



**FABRETTO CHILDREN'S FOUNDATION
AND AFFILIATES**

**Consolidated Financial Statements
and Supplementary Information**

*For the Year Ended December 31, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)*



**and
Report Thereon**



FABRETTO CHILDREN’S FOUNDATION AND AFFILIATES

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For the Year Ended December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fabretto Children's Foundation and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Fabretto Children's Foundation and Affiliates (the Organization), which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities, changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the 2020 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Fabretto Children's Foundation and Affiliates as of December 31, 2020, 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.

Other Matters

Report on Summarized Comparative Financial Statements

We have previously audited Fabretto Children's Foundation and Affiliates' 2019 financial statements, and in our report dated July 31, 2020, we expressed an unmodified audit opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Marcum LLP

Washington, DC
September 27, 2021

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2020
(With Summarized Financial Information as of December 31, 2019)

	2020	2019
ASSETS		
Cash and cash equivalents	\$ 814,805	\$ 194,986
Contributions and accounts receivable	495,984	477,297
Inventory	101,014	112,141
Other assets	14,101	14,718
Investments	874,955	1,153,402
Property and equipment, net	572,505	606,099
TOTAL ASSETS	\$ 2,873,364	\$ 2,558,643
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 177,898	\$ 245,467
Deferred revenue	147,835	198,044
Notes payable	175,000	259,844
TOTAL LIABILITIES	500,733	703,355
NET ASSETS		
Without donor restrictions		
Undesignated	1,222,635	881,352
Board-designated	579,540	518,561
Noncontrolling interest	(4,245)	(1,940)
Total Without Donor Restrictions	1,797,930	1,397,973
With donor restrictions	574,701	457,315
TOTAL NET ASSETS	2,372,631	1,855,288
TOTAL LIABILITIES AND NET ASSETS	\$ 2,873,364	\$ 2,558,643

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

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2020

(With Summarized Financial Information for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
OPERATING REVENUE AND SUPPORT				
Contributions	\$ 1,766,661	\$ 48,943	\$ 1,815,604	\$ 1,802,939
Grants – government	5,357	-	5,357	69,151
Grants – non-government	1,557,352	405,758	1,963,110	1,395,714
In-kind contributions	397,048	-	397,048	654,884
Events	44,899	-	44,899	133,930
Merchandise sales	420,549	-	420,549	822,867
Interest and dividends	-	17,379	17,379	50,974
Other income	16,187	-	16,187	57,238
Net assets released from restrictions:				
Satisfaction of program restrictions	183,289	(183,289)	-	-
Satisfaction of time restrictions	171,405	(171,405)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	4,562,747	117,386	4,680,133	4,987,697
OPERATING EXPENSES				
Program services:				
Aid for Nicaraguan Youth	3,337,180	-	3,337,180	3,893,876
Cost of Sales	394,696	-	394,696	787,304
Total Program Services	3,731,876	-	3,731,876	4,681,180
Supporting services:				
Management and general	212,753	-	212,753	203,046
Fundraising – direct costs to donors	84,726	-	84,726	172,573
Fundraising – other	160,931	-	160,931	241,816
Total Supporting Services	458,410	-	458,410	617,435
TOTAL OPERATING EXPENSES	4,190,286	-	4,190,286	5,298,615
Change in net assets from operations	372,461	117,386	489,847	(310,918)
NONOPERATING ACTIVITIES				
Net realized and unrealized (loss) gain on investments	70,879	-	70,879	155,258
Bad debt expense	(43,383)	-	(43,383)	(36,635)
CHANGE IN NET ASSETS BEFORE NONCONTROLLING INTERESTS	399,957	117,386	517,343	(192,295)
Net income attributable to noncontrolling interest	2,305	-	2,305	3,001
CHANGE IN NET ASSETS	\$ 402,262	\$ 117,386	\$ 519,648	\$ (189,294)

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

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended December 31, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)

	Undesignated	Board- Designated	Noncontrolling Interest	Total Without Donor Restrictions	With Donor Restrictions	Total
Net Assets, December 31, 2018	\$ 1,203,562	\$ 374,960	\$ 1,061	\$ 1,579,583	\$ 468,000	\$ 2,047,583
Change in net assets before noncontrolling interest	(322,210)	143,601	-	(178,609)	(10,685)	(189,294)
Net income attributable to noncontrolling interest	-	-	(3,001)	(3,001)	-	(3,001)
Net Assets, December 31, 2019	881,352	518,561	(1,940)	1,397,973	457,315	1,855,288
Change in net assets before noncontrolling interest	341,283	60,979	-	402,262	117,386	519,648
Net income attributable to noncontrolling interest	-	-	(2,305)	(2,305)	-	(2,305)
Net Assets, December 31, 2020	<u>\$ 1,222,635</u>	<u>\$ 579,540</u>	<u>\$ (4,245)</u>	<u>\$ 1,797,930</u>	<u>\$ 574,701</u>	<u>\$ 2,372,631</u>

