

Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)

Financial Statements

June 30, 2020

Table of Contents

Independent Auditors' Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6-13

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)

Report on the Financial Statements

We have audited the accompanying statements of Fundación Centro Pediátrico de Diabetes, Inc. (DBA Fundación Pediátrica de Diabetes) (the Foundation) (a Not-for-Profit Organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We 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 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 auditors' judgment, including the assessment of the risk 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, we 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.

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

Board of Directors
Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fundación Centro Pediátrico de Diabetes, Inc. (DBA Fundación Pediátrica de Diabetes) (a Not-for-Profit Organization) as of June 30, 2020, and the changes in its net assets, and its cash flows for the year then ended, in conformity with accounting principles generally accepted in United States of America.



FPV & Galindez

San Juan, Puerto Rico
January 25, 2021
License No. LLC-322
Expires December 1, 2023

Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)

Statement of Financial Position

June 30, 2020

Assets

Current assets	
Cash	\$ 469,137
Contributions receivable	<u>11,732</u>
Total current assets	480,869
Property and equipment, net	<u>3,367</u>
Total assets	<u>\$ 484,236</u>

Liabilities and Net Assets

Current liabilities	
Deferred revenue	\$ 45,000
Accounts payable and accrued expenses	<u>1,863</u>
Total current liabilities	46,863
Net assets - without donor restrictions	
Assigned by board of directors	90,000
Unassigned	<u>347,373</u>
	<u>437,373</u>
Total liabilities and net assets	<u>\$ 484,236</u>

See notes to financial statements

Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)

Statement of Activities and Changes in Net Assets

Year ended June 30, 2020

	<u>Without donor restrictions funds</u>	<u>With donor restrictions funds</u>	<u>Total</u>
Revenues and support, including in kind:			
Corporate donations	\$ 183,929		\$ 183,929
Individual donations	19,562	-	19,562
Government donations	-	16,989	16,989
Fundraising activities	90,653	-	90,653
Foundations donations	3,000	10,000	13,000
In kind contributions	107,954		107,954
Other income	31,370	-	31,370
Net assets released from restrictions	<u>26,989</u>	<u>(26,989)</u>	<u>-</u>
Total revenues and support	<u>463,457</u>	<u>-</u>	<u>463,457</u>
Expenses:			
Patients services and educational program activities	260,720	-	260,720
Fundraising expenses	30,176	-	30,176
In kind contributions	107,954	-	107,954
Management and general	<u>100,483</u>	<u>-</u>	<u>100,483</u>
Total expenses	<u>499,333</u>	<u>-</u>	<u>499,333</u>
Change in net assets	(35,876)	-	(35,876)
Net assets, at beginning of year	<u>473,249</u>	<u>-</u>	<u>473,249</u>
Net assets, at end of year	<u>\$ 437,373</u>	<u>\$ -</u>	<u>\$ 437,373</u>

See notes to financial statements

Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)

Statement of Cash Flows

Year ended June 30, 2020

Cash flows from operating activities	
Change in net assets	\$ (35,876)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	990
Changes in operating assets and liabilities:	
Increase in contributions receivable	28,768
Decrease in deferred revenue	20,000
Decrease in accounts payable and accrued expenses	(5,815)
Total adjustments	43,943
Net cash provided by operating activities	8,067
Net cash used in investing activities,	
Capital expenditures	(1,655)
Net cash used in financing activities,	
payments of capital lease obligation	(569)
Net increase in cash	5,843
Cash, at beginning of year	463,294
Cash, at end of year	\$ 469,137

See notes to financial statements

Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)

Notes to Financial Statements

June 30, 2020

Note 1 - Organization and summary of significant accounting policies

Organization

Fundación Centro Pediátrico de Diabetes, Inc. (DBA Fundación Pediátrica de Diabetes) (the Foundation) is a not-for-profit organization incorporated under the laws of the Commonwealth of Puerto Rico in November 2000. The Foundation's main objective is to promote and provide diabetes education including nutritional and psychological orientation to guarantee a better quality of life to the pediatric diabetic community of Puerto Rico and their families.

The facilities of the Foundation include three clinics in San Juan, Ponce and Aguadilla, which provides nutritional consults and psychological services to parents and their children affected by Type I or Type II Diabetes. Nutritional consults are also offered at Humacao.

