

MUNGER & COMPANY, CPAs

2170 S. El Camino Real, Suite 217
Oceanside, CA 92054
(760) 730-8020
www.mungercpa.com

U.S.-Mexico Border Philanthropy Partnership
Audited Financial Statements
December 31, 2021

Table of Contents

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Audit Committee of
U.S.-Mexico Border Philanthropy Partnership

Opinion

We have audited the accompanying financial statements of U.S.-Mexico Border Philanthropy Partnership (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, 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 U.S.-Mexico Border Philanthropy Partnership as of December 31, 2021, and the changes in its net assets and its cash flows for the year 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 U.S.-Mexico Border Philanthropy Partnership 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 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 U.S.-Mexico Border Philanthropy Partnership's 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 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 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 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 on the effectiveness of U.S.-Mexico Border Philanthropy Partnership'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 U.S.-Mexico Border Philanthropy Partnership's 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.

September 26, 2022



Munger & Company, CPAs

U.S.-Mexico Border Philanthropy Partnership
Statement of Financial Position
December 31, 2021

ASSETS:

Cash	\$ 1,896,117
Accounts Receivable	41,718
Prepays	1,876
Office Furniture & Equipment	11,697
Less: Accumulated Depreciation	<u>(10,783)</u>
TOTAL ASSETS	<u>\$ 1,940,625</u>

LIABILITIES:

Accounts Payable & Accrued Expenses	\$ 20,814
Credit Cards Payable	2,626
Vacation Payable	4,808
Deferred Dues Revenue	22,158
Deferred Grant Revenue	<u>7,974</u>
TOTAL LIABILITIES	<u>58,380</u>

NET ASSETS:

Without Donor Restrictions	<u>593,137</u>
With Donor Restrictions	<u>1,289,108</u>
TOTAL NET ASSETS	<u>1,882,245</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,940,625</u>

The Accompanying Notes are an Integral Part of the Financial Statements

U.S.-Mexico Border Philanthropy Partnership
Statement of Activities
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Total</u>
SUPPORT and REVENUES:			
Grants and Contributions	\$ 1,129,581	\$ 1,289,108	\$ 2,418,689
Membership Dues	47,548		47,548
Program Income	472,258		472,258
	<u>1,649,387</u>	<u>1,289,108</u>	<u>2,938,495</u>
EXPENSES:			
Program Expenses			
General Programming	217,293		217,293
Member Services	122,726		122,726
Special Project Portal	329,031		329,031
Total Program expenses	<u>669,050</u>	-	<u>669,050</u>
Support Services			
Management and General	69,110		69,110
Fund-Raising	37,345		37,345
Total Support Services	<u>106,455</u>	-	<u>106,455</u>
Total Expenses	<u>775,505</u>	-	<u>775,505</u>
Change In Net Assets	\$ 873,882	\$ 1,289,108	2,162,990
Beginning Net Assets	<u>(280,745)</u>	<u>-</u>	<u>(280,745)</u>
Ending Net Assets	<u>\$ 593,137</u>	<u>\$ 1,289,108</u>	<u>1,882,245</u>

The Accompanying Notes are an Integral Part of the Financial Statements

U.S.-Mexico Border Philanthropy Partnership
Statement Of Functional Expenses
For the Year Ended December 31, 2021

	Program Services				Support Services			Total
	Member Services	General Programming	Special Project Portal	Program Total	Management & General	Fund-Raising	Support Total	
EXPENSES								
Salaries	\$ 8,850	\$ 62,155	\$ 35,451	\$ 106,456	\$ 15,484	\$ 23,793	\$ 39,277	\$ 145,733
Payroll Taxes	2,961	19,025	9,968	31,954	4,357	2,927	7,284	39,238
Employee Benefits	4,301	39,675	12,170	56,146	10,804	5,047	15,851	71,997
Accounting	6,118	19,924	3,813	29,855	6,615	30	6,645	36,500
Bank Fees	22	2,138	1,057	3,217	1,154	-	1,154	4,371
Scholarships	75,000		232,265	307,265				307,265
Consultant	3,040	25,705		28,745				28,745
Temporary Help	13,151	15,383	2,878	31,412	10,439		10,439	41,851
Consulate Services			3,638	3,638				3,638
Meetings	314	707		1,021	1,082	1,421	2,503	3,524
Travel	10	10,072	1,270	11,352	58		58	11,410
Information Technology	4,021	9,888		13,909	1,857	587	2,444	16,353
Insurance				-	1,340		1,340	1,340
Marketing	933	2,931		3,864	622	2,700	3,322	7,186
Occupancy	1,205		7,027	8,232	1,506	301	1,807	10,039
Boarder Fellows			14,028	14,028				14,028
Media and Public Relations			3,000	3,000				3,000
Conferences		994		994				994
Office	2,800	8,696	2,466	13,962	10,638	539	11,177	25,139
Depreciation				-	3,154		3,154	3,154
Total Expenses	\$ 122,726	\$ 217,293	\$ 329,031	\$ 669,050	\$ 69,110	\$ 37,345	\$ 106,455	\$ 775,505