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

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2020
(With Summarized Financial Information for the Year Ended December 31, 2019)

	Program Services			Supporting Services			2020 Total	2019 Total	
	Aid for Nicaraguan Youth	Cost of Sales	Total Program Services	Management and General	Fundraising – Direct Costs to Donors	Fundraising – Other			Total Supporting Services
Grants to La Familia									
Padre Fabretto	\$ 2,473,784	\$ -	\$ 2,473,784	\$ -	\$ -	\$ -	\$ -	\$ 2,473,784	\$ 2,567,382
In-kind expenses	397,048	-	397,048	-	-	-	-	397,048	768,191
Cost of sales – merchandise	-	394,696	394,696	-	-	-	-	394,696	787,304
Salaries	219,073	-	219,073	55,474	-	91,119	146,593	365,666	441,518
Miscellaneous	94,604	-	94,604	32,224	-	5,105	37,329	131,933	132,959
Consulting	6,981	-	6,981	46,326	-	28,695	75,021	82,002	144,140
Rent	32,624	-	32,624	32,624	-	-	32,624	65,248	70,224
Payroll taxes and employee benefits	36,284	-	36,284	18,726	-	9,428	28,154	64,438	62,629
Bank charges	25,351	-	25,351	17,720	3,103	1,251	22,074	47,425	66,454
Food and beverage	-	-	-	-	38,725	-	38,725	38,725	94,046
Advertising	18,794	-	18,794	696	-	15,442	16,138	34,932	40,337
Other direct event expenses	-	-	-	-	32,267	-	32,267	32,267	15,551
Dues and subscriptions	885	-	885	7,420	6,375	9,310	23,105	23,990	28,721
Depreciation and amortization	22,558	-	22,558	-	-	-	-	22,558	7,503
Postage and shipping	9,194	-	9,194	631	3,032	463	4,126	13,320	50,107
Travel	-	-	-	912	1,224	118	2,254	2,254	21,549
TOTAL EXPENSES	3,337,180	394,696	3,731,876	212,753	84,726	160,931	458,410	4,190,286	5,298,615

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

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2020

(With Summarized Financial Information for the Year Ended December 31, 2019)

	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 519,648	\$ (189,294)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	22,558	7,503
Net income attributable to noncontrolling interest	(2,305)	(3,001)
Realized gains	(60,614)	(27,215)
Unrealized losses (gains)	(10,265)	(128,043)
Loss on disposal of property and equipment	43,053	-
Changes in operating assets and liabilities:		
Contributions and accounts receivable	(18,687)	72,512
Prepaid expenses	-	16,333
Inventory	11,127	(55,360)
Other assets	617	24,082
Deposits	-	7,800
Accounts payable and accrued expenses	(67,569)	32,332
Deferred revenue	(50,209)	125,376
Deferred rent	-	(1,388)
	387,354	(118,363)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(32,017)	(410,203)
Purchase of investments	(22,480)	(34,404)
Proceeds from sale of investments	378,593	301,088
	324,096	(143,519)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of notes payable	-	650,000
Principal payments on notes payable	(84,844)	(390,156)
	(84,844)	259,844
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	626,606	(2,038)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	212,734	214,772
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 839,340	\$ 212,734
NONCASH INVESTING ACTIVITIES		
Contributed property and equipment	\$ -	\$ 398,032
CASH AND CASH EQUIVALENTS REPORTED ON THE STATEMENT OF FINANCIAL POSITION		
Cash and cash equivalents	814,805	194,986
Cash held within investments	24,535	17,748
TOTAL CASH AND CASH EQUIVALENTS	\$ 839,340	\$ 212,734

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

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

1. Organization and Summary of Significant Accounting Policies

Organization

Fabretto Children's Foundation (the Foundation) is a nonprofit entity organized under the laws of the State of Illinois for the purpose of the formation and maintenance of charitable funds to provide for the health, education and welfare of children in need, including, but not limited to, children residing outside the United States, so as to provide relief to the poor, the distressed and the underprivileged.

Fabretto Children's Foundation Nicaragua (FCF Nicaragua) is a country office of the Foundation. It is located in Nicaragua, and its role is to act as a liaison between the Foundation and the Asociación Familia Padre Fabretto (AFPF).

Fabretto Compañía Comercial, Sociedad Anonima, also known as Fabretto Holding Company (Fabretto Comercial), is a commercial public limited company located in Nicaragua. The Foundation holds 98% of the voting stock of Fabretto Comercial. Although Fabretto Comercial operates with a fiscal year-end of June 30, the Foundation operates on a calendar year-end of December 31. Accordingly, Fabretto Comercial is presented in the accompanying consolidated financial statements as of and for the year ended December 31, 2020.

