

**FILANTROPIA PUERTO RICO, INC.**  
**(a nonprofit organization)**

**INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**



FILANTROPIA PUERTO RICO, INC.

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## Independent Auditors' Report

To the Board of Directors of  
Filantropía Puerto Rico, Inc.  
(a nonprofit organization)

### **Opinion**

We have audited the accompanying financial statements of Filantropía Puerto Rico, Inc. (a nonprofit organization), (the Organization) which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and changes in net assets, 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 Filantropía Puerto Rico, Inc. as of December 31, 2023 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Foundation'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 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 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 the Foundation'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 the Foundation's ability to continue as a going concern for a reasonable period of time.

San Juan, Puerto Rico  
November 11, 2024

*Valdés, García, Maín & Martínez, LLP*



DLLP223-32  
Filantropía PR

FILANTROPIA PUERTO RICO, INC.  
(a nonprofit organization)

STATEMENT OF FINANCIAL POSITON  
DECEMBER 31, 2023

ASSETS

Assets	
Cash and cash equivalents	\$ 4,011,425
Promises to give	40,000
Prepaid expenses	<u>500</u>
Total assets	<u>\$ 4,051,925</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	<u>\$ 7,328</u>
Total Liabilities	<u>7,328</u>
Net assets	
Without donor restrictions	2,711,972
With donor restrictions	<u>1,332,625</u>
Total net assets	<u>4,044,597</u>
Total liabilities and net assets	<u>\$ 4,051,925</u>

See accompanying notes to financial statements.

FILANTROPIA PUERTO RICO, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
Revenue and other support:			
Grants and contributions	\$ -	\$ 244,554	\$ 244,554
Individual contributions	11,131	-	11,131
Program fees	10,000	5,430	15,430
Memberships dues	213,500	-	213,500
Interest revenues	99,014	-	99,014
Net assets released from restrictions	<u>1,120,322</u>	<u>(1,120,322)</u>	<u>-</u>
 Total revenue and other support	 1,453,967	 (870,338)	 583,629
Operating Expenses:			
Program services expenses:			
Memberships	122,645	-	122,645
Forward Puerto Rico Fund	28,122	-	28,122
Learning to Listen	30,543	-	30,543
Research and Development	2,966	-	2,966
Strengthening Social Justice	944,115	-	944,115
Supporting services expense:			
Management and general	<u>271,252</u>	<u>-</u>	<u>271,252</u>
 Total Operating expenses	 <u>1,399,643</u>	 <u>-</u>	 <u>1,399,643</u>
 Change in net assets	 54,324	 (870,338)	 (816,014)
Net assets, beginning of year	<u>2,657,648</u>	<u>2,202,963</u>	<u>4,860,611</u>
Net assets, end of year	<u>\$ 2,711,972</u>	<u>\$ 1,332,625</u>	<u>\$ 4,044,597</u>

See accompanying notes to financial statements.

FILANTROPIA PUERTO RICO, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	PROGRAM SERVICES				SUPPORTING SERVICES		Total
	Memberships	Forward Puerto Rico Fund	Leaning to Listen	Research and Development	Strengthening Social Justice	Management and General	
Funds granted to Organizations	\$ -	\$ -	\$ -	\$ -	\$ 886,000	\$ -	\$ 886,000
Salaries, payroll taxes and fringe benefits	-	-	9,869	-	39,935	147,013	196,817
Professional services	74,120	28,122	10,950	-	11,449	26,985	151,625
Conference and meetings	46,627	-	1,584	2,966	6,731	12,121	70,029
Marketing and communications	-	-	-	-	-	19,330	19,330
Office and technology	-	-	-	-	-	25,500.90	25,501
Finance and accounting	-	-	-	-	-	30,197	30,197
Subscriptions	-	-	-	-	-	3,296	3,296
Professional development	-	-	-	-	-	6,740	6,740
Other expenses	1,898	-	8,141	-	-	69	10,108
Total expenses	<u>\$ 122,645</u>	<u>\$ 28,122</u>	<u>\$ 30,543</u>	<u>\$ 2,966</u>	<u>\$ 944,115</u>	<u>\$ 271,252</u>	<u>\$ 1,399,643</u>

See accompanying notes to financial statements.

FILANTROPIA PUERTO RICO, INC.

STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ (816,014)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Change in operating assets and liabilities:	
Decrease in:	
Promises to give	1,020,000
(Decrease) in:	
Grant payable - Forward Puerto Rico Fund	(48,000)
Accounts payable and accrued expenses	<u>(866)</u>
Net cash provided by operating activities	<u>155,120</u>
Net increase in cash and cash equivalents	155,120
Cash, cash equivalents and cash equivalents, beginning of year	<u>3,856,305</u>
Cash, cash equivalents and cash equivalents, end of year	<u>\$ 4,011,425</u>

The accompanying notes are an integral part of this statement.



