

HASER, INC.

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

HASER, INC.
AUDITED FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021

TABLE OF CONTENTS

	PAGE(S)
Independent auditors' report	1 – 3
Financial statements:	
Statement of financial position	4
Statements of activities and change in net assets	5
Statement of functional expenses	6
Statement of cash flows	7
Notes to financial statements	8



INDEPENDENT AUDITORS' REPORT

**Board of Directors
HASER, Inc.
San Juan, Puerto Rico**

Opinion

We have audited the accompanying financial statements of **HASER, Inc.** (a non-profit organization), which comprise the statement of financial position as of December 31, 2021 and the related statements of activities, functional expenses and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **HASER, Inc.** as of December 31, 2021, and the change in its net assets and its cash flows for the year then ended in conformity 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 **HASER, Inc.** 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 **HASER, Inc.**'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

**Board of Directors
HASER, Inc.
San Juan, Puerto Rico**

Auditors' 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 auditors' 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 **HASER, Inc.**'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 **HASER, Inc.**'s ability to continue as a going concern for a reasonable period of time.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

**Board of Directors
HASER, Inc.
San Juan, Puerto Rico**

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.

Sánchez Berlingeri & Co. CPA PSC

Sánchez Berlingeri & Co. CPA PSC
License No. 98
Expires December 1, 2023

August 24, 2022
San Juan, Puerto Rico

The stamp number E489132 affixed
to the original of this report.

HASER, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

ASSETS

CURRENT ASSETS:

Cash	\$ 1,134,750
Accounts receivable	3,957
Other asset	<u>5,556</u>
	<u>\$ 1,144,263</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable, trade	\$ 77,234
Accrued expenses	962
Deferred income	<u>869,544</u>
	<u>947,740</u>

NET ASSETS:

Without donor restrictions	180,082
With donor restrictions	<u>16,441</u>
	<u>196,523</u>
	<u>\$ 1,144,263</u>

See notes to financial statements.

HASER, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2021

SUPPORT AND REVENUES:

Grants	\$ 862,970
Donations	6,685
Interest	3,027
Other	<u>42,526</u>

TOTAL SUPPORT AND REVENUES 915,208

EXPENSES:

Programs related expenses	643,684
General and administrative	<u>239,662</u>

TOTAL EXPENSES 883,346

CHANGE IN NET ASSETS 31,862

NET ASSETS, BEGINNING OF YEAR 164,661

NET ASSETS, ENDING OF YEAR \$ 196,523

See notes of financial statements.

HASER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

<u>Description</u>	<u>Programs Services</u>	<u>General and Administrative</u>	<u>Total</u>
Grants and other assistance	\$ 303,844	\$ -	\$ 303,844
Salaries and payroll taxes	151,573	138,173	289,746
Travel	4,281	1,163	5,444
Supplies and materials	130,866	11,662	142,528
Rent	13,737	6,840	20,577
Professional fees	11,399	74,094	85,493
Other taxes and licenses	-	1,643	1,643
Insurance	4,529	2,114	6,643
Miscellaneous	20,393	-	20,393
Utilities	2,387	2,912	5,299
Bank charges	675	1,061	1,736
	<u>\$ 643,684</u>	<u>\$ 239,662</u>	<u>\$ 883,346</u>

See notes of financial statements.

HASER, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	<u>\$ 31,862</u>
Adjustments to reconcile change in net assets to net cash provided by the operating activities:	
(Increase) decrease in:	
Accounts receivable	(3,245)
Increase (decrease) in:	
Accounts payable, trade	33,054
Accrued expenses	(9,934)
Deferred income	<u>77,120</u>
Total adjustments	<u>96,995</u>
NET CASH PROVIDED BY THE OPERATING ACTIVITIES AND NET INCREASE IN CASH	128,857
CASH, beginning	<u>1,005,893</u>
CASH, ending	<u><u>\$ 1,134,750</u></u>

See notes to financial statements.

HASER, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021

1. ORGANIZATION

HASER, Inc. (hereafter referred as “the Corporation” or “the Organization”) is a nonprofit organization incorporated under the laws of the Commonwealth of Puerto Rico on July 3, 2016. HASER, Inc.’s mission is to promote social well-being in Puerto Rico through community-based projects working towards equity and quality of life. The organization is supported mainly through donor contributions and grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statements’ presentation

The accompanying financial statements have been prepared on accrual basis of accounting in accordance with United States generally accepted accounting principles, as promulgated by the Financial Accounting Standard Board (FASB). Resources are presented in accordance with FASB ASC Topic 958, Financial Statements of Not-for-Profit Organizations, which requires that all not-for-profit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows. FASB ASC Topic 958 also requires that net assets, revenues, expenses, gains and losses be presented in the financial statements according to the following two classes of net assets: Net Assets Without Donor Restrictions and Net Assets With Donor Restrictions.

Use of Estimates

The preparation of the 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initially maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. Maintenance and repair are charged to expenses as incurred; major renewals and betterments are capitalized. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets.

HASER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2021

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Income Taxes

The Organization is a nonprofit organization that is exempt from taxes under Section 501(c)(3) of the Internal Revenue Code of the United States of America.

The Organization applied in 2017 for the exemption as a non-profit entity under Puerto Rico Section 1101 of Act No. 1 of January 31, 2011, as amended, subject to compliance with certain requirements of the Act. The Organization filed the Informative Return for Income Tax Exempt Organizations for the years 2017 to 2020. The Treasury Department of Puerto Rico denied the tax exemption application. As of the date of the financial statements, the Organization resubmitted the application for the local tax exemption on July 28, 2022. As a requirement of the resubmission, the Treasury Department of Puerto Rico is requesting the Organization to submit annual corporate income tax returns retroactively from 2017 to 2020, including 2021, which would expose the Organization to an income tax of approximately \$70,000 for those years.

The Board of Directors evaluates uncertain tax positions that may be material in the financial statements. In addition, the Board of Directors determined that the Organization currently is being operated substantially in compliance with the applicable requirements of the Puerto Rico Internal Revenue Code and the United States Internal Revenue Code. Accordingly, the Board of Directors believes that there is no significant income tax exposure.

HASER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2021

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that benefit more than one function of the Organization are allocated among the functions based generally on the amount of time spent by contractors on each function.

3. VULNERABILITY AND CONCENTRATIONS OF CREDIT RISK

Financial instruments that are potentially subject to concentrations of credit risk consist principally of cash and members' receivable. As of December 31, 2021, the Organization maintains 100% of its operating cash balances in financial institutions insured up to \$250,000 by the Federal Deposits Insurance Corporation (FDIC). As of December 31, 2021, the Organization did exceed the insured limits by \$877,307.

4. DEFERRED INCOME

Represents funds received in advance in the current fiscal year, which will be recognized as income in the next fiscal year.

5. FAIR VALUES OF FINANCIAL INSTRUMENTS

The Organization's financial instruments, none of which is held for trading purposes, include cash. The Organization estimates that the fair value of all financial instruments at December 31, 2021 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The Organization using available market information and appropriate valuation methodologies has determined the estimated fair value amounts. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

HASER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2021

6. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization routinely monitors liquidity for grants appropriations and operations in accordance with its financial policy. The Organization has financial assets, which consist principally of cash (90% of total assets), for grant appropriation and general expenditures. Financial assets are not subject to donor or other contractual restrictions that make them unavailable for grants and general expenditures within one year of the balance sheet date. The Organization financial policy is to maintain enough cash in bank to fund the grant monitoring procedures and the operating expenditures and using its assets to provide grants to other organizations.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 24, 2022, the date the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2021 that required recognition or disclosure in the current period financial statements.