Fabretto Charitable Trust (FCT) is a legally separate entity, registered in the United Kingdom, established to join the Foundation's network of supporters. The Foundation holds controlling interest in FCT due to shared board members. The Foundation has not made any financial contributions to FCT since its inception in 2013. Total net assets of FCT amounted to approximately \$2,000, and are not included in the accompanying consolidated financial statements due to its insignificance.

The mission of the Foundation is to empower underserved children and their families in Nicaragua through education. In partnership with the local Nicaraguan organization, the Foundation raises funds, creates awareness and generates outreach for the Foundation's programs providing opportunities to impoverished Nicaraguan children and their families to obtain the education they need to become responsible, productive adults by offering programs promoting education, nutrition and health, and community development.

Specific program areas sponsored by the Foundation include:

Early & Primary Educational Enrichment – designed to provide students with enrichment activities that support their learning and give teachers and parents the training they need to guide children in the early stages of life.

Rural Secondary Education – offers underprivileged secondary school students with Ministry-certified educational classes leading to a high school diploma that enables them to pursue post-secondary education and/or gainful employment.

Vocational & Life Skills Education – provides students with a vocational and occupational direction through practical activities and technical skills trainings, helping students prepare to work in the modern economy.

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Organization (continued)

Food Security & Nutrition – delivers nutritional services through action-oriented activities that include school lunches, garden initiatives and agribusiness training, as well as provision of nutritious school lunches for over 15,000 students per day.

Community Well-Being – designed to support community improvement efforts through small infrastructure projects (wells and water lines), access to markets through strategic partnerships, health and hygiene training for community members, and other community-based work that leads to stronger, healthier environments for children and their families.

Principles of Consolidation

The Foundation's financial statements have been consolidated with those of Fabretto Comercial, as the Foundation maintains both control and an economic interest. All intercompany balances and transactions have been eliminated in consolidation. Except when referred to separately, all entities are collectively referred to as the Organization throughout the accompanying consolidated financial statements and related notes.

Basis of Accounting

The accompanying consolidated financial statements of the Organization are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, the Organization considers substantially all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Contributions and Accounts Receivable

Contributions and accounts receivable consists primarily of grants and contributions receivable and are stated at net realizable value. The Organization uses the allowance method to record potentially uncollectible receivables. Management determines the allowance for doubtful accounts based on historical bad debt percentages. Contributions and accounts receivable are individually analyzed for collectibility and written off when all collection efforts are exhausted. As of December 31, 2020, all amounts were deemed fully collectible.

Inventory

Inventory consists primarily of items held for merchandise sales and is valued at net realizable value using the first-in, first-out method. Obsolete or slow-moving inventory is written-off based on assumptions about future demand and marketability.

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Investments

Investments consist of various types of equities, fixed-income investments and money market funds that are part of the Organization's investment portfolio. These investments are recorded in the accompanying consolidated financial statements at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Purchases and sales of investments are recorded on a trade-date basis. Interest and dividends are recorded when earned.

Fair Value Measurement

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, defines fair value and establishes a framework for measuring fair value for assets and liabilities that are measured at fair value on a recurring basis. In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, the Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

As of December 31, 2020, only the Organization's investments were measured at fair value on a recurring basis, as presented in Note 4.

Property and Equipment

Property and equipment greater than \$500 and a projected useful life exceeding one year are recorded at cost. Depreciation on building, vehicles, office equipment and software are provided for on a straight-line basis over the estimated useful lives of the assets, which range from three to fifty years. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation or amortization, and any

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

gain or loss is reflected in revenue and support or expenses in the accompanying statement of activities. Major additions are capitalized, while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

Impairment of Long-Lived Assets

The Organization reviews its long lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of December 31, 2020, the Organization had not recognized an impairment loss.

Classification of Net Assets

The Organization's net assets are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for any purpose in performing the primary objectives of the Organization at the discretion of the Organization's management and the Board of Directors (the Board). From time to time, the Board designates a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

The Board has designated \$579,540 of net assets without donor restrictions to serve as an operating reserve.

- Net assets with donor restrictions represent funds that are specifically restricted by donors for use in various programs and/or for a specific period of time. These donor restrictions can be temporary in nature in that they will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. The Organization has a Scholarship Endowment Fund (the Fund) in the amount of \$120,000, wherein the principal must remain in perpetuity and the investment earnings, including any net gains or losses, must be used for the purposes specified by the donors.

