Safe Passage
Camino Seguro

Creamos

Financial Statements

December 31, 2020 and June 30, 2019

CONTENTS

Independent Auditor's Report

Board of Directors
Safe Passage, Camino Seguro, and Creamos
New Gloucester, Maine

Opinion

We have audited the accompanying consolidated financial statements of Safe Passage, Camino Seguro, and Creamos (the "organization"), which comprise the consolidated statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the eighteen months then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Safe Passage, Camino Seguro, and Creamos as of December 31, 2020, and the changes in its net assets and its cash flows for the eighteen months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Safe Passage, Camino Seguro, and Creamos and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Safe Passage, Camino Seguro, and Creamos' 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 consolidated 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 generally accepted auditing standards 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, including omissions, 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 of the effectiveness of Safe Passage, Camino Seguro, and Creamos’ 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 Safe Passage, Camino Seguro, and Creamos’ 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.

As stated in the opinion section of this letter, the financial statements of Safe Passage, Camino Seguro, and Creamos present fairly, in all material respects, the financial position of Safe Passage, Camino Seguro, and Creamos as of December 31, 2020, and the changes in its net assets and its cash flows for the eighteen months then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The consolidated financial statements of Safe Passage, Camino Seguro, and Creamos as of June 30, 2019, were audited by Wipfli, LLP and whose report, dated December 10, 2019, expressed an unmodified opinion on those statements.

PGM, LLC

Biddeford, Maine
June 17, 2021

Consolidated Statements of Financial Position

December 31, 2020 and June 30, 2019

ASSETS	2020	2019
Current Assets		
Cash	$ 684,247	$ 552,992
Contributions receivable	102,981	146,411
Inventories	28,245	29,258
Prepaid expenses	32,002	35,394
Total Current Assets	847,475	764,055
Property and Equipment, net	1,703,662	1,676,391
Other Assets		
Investments	2,991,176	2,730,758
Contributions receivable - other - net of current portion	150,000	190,855
Contributions receivable - capital purposes		27,000
Total Other Assets	3,141,176	2,948,613
Total Assets	$ 5,692,313	$ 5,389,059

LIABILITIES AND NET ASSETS	2020	2019
Current Liabilities		
Accounts payable	5,716	11,943
Due to support groups	4,000	19,262
Accrued payroll and severance	368,521	328,053
Total Current Liabilities	378,237	359,258
Net Assets		
Without donor restrictions		
Undesignated	1,864,558	1,750,497
Board designated	1,761,277	1,607,631
Total without donor restrictions	3,625,835	3,358,128
With donor restrictions		
Time and purpose restricted	646,082	629,514
Perpetual in nature	1,042,159	1,042,159
Total with donor restrictions	1,688,241	1,671,673
Total Net Assets	5,314,076	5,029,801
Total Liabilities and Net Assets	$ 5,692,313	$ 5,389,059

Consolidated Statement of Activities

Eighteen Months Ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Operating Activities			
Revenues			
Contributions	$ 2,589,304	$ 236,534	$ 2,825,838
Sponsorships	731,934		731,934
Other income	137,760		137,760
Gain(loss) on currency translation	(58,244)		(58,244)
Endowment income utilized in operations for a specific purpose	160,000		160,000
Net assets released from restrictions	340,360	(340,360)	
Total Revenues	3,901,114	(103,826)	3,797,288
Expenses			
Program	2,793,852		2,793,852
Administrative	395,717		395,717
Fundraising	615,940		615,940
Total expenses	3,805,509		3,805,509
Change in Net Assets - Operations	95,605	(103,826)	(8,221)
Non-Operating Activites			
Contributions capital campaign		31,499	31,499
Investment income	248,625	172,372	420,997
Net assets released from restrictions	83,477	(83,477)	
Endowment income utilized	(160,000)		(160,000)
Change in Net Assets - Non - Operating	172,102	120,394	292,496
Total Change in Net Assets	267,707	16,568	284,275
Net Assets, Beginning of Period	3,358,128	1,671,673	5,029,801
Net Assets, End of Period	$ 3,625,835	$ 1,688,241	$ 5,314,076

