

**ALDEA: ADVANCING LOCAL DEVELOPMENT  
THROUGH EMPOWERMENT AND ACTION**

FINANCIAL STATEMENTS

June 30, 2022 and 2021

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
ALDEA: Advancing Local Development through Empowerment and Action  
New York, New York

### ***Opinion***

We have audited the financial statements of ALDEA: Advancing Local Development through Empowerment and Action, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ALDEA: Advancing Local Development through Empowerment and Action as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ALDEA: Advancing Local Development through Empowerment and Action and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ALDEA: Advancing Local Development through Empowerment and Action'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***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ALDEA: Advancing Local Development through Empowerment and Action'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ALDEA: Advancing Local Development through Empowerment and Action's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Waukesha, Wisconsin  
September 27, 2022

**ALDEA: ADVANCING LOCAL DEVELOPMENT  
THROUGH EMPOWERMENT AND ACTION**  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2022 and 2021

	2022	2021
<b>ASSETS</b>		
Cash	\$ 377,541	\$ 517,838
Unconditional promises to give	33,029	30,000
Investments	645,674	701,938
<b>Total assets</b>	<u>\$ 1,056,244</u>	<u>\$ 1,249,776</u>
<b>LIABILITIES</b>		
Accrued payroll	\$ 5,493	\$ 3,242
Accrued vacation	2,496	975
Deferred revenue	19,220	10,780
<b>Total liabilities</b>	27,209	14,997
<b>NET ASSETS</b>		
Without donor restrictions	744,064	970,702
With donor restrictions	284,971	264,077
<b>Total net assets</b>	<u>1,029,035</u>	<u>1,234,779</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,056,244</u>	<u>\$ 1,249,776</u>

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT  
THROUGH EMPOWERMENT AND ACTION**  
STATEMENTS OF ACTIVITIES  
Years Ended June 30, 2022 and 2021

	2022	2021
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>SUPPORT AND REVENUE</b>		
Contributions	\$ 677,122	\$ 690,692
Tour income	11,250	5,195
Investment return, net	(55,740)	91,419
Total support and revenue	632,632	787,306
<b>EXPENSES</b>		
Program services		
Guatemalan community assistance	715,794	584,905
Education and outreach	93,068	85,435
Total program services	808,862	670,340
Supporting activities		
Management and general	66,534	49,169
Fundraising	42,480	51,639
Total expenses	917,876	771,148
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>		
Satisfaction of purpose restrictions	58,606	101,548
Change in net assets without donor restrictions	(226,638)	117,706
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	79,500	146,215
Net assets released from restrictions	(58,606)	(101,548)
Change in net assets with donor restrictions	20,894	44,667
<b>Change in net assets</b>	(205,744)	162,373
Net assets at beginning of year	1,234,779	1,072,406
<b>Net assets at end of year</b>	<b>\$ 1,029,035</b>	<b>\$ 1,234,779</b>

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT  
THROUGH EMPOWERMENT AND ACTION**  
STATEMENTS OF FUNCTIONAL EXPENSES  
Years Ended June 30, 2022 and 2021

	<u>Program Services</u>		<u>Supporting Activities</u>		Total Expenses
	<u>Guatemalan Community Assistance</u>	<u>Education and Outreach</u>	<u>Management and General</u>	<u>Fundraising</u>	
<u>2022</u>					
Personnel	\$ -	\$ 62,648	\$ 43,854	\$ 18,795	\$ 125,297
Grants and scholarships	715,794	-	-	-	715,794
Professional fees	-	17,238	9,565	16,360	43,163
Travel	-	567	95	95	757
Printing and postage	-	4,088	2,871	2,539	9,498
Office	-	2,696	7,952	1,029	11,677
Insurance	-	-	1,352	-	1,352
Information technology	-	5,831	845	3,662	10,338
<b>Total expenses</b>	<b>\$ 715,794</b>	<b>\$ 93,068</b>	<b>\$ 66,534</b>	<b>\$ 42,480</b>	<b>\$ 917,876</b>
	<u>Program Services</u>		<u>Supporting Activities</u>		Total Expenses
	<u>Guatemalan Community Assistance</u>	<u>Education and Outreach</u>	<u>Management and General</u>	<u>Fundraising</u>	
<u>2021</u>					
Personnel	\$ -	\$ 47,422	\$ 14,227	\$ 33,195	\$ 94,844
Grants and scholarships	584,905	-	-	-	584,905
Professional fees	-	21,049	18,563	13,350	52,962
Tour expenses	-	5,285	-	-	5,285
Printing and postage	-	3,630	4,568	2,618	10,816
Office	-	1,185	10,163	808	12,156
Insurance	-	-	994	-	994
Information technology	-	6,864	654	1,668	9,186
<b>Total expenses</b>	<b>\$ 584,905</b>	<b>\$ 85,435</b>	<b>\$ 49,169</b>	<b>\$ 51,639</b>	<b>\$ 771,148</b>