Revenue and Support Recognition

The Organization recognizes all unconditional contributed support in the reporting period in which the commitment is made. Unconditional grants and contributions are considered revenue and support without donor restrictions and available for general operations unless specifically restricted by the donor. The Organization reports unconditional grants of cash and other assets as restricted revenue and support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets to a particular purpose or to future periods. When the stipulated time restriction ends or the purpose of the restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue and Support Recognition (continued)

and reported in the accompanying statement of activities as net assets released from restrictions. The Organization has elected to reflect donor-restricted contributions whose restrictions are met in the same reporting period in which they are promised as revenue and support without donor restrictions in the accompanying consolidated statement of activities. Revenue recognized on these unconditional grants and contributions for which the cash has not been received from the grantor as of year-end is reflected as contribution and accounts receivable in the accompanying consolidated statement of financial position. Unconditional grants and contributions that are expected to be collected within one year are recorded at net realizable value. Unconditional grants and contributions that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the period over which the promised grants and contributions are to be received. Conditional promises to give are not recognized until they become unconditional, that is, when the barrier(s) in the agreement are met. There were no conditional contributions for the year ended December 31, 2020.

The Organization has cost-reimbursable grants and contracts with U.S. government agencies. Revenue from these grants and contracts is recognized as unconditional when conditional are met. Amounts incurred, but not yet reimbursed or billed, under these unconditional grants and contracts are reported as contributions and accounts receivable in the accompanying consolidated statement of financial position.

Events revenue is recognized at the point in time the event takes place. Amounts received in advance are recorded as deferred revenue in the accompanying consolidated statement of financial position.

Revenue from all other sources is recognized at the point in time the service is performed.

In-Kind Contributions

The Organization receives in-kind contributions from various foundations and individual donors. It is the Organization's policy to recognize income from in-kind donations at their fair value at the time of donation as provided by the donor, who regularly sells these types of goods. In-kind contributions consist of agricultural commodities, educational supplies and other items utilized in the Organization's programmatic activities in Nicaragua. These donations are recorded as in-kind contributions in the accompanying consolidated statement of activities.

Foreign Currency Transaction and Translation Gains and Losses

The Organization conducts many of its programs through field offices in Nicaragua and, accordingly, transacts in the local currency. These foreign currency transactions are translated into U.S. dollars at the exchange rate when each transaction is executed. The resulting gain (loss) is reflected in the accompanying consolidated statement of activities as program expenses. The U.S. dollar is considered the functional and reporting currency of the

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

1. Organization and Summary of Significant Accounting Policies (continued)

Foreign Currency Transaction and Translation Gains and Losses (continued)

Foundation. The functional currency of FCF Nicaragua and Fabretto Holding is the Nicaraguan córdoba, which is translated into U.S. dollars at current exchange rates. The resulting translation gain (loss) is shown in the accompanying consolidated financial statements as a separate component of the change in net assets.

Functional Allocation of Expenses

The costs of providing various management and general expenses (such as accounting, human resources and systems support) are allocated among programs and supporting activities based on budgeted levels of related departmental costs. Other expenses that benefit both supporting and program activities, such as occupancy and depreciation, are allocated based on estimated usage or other relevant factors.

Measure of Operations

The Organization includes in its measure of operations all revenues and expenses that are integral part of its programs and supporting activities, and excludes realized and unrealized gains and losses on investments, as well as foreign currency transaction gains and losses.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Property and Equipment and Accumulated Depreciation and Amortization

The Organization's property and equipment consisted of the following as of December 31, 2020:

Buildings	\$	385,758
Land		159,471
Vehicles		105,287
Equipment and software		<u>80,223</u>
Total Property and Equipment		730,739
Less: Accumulated Depreciation and Amortization		<u>(158,234)</u>
Property and Equipment, Net	\$	<u>572,505</u>

Depreciation and amortization expense totaled \$22,558 for the year ended December 31, 2020.

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

3. Contributions and Accounts Receivable and Conditional Contributions

As of December 31, 2020, the Organization was owed \$495,984 for unconditional contributions and accounts receivable, which were all due in less than one year and was considered fully collectible.

During the year ended December 31, 2020, the Organization had conditional grants totaling approximately \$3,216,000 which requires certain milestones and/or the incurrence of other conditions to be met prior to revenue recognition. During the year ended December 31, 2020, the Organization recognized \$730,956 under these awards. As of December 31, 2020, the Organization has yet to recognize the remaining \$1,290,000 in revenue related to these conditional grants as the conditions upon which the revenue can be recognized have not been met. Of the amount not yet recognized as of December 31, 2020, \$147,835 was paid to the Organization in advance and is included in deferred revenue in the accompanying consolidated statement of financial position.