The Accompanying Notes are an Integral Part of the Financial Statements

U.S.-Mexico Border Philanthropy Partnership
Statement Of Cash Flows
For the Year Ended December 31, 2021

CASH FLOWS FROM - OPERATING ACTIVITIES:	<u>2021</u>
Change In Net Assets	\$ 2,162,990
Adjustments to Reconcile Change in Net Assets To Net Cash Provided by Operating Activities:	
Depreciation	3,154
(Increase) Decrease in:	
Accounts Receivable	(29,543)
Prepays	(1,876)
Increase (Decrease) in:	
Accounts Payable & Accrued Expenses	(116,280)
Credit Cards Payable	(20,816)
Deferred Dues Revenue	16,735
Deferrd Grant Revenue	<u>7,974</u>
Net Cash Used by Operating Activities	2,022,338
FINANCING ACTIVITIES:	
Proceeds from notes payable	200,000
Principal payments on notes payable	<u>(330,000)</u>
Net Cash (Used in) Financing Activities	(130,000)
Net Change in Cash	1,892,338
Cash and Cash Equivalents at:	
Beginning of Year	<u>3,779</u>
End of Year	<u><u>\$ 1,896,117</u></u>

The Accompanying Notes are an Integral Part of the Financial Statements

U.S.-MEXICO BORDER PHILANTHROPY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2021

Note 1. Nature of Organization

Nature of Organization

U.S.-Mexico Border Philanthropy Partnership (BPP) is a not-for-profit public benefit corporation organized under the Nonprofit Public Benefit Corporation Law for charitable purposes in 2008.

The BPP is a bi-national membership organization that brings together individuals and institutions from the U.S. and Mexico that serve in, and care about the U.S.-Mexico border region. BPP provides tools and opportunities that help strengthen members' ability to pursue and achieve their individual missions in the border. BPP offers cross-regional networking, learning, professional and organizational development tools, products and services to members.

The BPP's principal activities involve family asset building support for leaders and practitioners; member services to support the ongoing institutional and organizational needs of members; general programming to advance the work of BPP in the bi-national region; and grantmaking in the form of small technical assistance grants to member.

General Programming: The General programming includes specific activities, resources, and programs to increase and advance general knowledge of border region issues, challenges, and opportunities in cultural, social development, and dialogue.

Member Services: The Member Services program includes access to the organized trainings, resources, webinars, and reports on organizational leadership and resource development.

Special Projects Portal: A public, binational and bilingual database portal-with multilayer mapping capabilities- that will showcase philanthropic and charitable investment, as well as, socio-economic demographic data in a regional and comparative focus on both sides of the U.S.-Mexico border region.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

BPP's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") on the accrual basis of accounting.

Cash and Cash Equivalents

Cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are reported as cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects or other long-term purposes are excluded from this definition.

U.S.-MEXICO BORDER PHILANTHROPY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2021

Note 2. Summary of Significant Accounting Policies, (continued)

Accounts Receivable and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due for grants, contributions, and operating programs. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. As of December 31, 2021, management determined that no allowance was necessary. There was no bad debt expense for the year ending December 31, 2021.

Office Furniture and Equipment

Office furniture and equipment additions over \$2,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to seven, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the 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.

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.

U.S.-MEXICO BORDER PHILANTHROPY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2021

Note 2. Summary of Significant Accounting Policies, (continued)

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized when the services are provided.

