

FUNDACIÓN ATENCIÓN ATENCIÓN, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2022

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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, 2022, 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, 2022, 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 my 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 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, 2025

Manatí, Puerto Rico

June 26, 2023

Stamp Number E518409 of the Puerto Rico Society of Certified Public Accountants was affixed to the original report.

FUNDACIÓN ATENCIÓN ATENCIÓN, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

ASSETS

| | |
|-----------------------------|-------------------|
| Restricted cash | \$ 65,712 |
| Other receivable | 36,314 |
| Prepaid expenses | <u>4,224</u> |
| Total current assets | 106,250 |
| Property and equipment, net | 38,945 |
| Total assets | <u>\$ 145,195</u> |

LIABILITIES AND NET ASSETS

| | |
|-------------------|------------------|
| Accrued expenses | <u>\$ 17,296</u> |
| Total liabilities | 17,296 |

Net Assets:

| | |
|----------------------------------|-------------------|
| Without donor restrictions | 37,614 |
| With donor restrictions | <u>90,285</u> |
| Total net assets | <u>127,899</u> |
| Total liabilities and net assets | <u>\$ 145,195</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, 2022

| | <u>Without donor restrictions</u> | <u>With donor restrictions</u> | <u>Total</u> |
|---------------------------------------|---------------------------------------|------------------------------------|-------------------|
| Revenues and other support: | | | |
| Contributions | \$ 64,423 | \$ 359,090 | \$ 423,513 |
| Other income | 42 | | 42 |
| Net assets released from restrictions | 346,437 | (346,437) | - |
| | <u>410,902</u> | <u>12,653</u> | <u>423,555</u> |
| Expenses: | | | |
| Program expenses | | | |
| Play = Learning | 16,327 | | 16,327 |
| Play Time | 205,600 | | 205,600 |
| The Magic of Reading and Playing | 29,015 | | 29,015 |
| AA Academy | 95,495 | | 95,495 |
| Total program expenses | <u>346,437</u> | | <u>346,437</u> |
| Support expenses: | | | |
| Management and general | 65,396 | | 65,396 |
| Total expense | <u>411,833</u> | | <u>411,833</u> |
| Changes in net assets | (931) | 12,653 | 11,722 |
| Net assets, beginning of the period | <u>38,545</u> | <u>77,632</u> | <u>116,177</u> |
| Net assets, end of period | <u>\$ 37,614</u> | <u>\$ 90,285</u> | <u>\$ 127,899</u> |

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

FUNDACION ATENCIÓN ATENCIÓN, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

| | |
|---|-------------------------|
| Cash flows from operating activities: | |
| Cash received from contributions | \$ 423,535 |
| Interest received | 20 |
| Non-cash transactions | |
| Cash paid to suppliers and employees | (390,538) |
| Net cash provided by operating activities | <u>33,017</u> |
| | |
| Cash used in investing activities: | |
| Automobile | (44,937) |
| Net cash used in investing activities | <u>(44,937)</u> |
| | |
| Net decrease in cash and cash restricted | (11,920) |
| Cash and restricted cash at beginning of period | 77,632 |
| | |
| Cash and restricted cash at end of period | <u><u>\$ 65,712</u></u> |
| | |
| Reconciliation of change in net assets to net cash used by operating activities: | |
| Change in net assets | \$ 11,722 |
| | |
| Non-cash adjustments | |
| Depreciation | 5,992 |
| | |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Change in current assets and liabilities: | |
| Decrease in pledge receivable | 2,000 |
| Decrease in other receivable | (1,469) |
| Increase in prepaid expenses | (2,414) |
| Increase in accrued expenses | 17,186 |
| | |
| Total adjustments | <u>21,295</u> |
| | |
| Net cash provided by operating activities | <u><u>\$ 33,017</u></u> |

