

FUNDACIÓN ATENCIÓN ATENCIÓN, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

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Independent Auditor's Report

To the Board of Directors of
Fundación Atención Atención, Inc

Opinion

I have audited the financial statements of Fundación Atención Atención, Inc (the Company), which comprise the statement of financial position as of December 31, 2021, the related statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Company and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 the Company's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 GAAS 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 GAAS, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Héctor Rivera

CPA Héctor J. Rivera
License number 6336
Expire on December 1, 2022
Manati, Puerto Rico
May 31, 2022

Stamp number E484368 of the Puerto Rico
Society of Certified Public Accountants was affixed
to the original report.

FUNDACIÓN ATENCIÓN ATENCIÓN, INC.

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2021

ASSETS

Restricted cash	\$	77,632
Pledge receivable		2,000
Other Receivable		34,845
Prepaid expenses		<u>1,810</u>
Total assets	\$	<u><u>116,287</u></u>

LIABILITIES AND NET ASSETS

Accrued expenses	\$	<u>110</u>
Total liabilities		<u>110</u>

Net Assets:

Without donor restrictions		
Undesignated		38,545
With donor restrictions		<u>77,632</u>
Total net assets		<u>116,177</u>
Total liabilities and net assets	\$	<u><u>116,287</u></u>

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

FUNDACION ATENCIÓN ATENCIÓN, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenues and other support:			
Contributions	\$ 31,928	\$ 174,000	\$ 205,928
Other income	3,572		3,572
Net Assets released from restrictions			
Satisfaction of purpose restrictions	182,100	(182,100)	-
	217,600	(8,100)	209,500
Expenses:			
Program Expenses			
Play = Learning	76,048		76,048
Play Time	24,073		24,073
The Magic of Reading	1,475		1,475
AA Academy	80,504		80,504
Total program expenses	182,100		182,100
Support expenses:			
Management and general	63,741		63,741
Total expense	245,841		245,841
Other Income			
Employee Retention Credit Income	36,314		36,314
COVID incentives	14,500		14,500
Total other income	50,814	-	50,814
Changes in net assets	22,573	(8,100)	14,473
Net assets, beginning of the period	15,972	85,732	101,704
Net assets, end of period	\$ 38,545	\$ 77,632	\$ 116,177

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

FUNDACION ATENCIÓN ATENCIÓN, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

Cash flows from operating activities:

Cash received from contributions	\$ 218,454
Interest received	46
Cash paid to suppliers and employees	<u>(251,042)</u>
Net cash used by operating activities	<u>(32,542)</u>

Cash provided by financing activities:

Payroll protection program II	<u>14,500</u>
Net cash provided by financing activities	14,500

Net decrease in cash and cash restricted	(18,042)
Cash and restricted cash at beginning of period	95,674
Cash and restricted cash at end of period	<u>\$ 77,632</u>

Reconciliation of change in net assets to net cash used by operating activities:

Change in net assets	\$ 14,473
Payroll protection program II	(14,500)

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Change in current assets and liabilities:

Decrease in pledge receivable	9,000
Increase in other receivable	(34,845)
Decrease prepaid expenses	(181)
Decrease in accrued expenses	<u>(6,489)</u>
Total adjustments	<u>(47,015)</u>
Net cash used by operating activities	<u>\$ (32,542)</u>

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

FUNDACION ATENCIÓN ATENCIÓN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	<u>Play =</u>		<u>The Magic</u>		<u>Managemen</u>	
	<u>Learning</u>	<u>Play Time</u>	<u>of</u>	<u>AA</u>	<u>t and</u>	<u>Total</u>
			<u>Reading</u>	<u>Academy</u>	<u>General</u>	
Production	\$ 17,095	\$ -	\$ -	\$ 69,850	\$ -	\$ 86,945
Wages Expense	23,386	7,403	453	8,455	35,903	75,600
Payroll Tax Expense	1,014	321	20	647	1,277	3,279
Contracted Services	18,853	16,349	1,002	1,552	2,284	40,040
Accounting Fees					8,950	8,950
Legal Fees					135	135
Insurance					4,595	4,595
Purchase Expense Items	15,700				-	15,700
Rent Expense					1,375	1,375
Telephone Expense					440	440
Other taxes					386	386
Sales Tax Expense					80	80
Bank Charges					121	121
Materials Expense					388	388
Meetings Expense					74	74
Occupancy Expense					447	447
Office Supplies					1,208	1,208
Other Expense					3,473	3,473
Penalidad Suri					508	508
Postage and Shipping Expense					365	365
Printing Expense					175	175
Publications					403	403
Travel Expense					819	819
Mileage					334	334
Total Expenses	\$ 76,048	\$ 24,073	\$ 1,475	\$ 80,504	\$ 63,741	\$245,841

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

1. Description of the Organization

Fundación Atención Atención, inc. (hereinafter "FAA"), a non-profit organization, was organized on February 19, 2013, under the laws of the Commonwealth of Puerto Rico with the mission of providing training to teachers, therapists, and parents of children with special needs. This was accomplished through workshops and other innovative strategies that facilitate the acquisition of these skills and training tools.

