

FUNDACIÓN ATENCIÓN ATENCIÓN, INC.

*INDEPENDENT AUDITOR'S REPORT
AND
AUDITED FINANCIAL STATEMENTS*

December 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Fundación Atención Atención, Inc.

I have audited the accompanying financial statements of Fundación Atención Atención, Inc., a non-for-profit entity, (the "FAA"), which comprise of the statement of financial position as of December 31, 2019, and the related statements 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on our audit. I 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 financial statements are free from material misstatement.

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

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



Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the statement of financial position of Fundación Atención Atención, Inc, as of December 31, 2019, and the results of its operations and change in net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



UP CPA Group LLC

UP CPA Group, LLC

Lic. No. LLC-331, expires on December 1, 2021

San Juan, Puerto Rico
June 24, 2020

By: Arelis Millán, CPA

Arelis Millán, CPA

License No. 5932

FUNDACIÓN ATENCIÓN ATENCIÓN, INC.

STATEMENT OF FINANCIAL POSITION

As of December 31, 2019

ASSETS

ASSETS

Cash	\$	42,497
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Total assets	\$	42,497
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LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$	6,362
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Total liabilities		6,362
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NET ASSETS

Without donor restrictions		36,135
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Total net assets		36,135
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Total liabilities and net assets	\$	42,497
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See accompanying notes of these audited financial statements.

FUNDACIÓN ATENCIÓN ATENCIÓN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT			
Contributions	\$ 85,266	\$ 282,200	\$ 367,466
Contributions - donations in-kind	15,233	-	15,233
Other income	491	-	491
Net assets released from restrictions:			
Satisfaction of purpose restrictions	282,200	(282,200)	-
Total revenues and other support	\$ 383,190	\$ -	\$ 383,190
EXPENSES			
Program Expenses:			
Program A	166,632	-	166,632
Program B	144,557	-	144,557
Supporting Expenses:			
Management and general	45,943	-	45,943
Total Expenses	357,132	-	357,132
Change in Net Assets			
Net assets, beginning of year	26,058	-	26,058
Net assets, end of year	10,077	-	10,077
	\$ 36,135	\$ -	\$ 36,135

See accompanying notes of these audited financial statements.

FUNDACIÓN ATENCIÓN ATENCIÓN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2019

	Program A	Program B	Management and General	Total
Contracted Services/Salaries	\$ 112,889	\$ 97,023	\$ 29,000	\$ 238,912
Education Tools	30,130	20,828	-	50,958
Other Expenses	8,237	7,570	-	15,807
Travel	2,665	9,121	300	12,086
Office Supplies	1,315	5,268	213	6,796
Meetings Expense	10,033	247	-	10,280
Rent	1,363	-	14,040	15,403
Accounting	-	4,500	2,390	6,890
Total expenses	\$ 166,632	\$ 144,557	\$ 45,943	\$ 357,132

See accompanying notes of these audited financial statements.

FUNDACIÓN ATENCIÓN ATENCIÓN, INC.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 26,058
Adjustment to reconcile change in net assets to net cash provided by operating activities:	
Depreciation expense	384
Changes in assets and liabilities	
Increase (decrease) in:	
Accounts payable and accrued expenses	6,362
Net cash provided by operating activities	<u>32,804</u>
Net increase in cash	32,804
Cash, beginning of year	<u>9,693</u>
Cash, end of year	<u><u>\$ 42,497</u></u>

See accompanying notes of these audited financial statements.

FUNDACIÓN ATENCIÓN ATENCIÓN, INC.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2019

1. Description of the Organization

Fundación Atención Atención, Inc. (hereinafter “FAA”), a non-profit organization, was organized in 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 two 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 came 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.

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

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NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2019

placed with high credit quality financial institutions. As of December 31, 2019, 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.

Property and equipment, net of accumulated depreciation – Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated useful lives of the assets or the lease term. The useful lives range from 3 to 5 years. FAA's policy is to capitalize renewals and betterments acquired and expense normal repairs and maintenance as incurred. As of December 31, 2019, all equipment is fully depreciated recognizing \$384 as depreciation expense for the year ended December 31, 2019.

FAA periodically reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. FAA has determined that no events or changes in circumstances have occurred that indicate that long-lived asset values were no longer recoverable at December 31, 2019.

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.

In-Kind Donations – FAA received a contribution in the form of the use of property (i.e. free rent) amounting to \$15,233 for the year ended December 31, 2019. Such amount is recorded following the rules of recognizing a cash contribution, as well as recording the related expense.

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, 2019 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

FUNDACIÓN ATENCIÓN ATENCIÓN, INC.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2019

reasonably estimated. At the report date, FAA had no material unrecorded contingencies.

New Accounting Pronouncements – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses. FAA has adjusted the presentation of these statements accordingly.

Other than the accounting pronouncement disclosed above, there were no other new accounting pronouncements issued that could have a material impact in FAA's financial position, operating results or financials statement disclosures.

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 at December 31, 2019 amount to \$42,497 related to cash. No restriction of use in these financial assets have been imposed by management; as such, the full \$42,497 are available to meet general expenditures over the next twelve months.

4. **In-Kind Contributions**

During the year ended December 31, 2019, FAA received from Atención Atención, Inc., a related party entity, rental office space to be used by management as part of the daily operations of FAA. The use of this property was provided free of charge by the related party. The value of contributed property meeting the requirements for recognition in the financial statements amounted to \$15,233.

5. **Net Assets**

During the year ended December 31, 2019, FAA entered into contribution agreements that contained donor-imposed restrictions amounting to \$282,200. As of December 31, 2019, all restrictions were satisfied; as such, no net assets with donor restrictions remained.

6. **Subsequent Events**

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. As a preventive measure, on March 15, 2020 the Governor of Puerto Rico imposed a lockdown that will be extended through June 30, 2020, as of the date of this report. 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.

FAA has evaluated subsequent events from the balance sheet date through June 24, 2020, the date at which the financial statements were available to be issued and determined that no events occurred subsequent to balance sheet date that would require further disclosure in these financial statements.