FILANTROPIA PUERTO RICO, INC.  
(a nonprofit organization)

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 1) Operations – Filantropía Puerto Rico, Inc. (the "Organization") is a not-for-profit corporation organized under the laws of the Commonwealth of Puerto Rico on February 12, 2009. On July 8, 2019, the Organization amended its corporate name from Red de Fundaciones de Puerto Rico, Inc. to Filantropía Puerto Rico, Inc. The Organization is a philanthropy support organization (PSO) focused on connecting philanthropic entities and amplifying their voice and impact in areas of equity, collaboration, transparency and social justice. As a convener of funders with grant making focus on Puerto Rico, the Organization leads its efforts to improve the lives of the marginalized.

To accomplish these objectives, the following programs, funds and strategies have been established:

Memberships – is a program in which the Organization serves as networking by holding dialogue spaces for the philanthropic sector to be at the forefront of social change on the island and closely in touch with community-based organizations. Through the program, members will: engage with a community of local and U.S. based foundations, to think through and take action to build impactful social investment, connect with grant-makers to meet around shared interests, learn from each other's work, develop partnerships and align strategies that support systemic changes and amplify the philanthropic voice and impact in Puerto Rico in areas of equity, collaboration, transparency, social and racial justice.

Forward Puerto Rico Fund – is a pooled fund supporting key not-for-profit organizations and innovative projects that advocate for equitably addressing the layered crises facing Puerto Rico, while increasing the resilience of vulnerable populations on the island. Strategic investments are multi-year and of a significant size to enhance their potential impact. Is one of the Organization's strategies to develop philanthropic partnerships that help bolster the capacity of not-for-profit institutions and help place Puerto Rico on a clear path to recovery and transformation, coupled with greater equity and prosperity.

Learning to Listen – is a program in which incorporating Equality, Diversity, and Inclusion (EDI) Awareness and community feedback into grantmaking practices with the purpose of develop with support from the Fund for Shared Insight, participatory grantmaking tools that will help grant-makers listen and share power with the people and communities they seek to support.

Research and Development – As a convener of philanthropic entities, the Organization has seen the need to compile in one place studies, research and reports that can enlighten, support or enrich the work of grant- makers and nonprofit organizations in Puerto Rico. Whether funded by the Organization or by others in the third sector, these documents support collaborative efforts and partnerships through content that promotes social justice and equity.

(Continues)

FILANTROPIA PUERTO RICO, INC.  
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Strengthening Social Justice ("Robusteciendo la Justicia Social") – is a project supporting long-term sustainability for seven organizations focused on social justice issues related to housing, land use, the environment and civic engagement.

- 2) Summary of significant accounting policies – The accounting policies followed by the Organization conforms to predominant industry practices, which are in accordance with accounting principles generally accepted in the United States of America (US GAAP). The following summarizes the most significant accounting policies:

Use of estimates – The preparation of financial statements in conformity with the US GAAP, requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses recognized during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments – The carrying amounts reported in the accompanying statement of financial position for cash and cash equivalents, prepaid expenses, grants payable, accounts payable, and accrued expenses and deferred revenues approximate fair value because of the short-term durations of these financial instruments.

Cash and cash equivalents – For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Promises to give – Unconditional promises to give that are expected to be collected within one year are recorded 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 flow.

The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Net assets – Not-for-profit organizations are required to report information regarding its financial position and activities according to the following net asset classifications:

- Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at discretion of the Organization's management and the board of directors.

(Continues)

FILANTROPIA PUERTO RICO, INC.  
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

- Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds will be maintained in perpetuity.

Donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue recognition – The Organization recognizes, as per established by FASB ASC 958-905, contributions, including unconditional promises to give, in the period received. Contributions received are considered to be available for use unless specifically restricted by the donor. Amounts received that are designated for a future period or are restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional promises to give, including those received under multi-year grant agreements, are recognized as revenue when the conditions on which they depend have been substantially met.

For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged, and the funds are released from donor restrictions when the qualifying expenses are incurred.

Operational expenditures – Operational expenditures related to programs or functions of the Organization are included in the respective caption in the accompanying statements of activities and functional expenses. Those expenses that are not related to such programs or functions are accounted for as management and general.