Consolidated Statement of Activities

Year Ended June 30, 2019

	Without donor restrictions	With donor restrictions	Total
Operating Activities			
Revenues			
Contributions	$ 1,323,047	$ 149,502	$ 1,472,549
Sponsorships	492,161		492,161
Other income	67,635		67,635
Gain(loss) on currency translation	(8,058)		(8,058)
Endowment income utilized in operations for a specific purpose	130,000		130,000
Net assets released from restrictions	273,915	(273,915)	
Total Revenues	2,278,700	(124,413)	2,154,287
Expenses			
Program	1,817,932		1,817,932
Administrative	286,598		286,598
Fundraising	353,892		353,892
Total expenses	2,458,422		2,458,422
Change in Net Assets - Operations	(179,722)	(124,413)	(304,135)
Non-Operating Activites			
Contributions capital campaign	180	29,529	29,709
Investment income	71,667	50,073	121,740
Net assets released from restrictions	78,036	(78,036)	
Endowment income utilized	(130,000)		(130,000)
Change in Net Assets - Non - Operating	19,883	1,566	21,449
Total Change in Net Assets	(159,839)	(122,847)	(282,686)
Net Assets, Beginning of Year	3,517,967	1,794,520	5,312,487
Net Assets, End of Year	$ 3,358,128	$ 1,671,673	$ 5,029,801

Consolidated Statement of Functional Expenses

Eighteen Months Ended December 31, 2020

	Program	Administrative	Fundraising	Total
Salaries, taxes and benefits	$ 1,547,876	$ 263,594	$ 435,990	$ 2,247,460
In-kind food, supplies and materials	178,379			178,379
Professional services	146,025	49,704	5,330	201,059
Rent and security	127,562	21,760	28,703	178,025
Depreciation	142,626	676		143,302
Printing, postage and office supplies	29,343	5,102	54,914	89,612
Travel and transportation	37,540	10,430	6,772	54,742
Food and drinking water	42,472			44,344
School expenses	64,150	35	21	63,260
Telephone and communications	40,931	5,985	4,830	51,746
Repairs and maintenance	48,540			48,540
Utilities	27,996	3,435	3,332	32,891
Medical and family assistance	127,232			127,232
Minor furniture and equipment	27,442	594	1,289	29,072
Other expenses	136,462			136,462
After school activities and supplies	25,198	92	1,081	27,317
Staff recruitment and development	13,337	13,834	4,516	21,048
Insurance	15,139	18,586	2,982	36,707
Bank fees and service charges	2,724	1,693	27,067	31,484
Fundraising	12,878	197	9,832	33,546
Bad debt			29,281	29,281
Total Expenses	$ 2,793,852	$ 395,717	$ 615,940	$ 3,805,509

The accompanying notes are an integral part of these financial statements

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program	Administrative	Fundraising	Total
Salaries, taxes and benefits	$ 998,069	$ 184,594	$ 253,609	$ 1,436,272
In-kind food, supplies and materials	121,416	400	1,045	122,861
Professional services	75,647	35,694		111,341
Rent and security	78,524	20,098	15,991	114,613
Depreciation	141,830			141,830
Printing, postage and office supplies	25,561	4,847	38,128	68,536
Travel and transportation	48,139	6,964	9,396	64,499
Food and drinking water	55,289			55,289
School expenses	39,704			39,704
Telephone and communications	26,317	6,202	2,212	34,731
Repairs and maintenance	32,143			32,143
Utilities	21,804	3,831	1,891	27,526
Medical and family assistance	18,971			18,971
Minor furniture and equipment	20,540	1,301	1,341	23,182
Other expenses	50,182		5,286	55,468
After school activities and supplies	19,293	104		19,397
Staff recruitment and development	21,348	8,846	2,763	32,957
Insurance	9,203	12,239	1,524	22,966
Bank fees and service charges	981	1,460	15,552	17,993
Fundraising	12,971	18	5,154	18,143
Total Expenses	$ 1,817,932	$ 286,598	$ 353,892	$ 2,458,422

