amounted to approximately $67,960 and $135,066, respectively.

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NOTE 12 – NET ASSETS WITH DONOR RESTRICTIONS AND NET ASSETS RELEASED FROM RESCTRICTION

The components and changes in net assets with donor restrictions for the years ended December 31, 2018 and 2017, follow:

	Housing	Other(*)	Total
Balance as of January 1, 2017	$ 1,716,592	$ 675,678	$ 2,392,270
Restricted funds received during the year 2017	2,462,797	3,275,261	5,738,058
Restricted net assets released during the year 2017	(1,711,534)	(3,286,666)	(4,998,200)
Balance as of December 31, 2017	$ 2,467,855	$ 664,273	$ 3,132,128
Restricted funds received during the year 2018	1,969,325	3,354,296	5,323,621
Restricted net assets released during the year 2018	(1,510,631)	(3,071,593)	(4,582,224)
Balance as of December 31, 2018	$ 2,926,549	$ 946,976	$ 3,873,525

Restricted net assets are released from donor restrictions when the restricted assets are expended in satisfaction of the restricted purpose or by the occurrence of other events, as specified by the donors.

(*)Other restricted funds in 2018 and 2017 include a variety of diverse programs and projects with costs of less than $200,000.