

HASER, INC.

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of **HASER, Inc.** (a non-profit organization), which comprise the statements of financial position as of December 31, 2020 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.

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 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, 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinion

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, 2020, 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.

Sánchez Berlingeri & Co. CPA PSC

Sánchez Berlingeri & Co. CPA PSC

License No. 98

Expires December 1, 2023

November 12, 2021
San Juan, Puerto Rico

The stamp number E461059 affixed
to the original of this report.

HASER, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

ASSETS

CURRENT ASSETS:

Cash	\$ 1,005,893
Accounts receivable	711
Other asset	<u>5,556</u>
	<u>\$ 1,012,160</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable, trade	\$ 44,180
Accrued expenses	10,895
Deferred income	<u>792,424</u>
	<u>847,499</u>

NET ASSETS:

Without donor restrictions	144,926
With donor restrictions	<u>19,735</u>
	<u>164,661</u>
	<u>\$ 1,012,160</u>

See notes to financial statements.

HASER, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2020

SUPPORT AND REVENUES:

Grants	\$ 817,690
Donations	18,325
Interest	3,474
Other	<u>58,403</u>

TOTAL SUPPORT AND REVENUES 897,892

EXPENSES:

Programs related expenses	672,852
General and administrative	<u>159,629</u>

TOTAL EXPENSES 832,481

CHANGE IN NET ASSETS 65,411

NET ASSETS, BEGINNING OF YEAR 90,970

PRIOR YEAR ADJUSTMENT 8,280

NET ASSETS, ENDING OF YEAR \$ 164,661

See notes of financial statements.

HASER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

<u>Description</u>	<u>Programs Services</u>	<u>General and Administrative</u>	<u>Total</u>
Grants and other assistance	\$ 306,037	\$ -	\$ 306,037
Salaries and payroll taxes	182,950	112,518	295,468
Travel	9,878	1,554	11,432
Supplies and materials	113,723	7,952	121,675
Rent	10,112	6,965	17,077
Professional fees	40,467	24,488	64,955
Other taxes and licenses	-	103	103
Insurance	4,860	2,014	6,874
Miscellaneous	1,785	-	1,785
Utilities	1,858	2,933	4,791
Bank charges	1,182	1,102	2,284
	<u>\$ 672,852</u>	<u>\$ 159,629</u>	<u>\$ 832,481</u>

See notes of financial statements.

HASER, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	<u>\$ 65,411</u>
Adjustments to reconcile change in net assets to net cash provided by the operating activities:	
Prior period adjustment	8,280
(Increase) decrease in:	
Accounts receivable	(9)
Increase (decrease) in:	
Accounts payable, trade	20,880
Accrued expenses	10,895
Deferred income	<u>452,866</u>
Total adjustments	<u>492,912</u>
NET CASH PROVIDED BY THE OPERATING ACTIVITIES AND NET INCREASE IN CASH	558,323
CASH, beginning	<u>447,570</u>
CASH, ending	<u>\$ 1,005,893</u>

See notes to financial statements.

HASER, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

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, 2020

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. Also, 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. As of the date of the financial statements, the Organization is waiting for the approval of such exemption from the Treasury Department of Puerto Rico. Nevertheless, the Organization has worked under the same rigor and compliance since then as if its exemption has been approved.

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.

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.

HASER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

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, 2020, 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, 2020, the Organization did exceed the insured limits by \$716,307.

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, 2020 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.

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 most of its assets to provide grants to other organizations.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 12, 2021, the date the financial statements were available to be issued. No material subsequent events have occurred since December 31, 2020 that required recognition or disclosure in the current period financial statements.