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT  
THROUGH EMPOWERMENT AND ACTION**  
STATEMENTS OF CASH FLOWS  
Years Ended June 30, 2022 and 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (205,744)	\$ 162,373
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized (gain) loss on investments	68,324	(82,060)
(Increase) decrease in assets		
Unconditional promises to give	(3,029)	(30,000)
Increase (decrease) in liabilities		
Accrued payroll	2,251	96
Accrued vacation	1,521	(463)
Deferred revenue	8,440	3,600
<b>Net cash flows from operating activities</b>	<b>(128,237)</b>	<b>53,546</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of and interest and dividends retained in investments	(12,060)	(84,858)
Proceeds from sales of investments	-	75,600
<b>Net cash flows from investing activities</b>	<b>(12,060)</b>	<b>(9,258)</b>
<b>Change in cash</b>	<b>(140,297)</b>	<b>44,288</b>
Cash at beginning of year	517,838	473,550
<b>Cash at end of year</b>	<b>\$ 377,541</b>	<b>\$ 517,838</b>

See accompanying notes.



**ALDEA: ADVANCING LOCAL DEVELOPMENT  
THROUGH EMPOWERMENT AND ACTION**  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 and 2021

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities**

ALDEA: Advancing Local Development through Empowerment and Action (ALDEA) strengthens and expands processes of community development and participation that enhances people's lives. ALDEA works in respectful partnership with Mayan Guatemalans to have a positive impact on the problems associated with Guatemala's history of violence against indigenous populations, natural disasters, poverty, illiteracy and disastrously high rates of infant and maternal death. ALDEA supports sustainable development initiatives that strive to improve the health and well-being of particularly vulnerable sectors of society. ALDEA also promotes through experience-based education an understanding of the principles of participatory community development and the conditions under which it is most effective. ALDEA is primarily supported through contributions.

**Promises to Give**

Unconditional promises to give are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. At June 30, 2022 and 2021, all unconditional promises to give are collectible within one year.

**Investments**

ALDEA carries investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

**Contributions**

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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 donor restrictions.

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NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 and 2021

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**Expense Allocation**

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, professional fees, travel, printing and postage, office, and information technology, which are allocated on the basis of estimates of time and effort.

**Revenue Recognition**

ALDEA holds at least one 8 day and 8-night tour to Guatemala each year. Registration revenue from the tour is recognized over the point in time when the tour takes place. Tour fees paid in advance are recorded as deferred revenue until the tour is held. During the years ended June 30, 2022 and 2021, the Guatemala tours were cancelled due to COVID-19. A virtual event was held, and revenue was recognized when the event took place.

**Income Tax Status**

ALDEA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, ALDEA qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

**Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Date of Management's Review**

Management has evaluated subsequent events through September 27, 2022, the date which the financial statements were available to be issued.

NOTE 2 – RETIREMENT PLAN

ALDEA maintains a Simplified Employee Pension plan for all full-time employees. Employer contributions are discretionary, and employees are fully vested upon participation in the plan. Retirement expense for the years ended June 30, 2022 and 2021 was \$3,162 and \$2,429, respectively.

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NOTES TO FINANCIAL STATEMENTS  
June 30, 2022 and 2021

**NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Water projects	\$ 5,949	\$ 7,500
Scholarships	6,542	7,174
Community Empowerment	1,550	1,500
Agriculture/nutrition projects	57,704	26,537
Development of Guatemalan communities	203,393	210,576
Stoves	9,433	10,790
COVID-19 Emergency	400	-
	<u>\$ 284,971</u>	<u>\$ 264,077</u>

**NOTE 4 – INVESTMENTS**

Investments consist of the following:

	<u>2022</u>	<u>2021</u>
Cash equivalents held by investment managers	\$ 220,649	\$ 220,273
Stock mutual funds	205,915	242,719
Bond mutual funds	219,110	238,946
	<u>\$ 645,674</u>	<u>\$ 701,938</u>

Stock mutual funds and bond mutual funds are valued at unadjusted quoted prices reported on the active markets on which the individual securities are traded, which are Level 1 fair value measurements.

**NOTE 5 – LIQUIDITY AND AVAILABILITY**

The following table reflects ALDEA's financial assets at June 30, 2022 and 2021, reduced by amounts not available to meet cash needs for general expenditures within one year of the date of the statements of financial position because of donor-imposed restrictions.

	<u>2022</u>	<u>2021</u>
Financial assets at year-end	\$ 1,056,244	\$ 1,249,776
Less those unavailable for general expenditures within one year:		
Restricted by donor with purpose restrictions	<u>(284,971)</u>	<u>(264,077)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 771,273</u>	<u>\$ 985,699</u>

As part of the ALDEA's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.