Consolidated Statements of Cash Flows

Eighteen Months Ended December 31, 2020 and Year Ended June 30, 2019

Cash flows from operating activities:				
Change in net assets	**$**	**284,275**	$	(282,686)
Adjustments to reconcile change in net assets to net cash flows from operating activities:				
Depreciation		**143,302**		141,830
Bad debt expense		**29,281**		5,286
Gain on investments, net of fees		**(420,413)**		(121,740)
Contributions for long lived assets		**(31,499)**		(29,529)
(Increase) decrease in operating assets:				
Contributions receivable		**82,004**		146,807
Inventories		**1,013**		514
Prepaid expenses		**3,392**		(14,078)
Increase (decrease) in operating liabilities:				
Accounts payable		**(6,227)**		(3,707)
Due to support groups		**(15,262)**		9,485
Accrued payroll and severance		**40,468**		43,959
Net cash flows from operating activities		**110,334**		(103,859)
Cash flows from investing activities:				
Purchase of property and equipment		**(170,573)**		(55,004)
Purchase of investment		**(462,789)**		(841,347)
Proceeds from sale of investments		**622,784**		971,347
Net cash flows from investing activities		**(10,578)**		74,996
Cash flows from financing activities:				
Collection of contributions for long term assets		**31,499**		29,529
Net cash flows from financing activities		**31,499**		29,529
Net change in cash		**131,255**		666
Cash, beginning of period		**552,992**		552,326
Cash, end of period	**$**	**684,247**	$	552,992

Notes to Consolidated Financial Statements

December 31, 2020 and June 30, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Safe Passage is a 501(c) (3) tax-exempt nonprofit corporation in the United States, and Camino Seguro and Creamos are tax-exempt nonprofit organizations registered and operating in Guatemala (hereinafter collectively called the Organization). Safe Passage works to transform lives by providing students with an excellent education, a higher quality of life, and pathways to a job with dignity so that they can achieve a better future for themselves and their families. The Organization was founded in 1999 by an American school teacher, Hanley Denning.

The core activities of the Organization are operating a full-day Preschool for children ages 3 to 6 years old, an official full-day Primary School that now includes 1st through 5th grade, a full day Middle School (Basico) that by 2021 will be completed up to grade 9 and a half-day Educational Reinforcement Program for school-age students 6th grade and above (ages 10 to 21) who attend local schools. The Organization currently assists over 500 children, representing approximately 300 families, with an integrated program of support reaching the whole family. Students receive daily meals, grade-appropriate classes, financial aid for education and transportation, tutoring, healthcare, and enrichment through arts, sports, English language training, computers, and Saturday clubs. Additional programs in adult literacy, family nurturing, and social entrepreneurship foster a positive, stable home environment.

The Organization's programs are located in Guatemala City and centered at the Early Childhood Center, Colegio Experimental Hanley Denning and the Multi-purpose Center, all three built with donated funds. An additional building includes the Health Center and is being redesigned to also house the Basico and administrative offices. Currently, a building is being rented for the administrative offices. The physical plant, including classrooms, a computer lab, library, and health clinic, and administrative facilities, is well- equipped and maintained.

The Organization employs more than 95 full and part-time staff of Guatemalan teachers, social workers, and support personnel. It also maintains an additional administrative and fundraising staff of seven in the United States, located in New Gloucester, Maine. Paid staff in Guatemala work closely with international and Guatemalan volunteers who serve the Organization through commitments of varying duration. Each year, approximately 6 long-term volunteers fill teaching and operational positions and more than 200 short-term volunteers provide additional assistance.

The Organization registered its full-day pre-primary program for students ages 4, 5, and 6 years old with the Guatemalan Ministry of Education, earning recognition as an official school that was inaugurated in January 2012. The Organization opened two full-day 1st grade classrooms in January 2013, with accreditation from the Guatemalan Ministry of Education based on an active learning Montessori-based approach to learning. A full day 2nd grade was launched the following year and those students moved to a full-day 4th grade in January 2016. Two full-day 5th grade classrooms were opened in January 2017. With the school expanding to 6th and 7th grade respectively during the years 2018 and 2019. This extends the full-day learning program which begins at pre-k. Full-day 1st grade classrooms and above are using an interdisciplinary curriculum called expeditionary learning that promotes hands-on experiences and critical thinking and focuses on real-world issues to provide an engagingand relevant educational experience that prepares students for jobs in the formal sector.

The Ministry of Education has now accredited the Expeditionary Learning approach for use by Safe Passage in its educational programs in Guatemala. Other programs include the launch of a "next step" professional development program to support students and alumni with career preparation, job-seeking, and professional networking opportunities, formalizing a parent committee, and further developing the women's sewing initiative to complement jewelry-making within the social entrepreneurship program.

Notes to Consolidated Financial Statements

December 31, 2020 and June 30, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Organization – Continued

Beneficiaries of the Organization include the children who participate in its educational and related programs, as well as the children's immediate family members. Indirectly, the surrounding community benefits from increased educational opportunities, teacher training, local jobs, and efforts to engage area youth in productive activities.

The Organization remains dependent on philanthropy to sustain its programs and ambitions. That philanthropy comes from Guatemala, the United States, Canada, and several European countries.