4. Investments and Fair Value Measurement

Investments consisted of the following as of December 31, 2020:

Exchange-traded funds	\$ 514,141
Mutual funds	336,279
Cash	<u>24,535</u>
Total Investments	<u>\$ 874,955</u>

The following table summarizes the Organization's assets measured at fair value on a recurring basis as of December 31, 2020, aggregated by the fair value hierarchy level with which those measurements were made:

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Investments:				
Mutual funds:				
U.S. government				
agency bond	\$ 110,186	\$ 110,186	\$ -	\$ -
Intermediate-term bond	77,168	77,168	-	-
Short-term bond	148,925	148,925	-	-
Exchange-traded funds:				
Small blend	41,761	41,761	-	-
Large value	52,504	52,504	-	-
Foreign large blend	181,014	181,014	-	-
Europe stock	44,819	44,819	-	-
Large blend	43,370	43,370	-	-
Large growth	49,916	49,916	-	-
Diversified emerging markets	78,096	78,096	-	-

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

4. Investments and Fair Value Measurement (continued)

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Pacific/Asia ex-Japan Stock	\$ 22,661	\$ 22,661	\$ -	\$ -
Total Investments in the Fair Value Hierarchy	850,420	<u>\$ 850,420</u>	<u>\$ -</u>	<u>\$ -</u>
Cash	<u>24,535</u>			
Total Investments	<u>\$ 874,955</u>			

5. Net Assets

Net Assets Without Donor Restrictions

The Organization's net assets without donor restrictions are composed of undesignated amounts and board-designated amounts for the Fabretto scholarship fund. As of December 31, 2020, the Organization's net assets without donor restrictions were as follows:

Undesignated – Foundation	\$ 1,188,049
Undesignated – FCF Nicaragua	34,586
Noncontrolling interest	(4,245)
Board-designated Fabretto scholarship fund	<u>579,540</u>
Total Net Assets Without Donor Restrictions	<u>\$ 1,797,930</u>

The board-designated net assets for the Fabretto scholarship fund were instituted to sustain the scholarship program.

Net Assets With Donor Restrictions

As of December 31, 2020, net assets with donor restrictions were restricted for the following purposes or period:

Subject to expenditure for specified purpose:	
Education	\$ 347,611
Hurricane relief	40,473
Other	<u>17,674</u>
Total Subject to Expenditure for Specified Purpose	<u>405,758</u>
Subject to expenditure for passage of time:	
Aid for Nicaraguan Youth	<u>48,943</u>
Total Subject to Expenditure for Passage of Time	<u>454,701</u>
Endowment fund:	
Scholarship fund	<u>120,000</u>
Total Endowment Fund	<u>120,000</u>
Total Net Assets With Donor Restrictions	<u>\$ 574,701</u>

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020**

5. Net Assets (continued)

Net Assets With Donor Restrictions (continued)

During 2003, the Organization received an \$80,000 gift from a donor to create Aviva! Endowed Scholarship Fund (the Fund). Under the terms of the gift agreement, the Organization had to raise a \$40,000 matching contribution to the Fund, for a total principal balance of \$120,000 to be maintained separately and in perpetuity. The income from the fund is to be used to fund vocational, technical, college or university scholarships for participants or alumni of the programs of La Familia Padre Fabretto in Nicaragua.

The Organization's donor restricted net assets to be held in perpetuity for the La Familia Padre Fabretto Fund meet the definition of endowment funds. In addition, the Organization maintains a board-designated endowment fund for scholarships and sustainability of the Organization. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions or by the designation of the Board of Direction.

As of December 31, 2020, the Organization had the following endowment-related activities:

	<u>Board- Designated</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Net assets, beginning of year	\$ 518,561	\$ 120,000	\$ 638,561
Interest and dividends	-	17,379	17,379
Portfolio appreciation (depreciation)	60,979	-	60,979
Appropriation of endowment assets for expenditure	-	(17,379)	(17,379)
Net Assets, End of Year	<u>\$ 579,540</u>	<u>\$ 120,000</u>	<u>\$ 699,540</u>

As of December 31, 2019, the Organization's endowments had the following net asset composition:

	<u>Board- Designated</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets, beginning of year	\$ 518,561	\$ 120,000	\$ 638,561
Interest and dividends	-	17,379	17,379
Portfolio appreciation (depreciation)	60,979	-	60,979
Appropriation of endowment assets for expenditure	-	(17,379)	(17,379)
Net Assets, End of Year	<u>\$ 579,540</u>	<u>\$ 120,000</u>	<u>\$ 699,540</u>

Interpretation of Relevant Law

The Organization's Board of Directors has interpreted Illinois's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

5. Net Assets (continued)

Interpretation of Relevant Law (continued)

stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions, the original value of gifts donated that are to be held in perpetuity including the original value of subsequent gifts. Investment returns on endowments to be held in perpetuity are classified in accordance with donor specifications. When no specifications are outlined by the donor, investment earnings are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with Illinois's UPMIFA, unless there are explicit donor instructions, the boards of nonprofit organizations have the flexibility to determine the appropriate use of endowment principal and related investment income. UPMIFA suggests that boards consider the following factors in determining prudent use of investment income and endowment principal:

- 1) The duration and preservation of the fund;
- 2) The purpose of the organization and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the organization; and
- 7) The investment policies of the organization.