The Foundation qualifies as a tax-exempt organization from income, property, excise, and municipal taxes pursuant to Section 1101.01(a)(2)(A) of the Puerto Rico Internal Revenue Code, as amended, and it is recognized as a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code.

Summary of significant accounting policies

Basis of accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial statements presentation

The Foundation follows the provisions of Financial Accounting standards Board (FASB), Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. FASB, Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*, as amended by ASU No. 2016-14, requires not-for-profit entities to classify and report net assets in two groups, net assets with donor restrictions and net assets without donor restrictions, based on the existence or absence of donor-imposed restrictions, and changes of the amounts in each of these classifications presented in the statement of activities.

In addition, ASC 958 requires not-for-profit entities to disclose expenses by both their natural classification and their functional classification.

The adoption of ASU No. 2016-14 did not have a significant effect on the presentation of the financial statements of the Foundation.

Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)

Notes to Financial Statements – (Continued)

June 30, 2020

Note 1 - Organization and summary of significant accounting policies – (continued)

Summary of significant accounting policies – (continued)

Liquidity

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds, if any. There have been no available funds for investment.

Net assets without donor restrictions

These resources are nourished from cash, in-kind contributions, contributed services, and fund-raising activities by the Foundation's sponsors. These resources are unrestricted as to their use and expendable at the discretion of the Board of Directors. Donor restricted contributions whose restrictions are met in the reporting period are reported within the without donor restrictions.

As of June 30, 2020, the Board of Directors assigned \$90,000 for working capital needs that result in self-imposed limits on the use.

Net assets with donor restrictions

These resources were designated by the donors to support specific programs of the Foundation.

Cash

For cash flows purposes, cash consists of cash on hand and funds deposited in current bank accounts, for unrestricted and temporarily restricted funds.

Fair value of financial instruments

The carrying amounts reported in the financial statements for cash, accounts receivable and accounts payable approximate fair value because of the short maturities of these instruments.

Property and equipment

Property and equipment are carried on the basis of cost, or when donated, at the fair value at the time of donation, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 5 to 7 years of the various classes of assets. Maintenance and repairs are charged to expense as incurred.

Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)

Notes to Financial Statements – (Continued)

June 30, 2020

Note 1 - Organization and summary of significant accounting policies – (continued)

Summary of significant accounting policies – (continued)

Impairment of long-lived assets

Management reviews long-lived assets when the circumstances indicate that the carrying amount of an asset may not be recoverable.

Support and revenues

Contributions are recognized as revenues in the period received and are considered unrestricted unless they are specifically restricted by the donor. Unconditional promises to give are recognized as unrestricted revenues when received. Conditional promises to give are recognized as revenues when the conditions on which they depend are met. In-kind contributions or donated professional services are recorded based on fair value or comparable costs, respectively. Contributions received in advance are recognized as deferred revenue until the funds are used in the subsequent years when the specific activities are expected to occur.

Substantially all of the Foundation's revenues are derived from a gala and dinner, a golf tournament, summer educational program, governmental grants and donations from private corporations and individuals.

Operational expenses

Operational expenses related to programs or functions of the Foundation are included in the statement of activities and changes in net assets captions for those programs or functions. Those expenses which are not directly related to such programs or functions are allocated among the services benefited.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)

Notes to Financial Statements – (Continued)

June 30, 2020

Note 2 - Contributions receivable

Contributions receivable as of June 30, 2020 consists of the following:

Alianza Hospital San Lucas	\$ 5,000
Foundation donations	3,000
Forever Crystal	1,232
Golf tournaments	<u>2,500</u>
Total	<u>\$ 11,732</u>

Note 3 - Contributed services and contributions in-kind

Revenues from contributed services and contributions in-kind for the year ended June 30, 2020, relate to the following activities:

Advertising	\$ 76,948
Rent of clinic at Aguadilla	4,800
Rent of clinic at Ponce	7,500
Financial	5,000
Direct Relief	<u>13,706</u>
Total	<u>\$ 107,954</u>

The in-kind contributions received during the year ended June 30, 2020 were included within in-kind contributions in the accompanying financial statements.