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

FUNDACION ATENCIÓN ATENCIÓN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

| | <u>Play =</u> <u>Learning</u> | <u>Play Time</u> | <u>The Magic of</u> <u>Reading and</u> <u>Playing</u> | <u>AA Academy</u> | <u>Management</u> <u>and General</u> | <u>Total</u> |
|-----------------------|----------------------------------|-------------------|---|-------------------|---|-------------------|
| Contracted Services | \$ 4,085 | \$ 101,547 | \$ 4,890 | \$ 6,820 | \$ 4,076 | \$ 121,418 |
| Production | \$ 3,650 | \$ 45,643 | \$ 15,086 | \$ 46,407 | \$ 6,914 | \$ 117,700 |
| Wages | \$ 8,546 | \$ 38,358 | \$ 7,955 | \$ 39,001 | \$ 5,055 | \$ 98,915 |
| Mileage and Travel | | \$ 16,839 | \$ 585 | | \$ 287 | \$ 17,711 |
| Payroll Taxes | \$ 46 | \$ 3,213 | \$ 499 | \$ 3,267 | \$ 1,261 | \$ 8,286 |
| Accounting Fees | | | | | \$ 16,331 | \$ 16,331 |
| Legal Fees | | | | | \$ 1,193 | \$ 1,193 |
| Rent Expense | | | | | \$ 2,167 | \$ 2,167 |
| Materials | | | | | \$ 1,101 | \$ 1,101 |
| Other Expenses | | | | | \$ 9,833 | \$ 9,833 |
| Insurance | | | | | \$ 4,627 | \$ 4,627 |
| Office Supplies | | | | | \$ 6,347 | \$ 6,347 |
| Depreciation | | | | | \$ 5,992 | \$ 5,992 |
| Other Taxes | | | | | \$ 212 | \$ 212 |
| Total Expenses | \$ 16,327 | \$ 205,600 | \$ 29,015 | \$ 95,495 | \$ 65,396 | \$ 411,833 |

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

FUNDACION ATENCIÓN ATENCIÓN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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 y jugar ("The Magic of Reading and Playing", 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.

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.

FUNDACION ATENCIÓN ATENCIÓN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

Property and equipment — Property and equipment is recorded at cost less accumulated depreciation. Major renewals and betterments are capitalized while maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon retirement or other disposal of properties, the related cost and accumulated depreciation or amortization are removed from the accounts. Gains or losses on sale or retirement of properties are reflected in operations. Depreciation is provided on a straight-line basis over the estimated useful lives of the asset as follows:

| | <u>Useful Life</u> |
|----------|---------------------------|
| Vehicles | 5 years |

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, 2022, 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.

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.

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.

FUNDACION ATENCIÓN ATENCIÓN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

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, 2022, 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.

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.

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, 2022, amount to \$65,712 related to cash.

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. Employee Retention Credit (“ERC”)

During 2021, FAA was found to be eligible for the Employee Retention Credit (“ERC”) under the CARES Act. A total of \$39,771.80 were claimed in 2021 through the Form 941-X Adjusted Employer’s Quarterly Federal Tax Return. An outstanding balance of \$36,314 was available as of December 31, 2022 to be used to offset future payroll tax liabilities. During 2022, FAA requested a refund because the IRS did not allowed the credit to offset employment taxes on the quarterly returns for the year ended December 31, 2022.

5. Net Assets

During the year ended December 31, 2022, FAA entered into contribution agreements that contained donor-imposed restrictions amounting to \$359,090. The Entity had funds remaining from prior year's contribution agreements amounting to \$77,632. As of December 31, 2022, certain restrictions were satisfied for such funds; as such, \$90,285 net assets with donor restrictions remained.

FUNDACION ATENCIÓN ATENCIÓN, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

6. 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. On March 11, 2023, prior to the issuance of this report, the WHO issued a declaration to end the COVID-19 pandemic. FAA did not have any major effects from the pandemic, other than those previously disclosed.

7. Subsequent Events

FAA has evaluated subsequent events from the statement of financial position date through June 26, 2023, 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.