

THE UNIVERSITY OF FONDWA, USA, INC.

**Financial Statements Together with
Report of Independent Public Accountants**

For the Years Ended December 31, 2021 and 2020



SB & COMPANY, LLC
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DECEMBER 31, 2021 AND 2020

CONTENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE FINANCIAL STATEMENTS	1
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FINANCIAL STATEMENTS

Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to the Financial Statements	8



REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON THE FINANCIAL STATEMENTS

Board of Directors
The University of Fondwa, USA, Inc.

Opinion

We have audited the statements of financial position of The University of Fondwa, USA, Inc. (uFondwa, USA), as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, 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 uFondwa, USA as of December 31, 2021 and 2020, 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 uFondwa, USA 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 controls 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 uFondwa, USA's ability to continue as a going concern for one year after the date that the financial statements are issued.



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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 controls. 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 controls 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 uFondwa, USA's internal controls. 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 uFondwa, USA's ability to continue as a going concern one year after the date of the financial statements are issued.

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 controls - related matters that we identified during the audit.

Owings Mills, MD
October 13, 2022

SB & Company, LLC

THE UNIVERSITY OF FONDWA, USA, INC.

Statements of Financial Position As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 40,555	\$ 7,709
Accounts receivable, related party	<u>1,210</u>	<u>12,145</u>
Total Assets	<u>\$ 41,765</u>	<u>\$ 19,854</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	<u>\$ 480</u>	<u>\$ 775</u>
 Net Assets		
Without donor restrictions	19,773	19,079
With donor restrictions	<u>21,512</u>	<u>-</u>
Total Net Assets	<u>41,285</u>	<u>19,079</u>
Total Liabilities and Net Assets	<u>\$ 41,765</u>	<u>\$ 19,854</u>

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

THE UNIVERSITY OF FONDWA, USA, INC.

Statements of Activities and Changes in Net Assets For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue and Other Support		
Contributions and grants	<u>\$ 989,789</u>	<u>\$ 313,996</u>
Expenses		
Program services	948,520	272,140
General and administrative	40,575	48,638
Fundraising	-	55,000
Total Expenses	<u>989,095</u>	<u>375,778</u>
Change in Net Assets Without Donor Restrictions	<u>694</u>	<u>(61,782)</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Grants	<u>21,512</u>	<u>-</u>
Change in Net Assets With Donor Restrictions	<u>21,512</u>	<u>-</u>
Changes in net assets	22,206	(61,782)
Net assets, beginning of year	19,079	80,861
Net Assets, End of Year	<u><u>\$ 41,285</u></u>	<u><u>\$ 19,079</u></u>

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

THE UNIVERSITY OF FONDWA, USA, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2021, with Comparative Totals for 2020

	2021				2020 Totals
	Program Services	General and Administrative	Fundraising	Totals	
Grants	\$ 927,609	\$ -	-	\$ 927,609	\$ 263,928
Outside contract services	14,446	13,188	-	27,634	87,150
Accounting fees	-	19,863	-	19,863	5,791
Insurance	-	5,584	-	5,584	5,484
Travel and meetings	5,543	-	-	5,543	7,975
Miscellaneous expenses	922	1,940	-	2,862	5,450
Total Expenses	\$ 948,520	\$ 40,575	\$ -	\$ 989,095	\$ 375,778

The accompanying notes are an integral part of this financial statement.

THE UNIVERSITY OF FONDWA, USA, INC.

Statement of Functional Expenses For the Year Ended December 31, 2020

	Program Services	General and Administrative	Fundraising	Totals
Grants	\$ 263,928	\$ -	\$ -	\$ 263,928
Outside contract services	-	32,150	55,000	87,150
Accounting fees	-	5,791	-	5,791
Insurance	-	5,484	-	5,484
Travel and meetings	4,514	3,461	-	7,975
Miscellaneous expenses	3,698	1,752	-	5,450
Total Expenses	<u>\$ 272,140</u>	<u>\$ 48,638</u>	<u>\$ 55,000</u>	<u>\$ 375,778</u>

The accompanying notes are an integral part of this financial statement.

THE UNIVERSITY OF FONDWA, USA, INC.

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 22,206	\$ (61,782)
Effects of changes in non cash operating assets and liabilities:		
Accounts receivable, related party	10,935	(12,145)
Accounts payable	<u>(295)</u>	<u>775</u>
Net Cash from Operating Activities	<u>32,846</u>	<u>(73,152)</u>
 Net change in cash	 32,846	 (73,152)
Cash and cash equivalents, beginning of year	<u>7,709</u>	<u>80,861</u>
Cash and cash equivalents, End of Year	<u><u>\$ 40,555</u></u>	<u><u>\$ 7,709</u></u>

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

THE UNIVERSITY OF FONDWA, USA, INC.