Consolidation

The accompanying consolidated financial statements include the accounts of Safe Passage, Camino Seguro, and Creamos, all of which are under common control. Material intercompany transactions and balances have been eliminated in the consolidation.

Basis of Accounting and Presentation

The financial statements for the Organization have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

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.
>
> *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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Cash and cash equivalents

Cash and highly liquid investments with initial maturities of three months or less are considered to be cash equivalents.

Notes to Consolidated Financial Statements

December 31, 2020 and June 30, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment

Property and equipment are stated at cost or, in the case of donated property, at estimated fair value at the date of receipt. The Organization capitalizes property and equipment with at least a cost, or estimated fair value of $1,000, if acquired in the United States, and approximately $100, if acquired in Guatemala. Depreciation on furniture, fixtures and equipment, and vehicles is calculated on a straight-line basis using estimated useful lives of three to eight years. Buildings and land improvements are depreciated on a straight-line basis over 10 to 20 years. Land, buildings and the majority of the vehicles, furniture, fixtures and equipment are located in Guatemala.

Investments

Investments are carried at fair value and realized and unrealized gains and losses are reflected in the statementsof activities.

The Organization's investment policy and spending policy for donor restricted endowments and board-designatedinvestments is, as follows:

- The portfolio will be managed with no less than 40% and no more than the 60% in equities or securities convertible into common stock. Debt securities with maturities greater than one year shall be at least 20% and no more than 60% of the portfolio; the remainder of the fund shall be invested in high quality cash equivalents. The current target allocation for the fund is 50% equities and 50% debt securities, including cash equivalents. Mutual funds and Exchange Traded Funds (ETFs) are permitted. Non-U.S. securities are limited to 25% of theportfolio.
- Primary Investment Objective: The Permanent Endowment Fund is perpetual in nature; it must provide for long- term growth in order to create and maintain a growing stream of income to support the needs of Safe Passage over time. Specifically, the Permanent Endowment Fund seeks a long-term average annual inflation adjusted total return in excess of the spending rate adopted by the Board from time to time.
- The Investment Committee will recommend the payout for the coming fiscal year to the Board of Directors in November of each year. The annual payout shall be no more than 3% of a rolling three-year average of the market value of the fund as of the last business day of September.

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 in the reporting period. Actual results could differ from these estimates.

Notes to Consolidated Financial Statements

December 31, 2020 and June 30, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue Recognition

Revenue is recognized when earned. Grant and contract payments under cost-reimbursable grants or contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Functional Allocation of Expenses

The Organization allocates expenses on a functional basis among its programs and supporting services. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis and are composed of the following:

General and administrative – includes all activities related to the Organization's internal management and accounting for program services.

Fundraising – includes all activities related to maintaining contributor information, writing grant proposals, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

Expenses that can be identified with a specific program or supporting service are allocated directly to those classifications. Expenses that are attributed to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, benefits, and payroll taxes, which are allocated on the basis of actual time and effort.

Reclassifications

Certain amounts in the 2019 consolidated financial statements have been reclassified to conform to the 2020 presentation. There was no effect on the 2019 change in net assets as a result of such reclassifications.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. No allowance for uncollectible accounts was considered necessary as of December 31, 2020 and June 30, 2019.

Notes to Consolidated Financial Statements

December 31, 2020 and June 30, 2019

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes

The Organization is classified as a public charity exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

Management has evaluated the Organization's tax positions and concluded that, as of December 31, 2020 and 2019, it has not taken any tax positions that would require the recording of any additional tax liability, nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. The Organization is subject to U.S. federal and state examinations by taxing authorities for three years after the filing of the Organization's return.

Advertising

Advertising costs are expensed as they are incurred. Advertising costs for the eighteen months ended December 31, 2020 and year ended June 30, 2019 were $2,645 and $1,712, respectively.

Recent Accounting Pronouncements

Leasing

In February 2016, FASB issued ASU 2016–02, *Leases*. This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of entities that lease. The proposal is for a dual-model approach; a lessee would account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both would be reported on the balance sheet of the entity for leases with a term exceeding 12 months. Lessors will see some changes too, largely made to align with the revised lease model. For nonpublic companies, the new leasing standard would apply for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact of adoption on its financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Organization's financial assets as of December 31, 2020 and June 30, 2019, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2020	2019
Cash and cash equivalents	**$ 684,247**	$ 368,712
Contributions receivable	**102,981**	146,411
Amounts available from spending formula	**80,000**	77,000
	$ 867,228	$ 592,123

In the event the Organization does not have sufficient financial assets to meet its obligations, it has a $100,000 line of credit from which it may draw funds.

