

CORPTACTICS AUDIT GROUP, PSC.

ORGANIZACIÓN DE EX ALUMNOS APS INC.
Financial Statements
As of December 31, 2023 and 2022

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CORPTACTICS AUDIT GROUP, PSC.
PO Box 192784
San Juan, PR 00919-2784

INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
Organización de Ex Alumnos APS Inc.

Opinion

We have audited the accompanying financial statements of **Organización de Ex Alumnos APS Inc.** which comprise the statement of financial position as of December 31, 2023 and 2022, and the related statements of operations and net assets, and cash flows for the years then ended, and the 2elated notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Organización de Ex Alumnos APS Inc.** as of December 31, 2023 and 2022, and the results of its operations 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 audits 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 **Organización de Ex Alumnos APS 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 **Organización de Ex Alumnos APS Inc** 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 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 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 **Organización de Ex Alumnos APS Inc** 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 **Organización de Ex Alumnos APS 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.

CorpTactics Audit Group P.S.C.
CorpTactics Audit Group, P.S.C.
License Number: 278
August 13, 2024
San Juan, Puerto Rico



**ORGANIZACION DE EXALUMNOS APS INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022**

ASSETS

	<u>2023</u>	<u>2022</u>
Current Assets:		
Cash and cash equivalents (Note 1)	\$ 49,067	\$ 47,750
Account Receivable	17,930	23,269
Prepaid expenses	400	400
	<u>67,397</u>	<u>71,419</u>
Investments	229,863	200,730
TOTAL ASSETS	<u>\$ 297,260</u>	<u>\$ 272,149</u>

LIABILITIES AND NET ASSETS:

Current Liabilities		
Accounts Payable	996	6,807
Deferred revenues	1,716	2,237
	<u>2,712</u>	<u>9,044</u>
Net Assets		
Restricted Net Assets	-	-
Unrestricted Net Assets	<u>294,548</u>	<u>263,105</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 297,260</u>	<u>\$ 272,149</u>

The accompanying notes are integral part of these financial statements

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AS OF DECEMBER 31, 2023 AND 2022**

REVENUE:	2023	2022
Donations	\$ 11,444	\$ 28,810
Scholarship Jose Leavitt Class '78	22,161	12,000
Membership revenue	547	1,561
Activities:		
Viaje OEA Portugal	7,500	-
Junte Navideño	10,509	6,503
Investment income and other net of expenses	5,260	5,535
Other activities and miscellaneous sales	-	-
	<u>57,421</u>	<u>54,409</u>
ORGANIZATION EXPENSES:		
Organization Program Costs:		
Activities Cost:		
Junte Navideño	6,627	12,207
Seniors Lunch	-	-
Donation	-	-
Awards and Grants	28,088	16,012
General Activities	-	-
Support Services		
General and Administrative	15,207	9,986
Depreciation	-	-
	<u>49,922</u>	<u>38,205</u>
OPERATING NET INCOME (LOSS)	\$ 7,499	\$ 16,204
NON OPERATING GAIN (LOSS)		
Realized gain (loss) on investments	-	-
Unrealized gain(loss) on investments	23,944	(34,691)
	<u>\$ 23,944</u>	<u>\$ (34,691)</u>
CHANGE IN URESTRICTED NET ASSESTS	31,443	(18,487)
UNRESTRICTED NET ASSETS, beginning of year	263,105	281,592
UNRESTRICTED NET ASSETS, end of year	<u>\$ 294,548</u>	<u>\$ 263,105</u>

The accompanying notes are integral part of these financial statements

**ORGANIZACION DE EXALUMNOS APS INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023 and 2022**

CASH FLOW FROM OPERATING ACTIVITIES:	<u>2023</u>	<u>2022</u>
Change in net assets	\$ 31,443	\$ (18,487)
Adjustment to reconcile net assets to net cash provided by operating activities:		
Increase in the investment	(29,133)	29,178
Changes in assets and liabilities	(472)	(16,462)
Decrease in deferred revenues	(521)	(276)
Net cash provides by operating activities	<u>1,317</u>	<u>(6,047)</u>
NET INCREASES IN CASH AND CASH EQUIVALENTS	1,317	(6,047)
CASH AND CASH EQUIVALENTS, beginning of the year	<u>47,750</u>	<u>53,797</u>
CASH AND CASH EQUIVALENTS, end of the year	<u>\$ 49,067</u>	<u>\$ 47,750</u>

The accompanying notes are integral part of these financial statements.