Contributions of cash, securities or other assets are recognized when received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed good and services are recorded at fair value at the date of donation. There were no donated services or in-kind goods, or services received during the year ended December 31, 2021.

Advertising and Marketing Costs

Advertising and marketing costs are expensed as incurred.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

U.S.-MEXICO BORDER PHILANTHROPY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2021

Note 2. Summary of Significant Accounting Policies, (continued)

Income Taxes

The BPP is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service as a 501(c)(3) tax-exempt organization.

Management has evaluated the tax positions and related income tax contingencies. Management does not believe that any material uncertain tax position exists. The BPP's tax returns are subject to examination by the Internal Revenue Service for three years after they are filed; and the Franchise Tax Board, generally for four years after they are filed. Management is not aware of any unrelated business income that is required to be reported.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates under different assumptions or conditions.

Financial Instruments and Credit Risk

Concentration risk is managed by placing cash with a financial institution. Amounts on deposit may exceed insured limits. To date, management has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates.

Note 3. Liquidity and Availability

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

Cash	\$ 607,009
Receivables	<u>41,718</u>
	<u>\$ 648,727</u>

As part of the liquidity management plan, cash in excess of daily requirements may be invested.

Note 4. Accounts Receivable

One funder accounted for 25 percent of accounts receivable totaling \$41,718 as of December 31, 2021.

U.S.-MEXICO BORDER PHILANTHROPY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2021

Note 5. Loans Payable

On March 15, 2020, BPP received a \$130,000 from a private party. The note terms stated that the note was due in full within 365 days and did not state an interest rate. On January 10, 2021, BPP received an additional \$200,000 from an employee and his spouse. The terms of that note stated that it was due in full within 365 days and did not state an interest rate. Both loans were repaid in during the year ended December 31, 2021. Imputed interest was not recorded on the financial statements as management determined it to be inconsequential.

Note 6. Lease

The BPP leases office space under a month-to-month lease agreement. The monthly rental amount is \$897 and includes office space and phone services. Rent expense was \$10,039 for the year ended December 31, 2021.

Note 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes for the year ended December 31, 2021:

Subject to expenditure for specified purposes:	
Ventanilla Project	\$ 1,271,000
Consulate General Mexico San Diego VMS	10,631
Border Fellows	<u>7,477</u>
Total Net Assets With Donor Restrictions	<u>\$ 1,289,108</u>

There were no net assets released from donor restrictions for the year ended December 31, 2021.

Note 8. Revenue from Contracts with Customers

The following table provides information about significant changes in deferred dues revenue and deferred grant revenue for the year ended December 31, 2021:

Deferred Dues Revenue, beginning of year	\$ 5,423
Increase in deferred dues revenue during the year	<u>16,735</u>
Deferred Dues Revenue, end of year	<u>\$ 22,158</u>
Deferred Grant Revenue, beginning of year	\$ -
Increase in deferred grant revenue during the year	<u>7,974</u>
Deferred Grant Revenue, end of year	<u>\$ 7,974</u>

U.S.-MEXICO BORDER PHILANTHROPY PARTNERSHIP
NOTES TO FINANCIAL STATEMENTS
For The Year Ended December 31, 2021

During the year, the BPP received \$25,000 from one funder that contained both a right of return and performance barrier to serve a specific number of individuals. During the 2021 year, BPP served individuals on the funded grant and earned revenues totaling \$17,026.

During the year, BPP received dues revenues and allocated them on a straight-line basis over the term of the dues as consistent services are being performed on the dues over the term.

Note 9. Retirement Plan

The BPP established a 403(b) retirement plan covering all regular full-time employees. Employees are eligible to participate after one year of employment. BPP may provide an annual match for participating employees. The annual match is not guaranteed and is reviewed annually. BPP contributed \$3,750 for the year ended December 31, 2021.

Note 10. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, , salaries, benefits, payroll taxes, accounting fees, bank fees. temporary help, and office, which are allocated on the basis of estimates of time and effort and overall usage.

Note 11. Subsequent Events

We have evaluated subsequent events through September 26, 2022, the date the financial statements were available to be issued. Management is not aware of any subsequent events that would require adjustment to, or disclosure in, the financial statements.