Return Objectives, Risk Parameters and Strategies

The Organization follows a conservative investment policy for endowment assets that attempts to preserve fully the original corpus and optimize returns. Under such a policy, the endowment assets would be invested in a manner that is intended to produce results exceeding major investment benchmarks while assuming a moderate level of risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved both through capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Spending Policy

The entire balance of interest and dividends income on the endowment balance on the Organization's investments are released from net assets with donor restrictions and are used in accordance with donor stipulations when scholarships are awarded annually.

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

5. Net Assets (continued)

Funds with Deficiencies

From time to time, the fair value of assets associated with restricted endowment funds in perpetuity may fall below the level that the donors require to be retained as a fund of perpetual duration. The Organization has interpreted UPMIFA to permit spending from funds with deficiencies in accordance with prudent measures required under law. As of December 31, 2020, there were no deficiencies of this nature.

6. Notes Payable

In January 2019, the Organization entered into a note agreement with another mission based organization. The loan consists of a \$150,000 note payable that bears interest at 1% per annum and is payable during 2020, with payments commencing in 2019. During the year ended December 31, 2020, the balance of this loan was paid off.

In March 2019, the Organization entered into a note agreement with a private foundation. The note is for \$250,000 that bears interest at a rate of 2% per annum and is payable during 2020. As of December 31, 2020, \$175,000 remained outstanding on this note.

The Organization's intent is to repay the entire notes payable balance during 2021. Interest expense related to these notes totaled \$4,049 for the year ended December 31, 2020.

7. In-Kind Contributions

The Organization received the following in-kind contributions during the year ended December 31, 2020:

Educational supplies	\$ 221,450
Agricultural commodities	<u>175,598</u>
Total In-Kind Contributions	<u>\$ 397,048</u>

In-kind contributions are recorded at their fair value at the time of donation and are included in the accompanying consolidated statement of activities.

8. Commitments, Risks and Contingencies

Operating Leases

In February 2017, the Organization began leasing shared office space on a month-to-month basis, requiring monthly payments of \$450.

The Organization also leases office space in various other locations through short-term lease agreements or long-term agreements that allow the Organization to terminate the agreement.

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

8. Commitments, Risks and Contingencies (continued)

Operating Leases (continued)

Under GAAP, all fixed rent increases and lease incentives are recognized on a straight-line basis ratably over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent in the accompanying consolidated statement of financial position.

Rent expense related to these lease agreements was \$9,793 for the year ended December 31, 2020 and is included in occupancy expenses on the consolidated statement of functional expenses.

As of December 31, 2020, there were no future minimum rental payments under the shared office space lease.

Credit Risk

The Organization's cash policy is to hold all cash in the U.S.; however the Organization has offices and programs in Nicaragua and maintains cash accounts there to fund activities for two weeks. The future of these programs may be adversely affected by a number of potential factors, such as currency devaluation or changes in the political climate. As of December 31, 2020, the Organization had approximately \$82,447 of cash in Nicaragua based on donor specifications.

Concentration of Credit Risk

The Organization maintains its cash with certain commercial financial institutions, which aggregate balance may at times exceed amounts insured by federal agencies, and therefore, bear some risk. The Organization monitors the creditworthiness of these institutions and has not experienced, nor does it anticipate, any loss of funds.

Risks and Uncertainties

In March 2020, the World Health organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic that continues to spread through the United States and international communities. The Organization is monitoring the outbreak of COVID-19 and the related business and travel restrictions and changes to behavior intended to reduce its spread, in addition to the impact on its employees. Due to the rapid development and fluidity of the situation, the magnitude and duration of the pandemic and its impact on the Organization's operations and liquidity is uncertain as of the date of this report. The Organization has been able to continue most of its operations in a remote environment and is making plans to adjust activities that cannot, however, at this point, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

9. Availability and Liquidity

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments, while also striving to preserve the principal and return on the investment of its funds. The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditures at December 31, 2020, were as follows:

Cash and cash equivalents	\$ 814,805
Contributions and accounts receivable	495,984
Investments	<u>874,955</u>
Total Financial Assets Available Within One Year	2,185,744
Less:	
Amounts unavailable for general expenditures within one year due to donors' restriction for specified purpose	(405,758)
Amounts unavailable for general expenditures within one year due to donors' restriction for passage of time	(48,943)
Amounts unavailable for general expenditures within one year due to donors' restriction for endowment funds	(120,000)
Amounts unavailable to management without Board approval: Board-designated for working capital reserve	<u>(579,540)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 1,031,503</u>

The Organization's primary sources of revenue are contributions with and without donor restrictions. Unconditional contributions without donor restrictions are available for any expenditure and obligations that the organization might incur and may be used for management expenditures. The Organization's expenditures depend on grant agreements, fundraising events and campaign disbursements. In order to monitor the Organization's liquidity, weekly cash flow meetings are held to review the need of cash and revenue projections. As a result, management is aware of the cyclical nature of the Organization's cash flow and if necessary, able to take make adjustments to guarantee the Organization's activities. As part of the Organization's liquidity plan, fundraising events and campaigns are held throughout the year in order to guarantee cash flow that allows the Organization to cover expenses in a timely manner. At least four events are held throughout the year and are hosted in different cities. Certain projects contribute with administrative expenses based on a percentage of the grant. The Organization also has investments that can be used in case of unanticipated liquidity needs, with the Board of Director's approval. Fabretto Comercial's liquidity is directly related to its sales; cash flow is also monitored and reviewed every week in order to guarantee the Organization's activities and avoid any problem with its operations.

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS For the Year Ended December 31, 2020

10. Related Parties

AFPF is a legally separate entity, registered in Nicaragua that is related to the Foundation through common management. The organizations share employees and related expenses. The Organization does not have the ability to appoint the majority of AFPF's Board of Directors and therefore does not control AFPF. The accompanying consolidated financial statements only include accounts of the Organization. The Organization contributed \$2,473,784 to AFPF during the year ended December 31, 2020.

Fundacion Fabretto (FF) is a legally separate entity, registered in Spain, established to broaden support through grassroots fundraising and access to Spanish and other European funding sources. Neither organization holds controlling financial interest in the other. The Foundation did not make any contributions to FF during the year ended December 31, 2020.

11. Income Taxes

The Foundation is recognized as a tax-exempt organization under the Internal Revenue Code (the IRC) Section 501(c)(3), and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying consolidated financial statements, as there was no unrelated business taxable income. Contributions to the Foundation are deductible as provided in the IRC Section 170(b)(1)(A)(vi).

FCF Nicaragua qualifies as a nonprofit organization under Chapter III, Article 13, subsections e and f; and Chapter V, Article 19-20; both in Law 147 of the General Law on Non-Profit Legal Persons established by the National Assembly of the Republic of Nicaragua.

Fabretto Comercial is a commercial organization subject to the relevant laws of the Commercial Code of Nicaragua. The duration of Fabretto Comercial is 99 years from its registration in the Commercial Public Registry on May 17, 2011.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization evaluated its uncertainty in income taxes for the year ended December 31, 2020, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2020, the statute of limitations remained open with the U.S. federal jurisdiction and/or the various states and local jurisdictions in which the Organization files tax returns; however there are currently no examinations pending or in progress. It is the Organization's policy to recognize interest and penalties related to uncertainty in income taxes, if any, in income tax expense. As of December 31, 2020, the Organization had no accruals for interest and/or penalties.

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

12. Prior Year Summarized Financial Information

The accompanying consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

13. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated subsequent events through September 27, 2021, the date the financial statements were available to be issued. There were no subsequent events identified that require recognition or disclosure in these financial statements.

SUPPLEMENTARY INFORMATION

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

December 31, 2020

	The Foundation				Total
	FCF US	FCF Nicaragua	Fabretto Comercial	Eliminations	
ASSETS					
Cash and cash equivalents	\$ 732,358	\$ 74,418	\$ 8,029	\$ -	\$ 814,805
Contributions and accounts receivable	277,416	41,478	272,818	(95,728)	495,984
Inventory	-	-	101,014	-	101,014
Other assets	-	969	13,132	-	14,101
Investments	874,955	-	-	-	874,955
Due from affiliate	470,000	-	-	(470,000)	-
Investment in Fabretto Holding	(210,900)	-	-	210,900	-
Property and equipment, net	501,508	53,135	17,862	-	572,505
TOTAL ASSETS	\$ 2,645,337	\$ 170,000	\$ 412,855	\$ (354,828)	\$ 2,873,364
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	\$ 6,249	\$ 109,377	\$ 158,000	(95,728)	\$ 177,898
Deferred revenue	121,798	26,037	-	-	147,835
Notes payable	175,000	-	-	-	175,000
Due to affiliate	-	-	470,000	(470,000)	-
TOTAL LIABILITIES	303,047	135,414	628,000	(565,728)	500,733
Net Assets					
Without donor restrictions					
Undesignated	1,188,049	34,586	-	-	1,222,635
Board-designated	579,540	-	-	-	579,540
Noncontrolling interest	-	-	-	(4,245)	(4,245)
Total Without Donor Restrictions	1,767,589	34,586	-	(4,245)	1,797,930
With donor restrictions	574,701	-	-	-	574,701
TOTAL NET ASSETS	2,342,290	34,586	-	(4,245)	2,372,631
Stockholder's Equity					
Capital stock, \$17.05 par, 100 shares authorized, 100 shares issued and outstanding	-	-	1,705	(1,705)	-
Retained earnings	-	-	(216,850)	216,850	-
Total Stockholder's Equity	-	-	(215,145)	215,145	-
TOTAL LIABILITIES, NET ASSETS AND STOCKHOLDERS' EQUITY	\$ 2,645,337	\$ 170,000	\$ 412,855	\$ (354,828)	\$ 2,873,364