The major programs of FAA are:

- Jugar=Aprender ("Playing=Learning", English translation) – program primarily seeks to provide training to teachers, therapists, and parents of children with special needs through workshops and other innovative strategies.
- La Hora del Juego ("Play Time", English translation) – program to be as a result of the aftermaths caused by Hurricane María in September 2017. This program was created to prevent the potential negative effects that disasters may have caused in children as FAA considers playing is the best tool for psycho-emotional recovery in children while allowing them to develop their imaginations, process difficult events, and strengthen resilience.
- La magia de leer ("The Magic of Reading", English translation) The Magic of Reading and Creating is a school initiative integrated into the student's academic agenda. It aims to develop reading and writing skills in a fun way while putting to work the artist who lives in each child, integrating the development of crafts related to the story. Its purpose is to enliven the love of reading, take them out of the daily routine, applying academic concepts in a fun way and integrating us into the teacher's class.
- Atención Atención Academy (AA Academy) is a fun and educational virtual environment that offers supplemental content in important developmental areas, topics, and skills for children of ages one through six. Users find lessons, exercises and activities to complete on and offline with access from any device at any time. The subjects include Mathematics, Science, Literacy, Art and Social Studies. These categories integrate addition and subtraction, counting, geometric figures, patterns, colors, alphabet, vowels, body parts and senses, among others. The platform offers real-time reports showing children's progress.

FUNDACION ATENCIÓN ATENCIÓN, INC.

NOTES TO STATEMENT OF FINANCIAL

DECEMBER 31, 2021

2. Summary of Significant Policies

Following is a description of the more significant accounting policies followed by FAA:

Basis of Presentation – The financial statements of FAA have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require FAA to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of FAA. These net assets may be used at the discretion of FAA's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of FAA or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

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

Cash – FAA's cash consists of cash on deposit with banks.

Concentrations of Credit Risk – Financial instruments that potentially subject FAA to concentrations of credit risk consist principally of cash. FAA maintains its cash in various bank accounts that, at times, may exceed federally insured limits. FAA's cash accounts have been placed with high credit quality financial institutions. As of December 31, 2021, FAA's cash deposits did not exceed the limit insured by the Federal Deposit Insurance Corporation. FAA has not experienced, nor does it anticipate, any losses with respect to the accounts.

Contributions – Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

FUNDACION ATENCIÓN ATENCIÓN, INC.

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Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Functional expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. The expenses that are allocated are based on (i) time and effort; and (ii) full time equivalents.

Use of Estimates – The preparation of the financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Income Taxes – FAA is exempt from income tax under Section 1101.01 of the Puerto Rico Internal Revenue Code of 2011, as amended, and under Section 501(c)(3) of the United States Internal Revenue Code. Accordingly, no income tax provision for the year ended December 31, 2021, was recorded.

FAA follows the guidance contained in ASC Topic 740-10-25, Accounting for Uncertainty in Income Taxes. ASC Topic 740-10-25 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken. Based upon its evaluation, FAA concluded that there are no uncertain tax positions requiring recognition in its financial statements.

Commitments and Contingencies – Liabilities for loss contingencies, arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability will be incurred, and the amount of the assessment and/or remediation can be reasonably estimated. At the report date, FAA had no material unrecorded contingencies.

3. Availability and Liquidity

FAA's goal and liquidity plan are to maintain financial assets to meet 90 days of operating expenses. FAA's financial assets on December 31, 2021, amount to \$77,632 related to cash.

FUNDACION ATENCIÓN ATENCIÓN, INC.

NOTES TO STATEMENT OF FINANCIAL

DECEMBER 31, 2021

Certain restriction of use in these financial assets have been imposed by management; as such, the entire amount is restricted and will be available once those restrictions are satisfied.

4. Payroll Protection Program (2021)

On February 4, 2021 FAA received a loan in the amount of \$14,500 under the Payroll Protection Program #2 (PPP Loan). The loan accrues interest at a rate of 1% and has an original maturity date of two years which can be extended to five years by mutual agreement of the Company and the lender. Payments are deferred during the Deferral Period. The Deferral Period is the period beginning on the date of this Note, February 4, 2021, and ending 10 months after the last day of the covered period (Deferral Expiration Date). Any amounts not forgiven under the Program will be payable in equal installments of principal plus any interest owed on the payment date from the Deferral Expiration Date through the Maturity Date. Additionally, any accrued interest that is not forgiven under the Program will be due on the First Payment Date, which is the 15th of the month following the month in which the Deferral Expiration Date occurs. The loan was forgiven on August 6, 2021 and the \$14,500 were recognized as part of other income in the statement of activities and changes in net assets.

5. Employee Retention Credit ("ERC")

The Foundation is eligible for the Employee Retention Credit ("ERC") under the CARES Act. A total of \$39,771.80 were claimed on the Form 941-X Adjusted Employer's Quarterly Federal Tax Return for the quarters of March, June and September of 2021, totalized and claimed as a credit in the quarterly return for the quarter ended December 31, 2021. \$3,457 were used to pay employment taxes for said quarter and the remaining \$36,314 will be used to offset future payroll tax liabilities the Foundation has the option to request a refund but has chosen not to.

6. Net Assets

During the year ended December 31, 2021, FAA entered into contribution agreements that contained donor-imposed restrictions amounting to \$174,000. The Entity had funds remaining from prior year's contribution agreements amounting to \$85,732. As of December 31, 2021, certain restrictions were satisfied for such funds; as such, \$77,632 net assets with donor restrictions remained.

FUNDACION ATENCIÓN ATENCIÓN, INC.

NOTES TO STATEMENT OF FINANCIAL

DECEMBER 31, 2021

7. Contingency

On January 30, 2020, the World Health Organization (WHO) declared a coronavirus disease 2019 (COVID-19) outbreak to be a Public Health Emergency International Concern which, effective March 11, 2020, was recognized as a pandemic, based on the rapid increase in exposure globally. This pandemic has led to severe economic global disruption. The full impact of the Covid-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on FAA's financial condition, liquidity, and future results of activities. Management is currently evaluating the future impact that this event will have in its activities, liquidity, financial condition, and workforce.

8. Subsequent Events

FAA has evaluated subsequent events from the statement of financial position date through May 31, 2022, the date at which the financial statements were available to be issued and determined that no events occurred subsequent to the statement of financial position date that would require further disclosure in these financial statements.