**ORGANIZACION DE EX ALUMNOS APS INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

1. Organization and summary of significant accounting policies:

- A) Organization - Organization de Ex Alumnos APS Inc., the “Organization”, is a not-for-profit corporation organized on September 14, 2010, under the laws of the Commonwealth of Puerto Rico. The Organization's purpose and objective is to stimulate, promote and request to the Academia Perpetuo Socorro (“APS”) Alumni, voluntary donations, bequeaths, and contributions of any nature to provide for the establishment and management of a financial aid and scholarship fund for underprivileged, but talented students. The Organization also strives to perpetuate the traditions, memorabilia, purpose, growth and general institutional and academic progress of APS, their students and their alumni.
- B) Significant accounting policies - The accounting policies followed by the Organization conform to predominant non-for-profit practices applicable to these organizations, which are in accordance with Accounting Principles Generally Accepted in the United States of America (“GAAP”). The following summarizes the most significant accounting policies:

Basis of presentation - Not-for-profit organizations are required to present a statement of financial position, a statement of activities, and statement of cash flows. Management of the Organization has reclassified some items in these financial statements for the purpose of clarifying the presentation. In addition, net assets are classified in one or more of the following categories:

- Unrestricted net assets - Resources available to support general operations. These resources are unrestricted as to their use and expendable at the discretion of the Board of Directors. The unrestricted net assets include funds functioning as endowment through designation of the Board of Directors for the economic assistance program.
- Temporarily restricted net assets- Resources that are restricted by a donor for use in a particular purpose or in a particular future period.
- Permanently restricted net assets- Resources whose use is limited by donor-imposed restrictions that neither expires by being used in accordance with a donor's restriction nor by the passage of time.

As of December 31, 2023, and 2022, all the Organization's net Assets are classified as Unrestricted Assets.

Accounting estimates - The preparation of the financial statements in conformity with GAAP accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the audited period. Actual results could differ from those estimates.

Cash and cash equivalents - The Organization considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents.

**ORGANIZACION DE EX ALUMNOS APS INC.
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Promises to give - Promises to give consist of unconditional written or oral agreements to receive cash, or other assets. Unconditional promises are recognized as contribution revenue at fair value in the period received. Fair value is based on the present value of the future cash flows the Organization expects to collect. There are no promises to give as of December 31, 2022, and 2021.

Allowance for doubtful accounts – The allowance is determined based on prior years' experience and management's analysis of specific individual accounts. There is no allowance for doubtful accounts as of December 31, 2023, and 2022.

Investments - Consist principally of equity securities, mutual funds and exchange-traded funds. Investments are carried at fair value determined using quotations obtained from brokers monthly statements. Unrealized gains and losses are reflected in the Statement of Financial Position.

Fair value measurements - Fair Value Accounting establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between participants on the measurement date. Fair value requires an organization to determine the unit of account, the mechanism of hypothetical transfer, and the appropriate markets for the asset or liability being measured.

This guidance establishes a hierarchy of valuation inputs based on the extent to which the inputs are observable in the marketplace. Observable inputs reflect market data obtained from sources independent of the reporting entity, and unobservable inputs reflect the entities own assumptions about how market participants would value an asset or liability on the best information available. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value.

The three input levels are as follows:

Level 1 - Quoted prices in active markets that the Organization has the ability to access for identical assets and liabilities for which significant observable inputs exist. Market price data is generally obtained from exchange or dealer markets. Investments included in Level 1 may include certain equity securities, registered mutual funds and exchange traded funds.

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ORGANIZACION DE EX ALUMNOS APS INC.
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Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, 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 for substantially the same term or assets or liabilities. This includes use of model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets. Inputs are obtained from various sources included market participants, dealers and brokers, investments included in Level 2 may include certain money market and fixed income securities for which observable inputs exist and are traded in markets not considered to be active.

Level 3 - Unobservable inputs, as they trade infrequently or not at all, that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Organization maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Fair value is based upon quoted market prices which are generally available for most investments. If listed prices or quotes are not available, the Organization employs models developed by vendors of pricing services that primarily use market-based inputs including yield curves, interest rates, volatilities, and credit curves, among others. Valuation adjustments are limited to those necessary to ensure that the financial instrument's fair value is adequately representative of the price that would be received or paid in the marketplace. These adjustments include amounts that reflect counterparty credit quality, constraints on liquidity and unobservable parameters that are applied consistently.

Following is a description of the Organization's valuation methodologies used for assets measured at fair value.

Equity Funds - Equity securities with quoted market prices obtained from an active exchange markets are classified as Level 1. The market value of equity securities as of December 31, 2022, \$12,122.

Fixed Income—This type of investment security pays interest or dividends at a fixed interest rate until the maturity day. As of December 31, 2023, the value of U.S. Treasuries was \$10,756.