Note 4 - Contributions with donor restrictions

Revenues from contributions with donor restrictions for the years ended June 30, 2020, were granted by the following institution:

Fundación Ángel Ramos	<u>\$ 10,000</u>
-----------------------	------------------

Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)

Notes to Financial Statements – (Continued)

June 30, 2020

Note 5 - Functional expenses

The Foundation provides patients services and educational workshop programs within Puerto Rico. Expenses incurred in connection with such services and programs, and other ancillary operations by function for the year ended June 30, 2020 consist of:

	Patients Services and Educational Workshops	Fundraising Activities Gala	Management and General	Total
Salaries and Related Expenses				
Salaries	\$ 52,660	\$ -	\$ 67,690	\$ 120,350
Payroll taxes and benefits	<u>3,517</u>	<u>-</u>	<u>4,521</u>	<u>8,038</u>
	<u>56,177</u>	<u>-</u>	<u>72,211</u>	<u>128,388</u>
Other				
Rent	15,000	-	-	15,000
Insurance	-	-	3,846	3,846
Promotion and fundraising	-	30,176	-	30,176
Professional fees and contracted services	138,705	-	3,600	142,305
Medical equipment	19,849	-	-	19,849
Office expenses	-	-	3,196	3,196
Auto expenses	47	-	3,366	3,413
Workshops, educational activities and summer program	25,185	-	-	25,185
Depreciation	-	-	990	990
Repair and maintenance	-	-	626	626
Utilities	-	-	6,844	6,844
Interest and bank charges	-	-	1,082	1,082
Donated medical supplies	13,706	-	-	13,706
In kind contributions	-	-	94,248	94,248
Miscellaneous	<u>5,757</u>	<u>-</u>	<u>4,722</u>	<u>10,479</u>
	<u>218,249</u>	<u>30,176</u>	<u>122,520</u>	<u>370,945</u>
Total expenses	<u>\$ 274,426</u>	<u>\$ 30,176</u>	<u>\$ 194,731</u>	<u>\$ 499,333</u>

Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)

Notes to Financial Statements – (Continued)

June 30, 2020

Note 6 - Financial assets to meet current general expenditures needs

The Foundation has the following financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures:

Cash	\$	469,137
Contributions receivable		<u>11,732</u>
Total	\$	<u>480,869</u>

None of the financial assets disclosed above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position.

Note 7 - Concentration of credit risk

Financial instruments which potentially subject the Foundation to concentration of credit risk consist of cash deposits and contributions receivable.

The Foundation maintains its cash in current bank accounts with qualified banking institutions. Such accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000, per bank institution. As of June 30, 2020 there were uninsured cash balances amounting to approximately \$38,000.

Note 8 - Coronavirus (COVID-19) Pandemic

On March 2020, the World Health Organization declared a state of emergency due to the world widespread of the coronavirus (COVID-19) disease. As such, several jurisdictions ordered civilians, businesses and social events lockdowns to minimize the spreading of this disease. To continue to provide its educational services while subject to such restrictions, the Foundation included online course for the remote delivery of programs.

Ongoing evaluations are being performed by the Foundation to ascertain its continuing operations and to identify any limitations on the successful delivery of educational services. As of the date of this report, the Foundation's operations have not been significantly affected by the pandemic; however, its potential effect on the Foundation's operations for future periods, including fundraisings, if any, cannot be reasonably estimated at this time.

Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes)

Notes to Financial Statements – (Continued)

June 30, 2020

Note 8 - Coronavirus (COVID-19) Pandemic – (continued)

As part of the law the Coronavirus Aid, Relief, and Economic Security (CARES) Act that the President of the United States signed on March 27, 2020. The CARES Act established several new temporary programs to address the COVID-19 outbreak. The Paycheck Protection Program (PPP) is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. The loan is provided through the U.S. Small Business Administration (SBA). During the period the Company received \$25,600 from this incentive, which subsequently on February 10, 2021, SBA forgiven the total amount of loan, presented as part of the other income in the accompanying statement of activities and changes in net assets.

Note 9 - Subsequent events

The Foundation evaluated subsequent events through January 25, 2021, which is the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date and to the date the financial statements were available to be issued, that would require additional adjustment to or disclosure in the financial statements.