See independent auditors' report on supplementary information.

FABRETTO CHILDREN'S FOUNDATION AND AFFILIATES

CONSOLIDATING SCHEDULE OF ACTIVITIES

For the Year Ended December 31, 2020

	The Foundation								Total
	US		Nicaragua		Fabretto Comercial	Elimination	Total		
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions			Without Donor Restrictions	With Donor Restrictions	
OPERATING REVENUE AND SUPPORT									
Contributions	\$ 1,770,287	\$ 48,943	\$ 406,819	\$ -	\$ -	\$ (410,445)	\$ 1,766,661	\$ 48,943	\$ 1,815,604
Grants – government	5,357	-	-	-	-	-	5,357	-	5,357
Grants – non government	683,399	405,758	2,501,001	-	-	(1,627,048)	1,557,352	405,758	1,963,110
In-kind contributions	397,048	-	-	-	-	-	397,048	-	397,048
Events	44,899	-	-	-	-	-	44,899	-	44,899
Merchandise sales	922	-	-	-	419,627	-	420,549	-	420,549
Interest and dividends	-	17,379	-	-	-	-	-	17,379	17,379
Other income	-	-	2,570	-	13,617	-	16,187	-	16,187
Net assets released from restrictions:									
Satisfaction of program restrictions	183,289	(183,289)	-	-	-	-	183,289	(183,289)	-
Satisfaction of time restrictions	171,405	(171,405)	-	-	-	-	171,405	(171,405)	-
TOTAL OPERATING REVENUE AND SUPPORT	3,256,606	117,386	2,910,390	--	433,244	(2,037,493)	4,562,747	117,386	4,680,133
OPERATING EXPENSES									
Program services:									
Aid for Nicaraguan Youth	2,564,968	-	2,762,305	-	47,400	(2,037,493)	3,337,180	-	3,337,180
Cost of sales	-	-	-	-	394,696	-	394,696	-	394,696
Total Program Services	2,564,968	-	2,762,305	-	442,096	(2,037,493)	3,731,876	-	3,731,876
Supporting services:									
Management and general	149,724	-	-	-	63,029	-	212,753	-	212,753
Fundraising – direct costs to donors	84,726	-	-	-	-	-	84,726	-	84,726
Fundraising – other	160,931	-	-	-	-	-	160,931	-	160,931
Total Supporting Services	395,381	-	-	-	63,029	-	458,410	-	458,410
TOTAL OPERATING EXPENSES	2,960,349	-	2,762,305	-	505,125	(2,037,493)	4,190,286	-	4,190,286
Equity Earnings in Subsidiary									
Fabretto Holding	(112,959)	-	-	-	-	112,959	-	-	-
Total Equity Earnings in Subsidiary	(112,959)	-	-	-	-	112,959	-	-	-
Change in net assets (deficit) from operations	183,298	117,386	148,085	-	(71,881)	112,959	372,461	117,386	\$ 489,847
NONOPERATING ACTIVITIES									
Net realized and unrealized gain on investments	70,879	-	-	-	-	-	70,879	-	70,879
Bad debt expense	-	-	-	-	(43,383)	-	(43,383)	-	(43,383)
TOTAL NONOPERATING ACTIVITIES	70,879	-	-	-	(43,383)	-	27,496	-	27,496
Change in net assets (deficit) before noncontrolling interests	254,177	117,386	148,085	-	(115,264)	112,959	399,957	117,386	517,343
Net income attributable to noncontrolling interest	-	-	-	-	-	2,305	2,305	-	2,305
CHANGE IN NET ASSETS	\$ 254,177	\$ 117,386	\$ 148,085	\$ -	\$ (115,264)	\$ 115,264	\$ 402,262	\$ 117,386	\$ 519,648

See independent auditors' report on supplementary information.