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

(Continues)

FILANTROPIA PUERTO RICO, INC.  
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)

Income taxes – As a not-for-profit organization, the Organization is exempt from local income taxes under the provisions of Section 1101.01 of the Puerto Rico Internal Revenue Code of 2011, and from federal taxes under the provisions of Section 501(c)(3), of the United States Internal Revenue Code of 1986, as amended. In addition, it is exempt from volume of business tax and real and personal property taxes.

US GAAP requires the Organization’s management to evaluate tax positions taken and recognize a tax liability or asset if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination of taxing authorities. Management evaluated the tax position taken by the Organization and concluded that the Organization as of December 31, 2023, had maintained its tax-exempt status and had taken no uncertain tax positions that would require adjustment or disclosures to the financial statements. Therefore, no provision or liability for income taxes has been included in the accompanying financial statements. All tax returns through fiscal year December 31, 2022 have been appropriately filed by the Organization. The Organization’s open audit periods are fiscal years ended December 31, 2018 to December 31, 2022

NOTE 2 LIQUIDITY AND AVAILABLE

The following represents the Organization’s financial assets as of December 31, 2023:

<u>Description</u>	<u>Amount</u>
Cash	\$ 4,011,425
Promises to give	40,000
	<u>4,051,425</u>
Less:	
Board-designated reserve funds for future use	(244,913)
Net assets with donor restrictions	<u>(1,332,625)</u>
	<u>(1,577,538)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 2,473,887</u>

The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due.

FILANTROPIA PUERTO RICO, INC.  
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NOTES TO FINANCIAL STATEMENTS

NOTE 3 CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist of cash deposits. As of December 31, 2023, the Organization's maintains cash deposits in two financial institutions. The cash deposits, at times, may exceed the amount insured by the Federal Deposit Insurance Corporation (FDIC) of \$250,000. As of December 31, 2023, the Organization's cash deposits exceeded the amount insured by the FDIC by approximately \$3,740,000.

NOTE 4 PROMISES TO GIVE

During the year ended December 31, 2021, the Organization enter into two (2) agreements with Ford Foundation to receive unconditional contributions of \$100,000 and \$3,000,000, respectively, for core support of strengthened island-based nonprofit organizations. These contributions are restricted to use on not-for-profit organizations focusing on charitable, scientific, literary, or educational purposes.

The first contribution would be payable in five (5) installments of \$20,000 and the second contribution would be payable in three installments of \$1,000,000. Both contributions started in the year ended December 31, 2021. As of December 31, 2023, the Organization received \$1,020,000 related with the second installments of these unconditional contributions and have a promise to give for \$40,000 that are expected to be collected within next years.

NOTE 5 NET ASSETS

As December 31, 2023, the Organization's net assets with donor restrictions are available for the following purposes:

Description	Amount
Charitable, scientific, literary, or educational purposes	
Promises to give	\$ 40,000
Ford Foundation contribution	935,473
Charles Mott Steward Foundaation Contribution	43,807
Fund to Shared insight	35,640
Kresge	9,945
Forward Funds-Fiona Response	111,799
Hellman Foundation	20,000
Global Giving Foundation FA	94,940
Funder Listening Community of Practice	27,844
Others	13,177
	\$ 1,332,625

(Continues)

FILANTROPIA PUERTO RICO, INC.  
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NOTES TO FINANCIAL STATEMENTS

NOTE 5 NET ASSETS (CONTINUED)

As of December 31, 2023, the Organization's net assets without donor restrictions are available for the following purposes:

Description	Amount
Board designated - Operating reserve fund	\$ 244,913
Operating	<u>2,467,059</u>
	<u>\$ 2,711,972</u>

The Board designated an operating reserve fund to ensure the stability of the mission, programs, employment, and ongoing operations of the Organization and to provide a source of internal funds for organizational priorities such as building repair and improvement, program opportunity, and capacity building, as well as unexpected events, losses of income, and large unbudgeted expenses.

NOTE 6 SUPPLEMENTAL INFORMATION TO THE STATEMENT OF CASH FLOWS:

During the year ended December 31, 2023, there were no non-cash investing and financing transactions.

NOTE 7 SUBSEQUENT EVENTS:

Management has evaluated subsequent events through November 11, 2024, the date the financial statements were available to be issued, and concluded there were no additional events or transactions that occurred during this period that required recognition or disclosure on the accompanying financial statements.

NOTE 8 COVID-19

More than three years after the World Health Organization declared the COVID-19 global pandemic, management believes that in 2023 Puerto Rico has been returning to pre-pandemic normality. The government has lifted the restrictions on mobility and on economic activities that were in force since the start of the pandemic, with ups and downs caused by the new variants and successive waves. Management is constantly monitoring the evolution of the situation and, according to its most current estimates, considers that the going concern basis of accounting is not affected.