Mutual funds - These funds are generally open-end and traded at net asset value. These funds are classified as Level 1. The market value of equity securities as of December 31, 2023, and 2022 are \$ 33,006 and \$18,038, respectively.

Exchange-traded funds - These funds are traded on stock exchanges, much like stocks. They combine the valuation feature of a mutual fund or unit investment trust, which can be bought or sold at the end of each trading day for its net asset value, with the tradability feature of a closed-end fund, which trades throughout the trading day at prices that may be more or less than its net asset value. These funds are classified as Level 1. The market value of equity securities as of December 31, 2023, and 2022 are \$183,849 and \$167,570, respectively.

ORGANIZACION DE EX ALUMNOS APS INC.
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Revenues and support - The Organization derives its revenues from contributions from corporations, individuals, government, members, and activities organized to raise funds during the year. Membership dues are recognized in earnings over the membership period. Revenue received from these dues, which relate to subsequent years, is reflected as deferred revenues. Admission revenues are recognized when the activity is held. Promises to make donations are recognized when these are legally enforceable. All the donations are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases the net assets of those net asset classes. A donor restriction expires when a stipulated time restriction ends and when a purpose restriction is accomplished. Upon expiration, temporarily restricted net assets are reclassified to unrestricted net assets. They are reported in the statement of activities and changes in net assets as net assets released from restrictions. However, if a restriction is fulfilled in the same period the contribution is received, the Organization reports the support as unrestricted.

Contributed services - Contributions of services are only recognized if services received: (a) create or enhance non-financial assets or would typically need to be purchased by the Organization if not provided by donation; (b) require specialized skills and are provided by individuals possessing those skills. The contribution revenue for services received is recognized at the fair value of those services.

Contributed services for the year ended December 31, 2023, and 2022 the amount of contributed service, amounted to \$7,200 and \$7,200, respectively.

Deferred revenues - The Organization bills the membership dues at the end of the previous fiscal year. The revenues from the membership collected in advance and related to future periods are deferred and are recognized as revenues in the corresponding fiscal year. As of December 31, 2023, and 2022, deferred revenues amounted to \$1,716 and \$ 2,237, respectively.

Membership revenues – The revenue from membership dues, as presented in these financial statements, reflects some differences between the years ended December 31, 2023, and 2022, respectively. An analysis of the two years together reflects that absent of the recognition realized, the Organization had generated approximately \$ 547 and \$ 1,561 of membership revenues for the years ended December 31, 2023, and 2022, respectively.

Advertising costs- The Organization follows the policy of charging the advertising to expense as incurred. As of December 31, 2023, and 2022, advertising costs were \$ 1,208 and \$1,040, respectively.

Income tax -As a not-for-profit corporation, the Organization is exempt from local income taxes under the provision of Section 1101.01 (a)(3) of the Puerto Rico Internal Revenue Code of 2011, as amended, and from federal income taxes under the provision of Section 501(c)(3) of the United

**ORGANIZACION DE EX ALUMNOS APS INC.
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States Internal Revenue Code of 1986, as amended. Both tax laws require the Organization to comply with specific requirements to maintain its status as a not-for-profit organization.

2) Concentration of credit risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. The cash deposits, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation (“FDIC”) of \$250,000 per financial institution. As of December 31, 2023, and 2022, all cash deposits were fully insured by the FDIC.

3) Investments:

As of December 31, 2023 and 2022, respectively Investments consisted of the following:

<u>Description</u>	<u>2023</u>		<u>2022</u>	
	<u>Cost Basis</u>	<u>Fair Value</u>	<u>Cost Basis</u>	<u>Fair Value</u>
Cash and Bank Sweep	\$ 2,252	\$ 2,252	\$ 2,999	\$ 2,999
Equity Funds	-	-	16,537	12,123
Mutual Funds	34,340	33,006	21,477	18,038
Fixed Income	10,478	10,756	-	-
Exchange-traded funds	147,370	183,849	153,251	167,570
	<u>\$ 194,440</u>	<u>\$ 229,863</u>	<u>\$ 194,264</u>	<u>\$ 200,730</u>

4) Designated net assets:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 49,067	\$ 47,750
Cash invest in the broker account	2,252	2,999
(included as investment)	<u>\$ 51,319</u>	<u>\$ 50,749</u>

**ORGANIZACION DE EX ALUMNOS APS INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

5) Subsequent events:

The Organization evaluated subsequent events through August 13, 2024 the date on which the audited financial statements were available to be issued. There are no material subsequent events that would require further disclosure in the Organization audited financial statements aside from those described above.