Notes to Consolidated Financial Statements

December 31, 2020 and June 30, 2019

NOTE 3 – CASH AND CASH EQUIVALENTS

The Organization maintains its cash in bank deposit accounts located in the United States and Guatemala. Cash maintained in accounts located in the United States, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Cash maintained in accounts located in Guatemala is insured up to approximately $2,500. The Organization believes it is not exposed to any significant credit risk from cash and cash equivalents.

NOTE 4 – CONTRIBUTION RECEIVABLE

Contributions receivable are as follows at December 31, 2020 and June 30, 2019:

	2020	2019
Unconditional promises to give	**$ 422,981**	$ 534,266
Less: unamortized discount	**(170,000)**	(170,000)
Net unconditional promizes to give	**252,981**	364,266
Amounts due in:		
Less than one year (including capital purposes of $27,000)	**102,981**	173,411
One to five years		40,855
More than five years	**320,000**	320,000
Total	**$ 422,981**	$ 534,266

Discount rates used for the calculation of the unamortized discount range from 2% to 3%.

NOTE 5 – INVESTMENTS

Investments at fair value are, as follows at December 31, 2020 and June 30, 2019:

	2020	2019
Cash and money market funds	**$ 34,387**	$ 33,401
Mutual funds - fixed income	**1,600,256**	1,352,400
Mutual funds - equity	**1,356,533**	1,344,957
Total	**$ 2,991,176**	$ 2,730,758

The Organization invests in various investment securities and money market funds. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the amount reported in the consolidated statement of financial position.

Notes to Consolidated Financial Statements

December 31, 2020 and June 30, 2019

NOTE 6 – ENDOWMENT FUNDS

The Organization's endowment fund consists of a donor-restricted fund and a board designated fund that functions as an endowment.

Endowment net asset compositions by type of fund as of December 31, 2020 and June 30, 2019 are, as follows:

December 31, 2020	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment fund		**$ 1,229,899**	**$ 1,229,899**
Board-designated endowment fund	**$ 1,761,277**		**1,761,277**
	$ 1,761,277	**$ 1,229,899**	**$ 2,991,176**

Changes in endowment net assets for the eighteen months ended December 31, 2020	Without Donor Restriction	With Donor Restriction	Total
Beginning of period	**$ 1,607,631**	**$ 1,123,127**	**$ 2,730,758**
Investment return:			
Investment income, net of fees	**62,942**	**43,740**	**106,682**
Net gain	**185,104**	**128,632**	**313,736**
Amounts appropriated	**(94,400)**	**(65,600)**	**(160,000)**
End of period	**$ 1,761,277**	**$ 1,229,899**	**$ 2,991,176**

June 30, 2019	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment fund		$ 1,123,127	$ 1,123,127
Board-designated endowment fund	$ 1,607,631		1,607,631
	$ 1,607,631	$ 1,123,127	$ 2,730,758

Changes in endowment net assets for the year ended June 30, 2019	Without Donor Restriction	With Donor Restriction	Total
Beginning of year	$ 1,612,460	$ 1,126,558	$ 2,739,018
Investment return:			
Investment income, net of fees	31,328	21,879	53,207
Net gain	40,376	28,157	68,533
Amounts appropriated	(76,533)	(53,467)	(130,000)
End of year	$ 1,607,631	$ 1,123,127	$ 2,730,758

Notes to Consolidated Financial Statements

December 31, 2020 and June 30, 2019

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following purposes at December 31, 2020 and June 30, 2019:

	2020	2019
Time and purpose restricted:		
Capital campaign	**$ 205,361**	$ 189,266
Contributions receivable - annual fund	**21,487**	172,818
Contributions receivable - capacity building	**150,000**	150,000
Endowment earnings available for appropriation	**187,740**	80,968
Contribution receivable - rotary	**75,000**	22,662
Other	**6,494**	13,800
Total time and purpose restricted	**646,082**	629,514
Perpetual in nature:		
Endowment - to support future operations	**1,042,159**	1,042,159
Total net assets with donor restrictions	**$ 1,688,241**	$ 1,671,673