Notes to the Financial Statements December 31, 2021 and 2020

1. BACKGROUND OF THE ORGANIZATION

On February 20, 2007, the University of Fondwa, USA, Inc. (uFondwa, USA) was incorporated as a nonprofit corporation (IRS Section 501(c)(3)). The mission of uFondwa, USA is to educate young Haitian men and women in order to create wealth in rural areas. At the University of Fondwa (UNIF), creating wealth means economic wealth through financial and entrepreneurial initiatives and jobs, intellectual wealth through community-based education and research, and environmental wealth through preserving the environment in student endeavors and promoting stewardship of resources in rural communities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements of uFondwa, USA are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Use of Estimates

The preparation of uFondwa, USA's financial statements in conformity with accounting principles generally accepted in the United States of America requires uFondwa, USA's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of 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.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investment funds, which have an original maturity of 90 days or less. Cash equivalents as of December 31, 2021 and 2020, consisted of money market funds.

Accounts Receivable

Accounts receivable consist of various amounts owed to uFondwa, USA and are recorded at their estimated net realized value. uFondwa, USA establishes an allowance for doubtful accounts based on specific identification of uncollectible accounts. As of December 31, 2021 and 2020, the balance represents amounts owed by the chairman of the board of directors. Management believes that receivables are fully collectible, and thus no allowance for doubtful accounts was recorded as of December 31, 2021 and 2020.

THE UNIVERSITY OF FONDWA, USA, INC.

Notes to the Financial Statements December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets

Net assets without donor restrictions are assets and contributions that are not restricted by donors or for which restrictions have expired.

Net assets with donor restrictions are those whose use by uFondwa, USA has been limited by donors primarily for a specific time period or purpose. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions.

If a donor restriction is met in the same reporting period in which the contribution is received, the contribution (to the extent that the restrictions have been met) is reported as net assets without donor restrictions.

Support and Revenue

Contributions received are recorded as net assets without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

uFondwa, USA recognizes grants and contributions when an unconditional promise to give is received. Conditional promises to give, with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized based on the natural classification of expenses in the accompanying statements of activities and change in net assets and on a functional basis for the years ended December 31, 2021 and 2020. Accordingly, certain costs have been allocated between program and fundraising services that benefit from those costs. General and administrative expenses include those expenses that are not directly identified with any other specific function but provide for the overall support and direction of uFondwa, USA.

THE UNIVERSITY OF FONDWA, USA, INC.

Notes to the Financial Statements December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

uFondwa, USA is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code and is recognized as such by the Internal Revenue Service. uFondwa, USA performed an evaluation of uncertain tax positions as of December 31, 2021 and 2020, and determined that there were no matters that would require recognition in the accompanying financial statements, or which may have any effect on its tax-exempt status. As of December 31, 2021, the statute of limitations for tax years 2018 through 2021 remains open with the U.S. Federal jurisdiction and the various states and local jurisdictions in which uFondwa, USA files tax returns. It is uFondwa, USA's policy to recognize interest and/or penalties for uncertain tax positions, if any, as income tax expense in the statements of activities and change in net assets.

Liquidity and Availability of Resources

The following reflects uFondwa, USA's financial assets as of December 31, 2021 that are available for general use.

Cash	\$ 40,555
Accounts receivable, related party	1,210
Total	<u>41,765</u>
Less: Net assets with donor restrictions	<u>21,512</u>
Financial assets available to meet cash needs within one year	<u>\$ 20,253</u>

uFondwa, USA manages its liquidity following two guiding principles: operating within a prudent range of financial soundness and stability, and maintaining adequate liquid assets to fund near-term operating needs.

Implemented Accounting Pronouncement

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-17, *Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit organization to present contributed nonfinancial assets as a separate item in the statement of activities, apart from contributions of cash or other financial assets, and additional disclosures including qualitative information regarding the use of assets. uFondwa, USA implemented ASU 2020-17 for the year ended December 31, 2021, and it did not have a material impact on the financial statements.

THE UNIVERSITY OF FONDWA, USA, INC.

Notes to the Financial Statements December 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events Review

uFondwa, USA has evaluated the accompanying financial statements for subsequent events and transactions through October 13, 2022, the date these financial statements were available for issue, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.