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2020 and June 30, 2019

	2020	2019
Property and Equipment		
Buildings and land improvements	**$ 1,188,740**	$ 1,231,363
Furniture, fixtures and equipment	**501,333**	431,951
Vehicles	**130,898**	130,545
Leasehold improvements	**10,530**	10,530
Construction in progress	**602,292**	514,829
	2,433,793	2,319,218
Accumulated depreciaton	**(1,343,310)**	(1,277,993)
	1,090,483	1,041,225
Land	**613,179**	635,166
Property and Equipment, net	**$ 1,703,662**	$ 1,676,391

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Leases

The Organization executed an operating lease commitment in excess of one year, in September 2017, for the administration offices in New Gloucester, Maine, with an expiration date of October 2022. The Organization leases other office spaces under month-to-month operating leases. Total rent expense was $178,025 and $24,910 for the eighteen months ended December 31, 2020 and the year ended June 30, 2019, respectively.

The future minimum rental payments under the non-cancelable leases having an initial remaining term in excess of one year as of December 31, 2020, are as follows:

2021	$ 20,801
2022	15,837
Total	$ 36,638

Notes to Consolidated Financial Statements

December 31, 2020 and June 30, 2019

NOTE 9 – COMMITMENTS AND CONTINGENCIES – CONTINUED

Capital Campaign

In 2005, the Organization received from Rellenos de Guatemala S.A. the right to use for free a piece of land on which the day care center, operational offices, the warehouse, an indoor gym, an outdoor basketball/soccer court are built on. The same donor offered a second property, right next to the entrance of the dump. The land and buildings are getting used by Camino Seguro as an academic support and an external certification program for Basico and Diversificado students, Adult Education, tutoring, mentoring, sports and Saturday activities and by Creamos. The donor of the land is in the process to formally transfer the deed title of the land to the Organization once all licenses and approvals are obtained. The school building that came with the land was used as the base of the building. The Organization also received three structures from Telus International S.A. with an estimated contribution of $155,000 that was recorded in the building account as of June 2016.

The Board directed that a building project be carried out to construct a multipurpose center – developed with the offer of help from Telus on donated land next to the entrance of the dump; *Primary School* – Future projects will include air handling and internal space renovation at the Multipurpose Center, that project was completed in 2017. Future projects will include a new playground and expansion of multi-use facilities next to the Colegio Experimental Hanley Denning, constructed on land purchased through a large donation. Finally, a future Basico Building is being considered and would be located on previously purchased land next door to its present administrative and medical facility located in close proximity to its existing three educational centers for Pre-K to 7th Grade. The next phase is contingent upon funds received.

NOTE 10 – RELATED PARTY TRANSACTIONS

The Organization received land and a building described in a Note 9 Commitments and Contingencies – Capital Campaign from one of the Board of Directors in November 2015. Estimated value of land and building of $110,000 and $40,000 is recorded in the land and buildings accounts, respectively.

NOTE 11 – FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis are as follows:

December 31, 2020	Fair Value	Level 1	Level 2	Level 3
Cash and money market funds	**$ 34,387**	**$ 34,387**		
Mutual funds - fixed income	**1,600,256**	**1,600,256**		
Mutual funds - equity	**1,356,533**	**1,356,533**		
Total	**$ 2,991,176**	**$ 2,991,176**		

June 30, 2019	Fair Value	Level 1	Level 2	Level 3
Cash and money market funds	$ 33,401	$ 33,401		
Mutual funds - fixed income	1,352,400	1,352,400		
Mutual funds - equity	1,344,957	1,344,957		
Total	$ 2,730,758	$ 2,730,758		

Notes to Consolidated Financial Statements

December 31, 2020 and June 30, 2019

NOTE 12 – CREAMOS

Creamos is a tax-exempt nonprofit organization registered and operating in Guatemala. The Organization gives the mothers of the children the opportunity to learn skills and generate income for their families without depending on the garbage dump by making and selling jewelry. The summarized financial information below, which is included in the consolidated financial statements for the eighteen month period ended December 31, 2020 and year ended June 30, 2019 is, as follows:

	2020	2019
Assets	**$ 91,472**	$ 100,649
Liabilities	**8,619**	2,292
Net Assets Without Restrictions	**$ 82,853**	$ 98,357

NOTE 13 – FORGIVABLE PPP LOAN

The Organization received loan proceeds in the amount of approximately $96,130 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Organization applied for the loan to be forgiven. The Organization was notified that the loan balance was forgiven in January 2021. As of December 31, 2020, the Organization recorded the advance as contribution revenue.

NOTE 14 – SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events to and including June 17, 2021, which was the date the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.