CORPORACIÓN MILAGROS DEL AMOR
(CORMA)
(A Non-Profit Organization)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

Medero Roldán, LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

CORPORACIÓN MILAGROS DEL AMOR

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020
ETOGETHER WITH INDEPENDENT AUDITOR'S REPORT

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Medero Roldán, LLC
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Sage 300 Authorized Partner

MEMBERS OF:
COLEGIO DE CONTADORES PÚBLICOS
AUTORIZADOS DE PUERTO RICO
AMERICAN INSTITUTE OF CPA

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Corporación Milagros del Amor
Caguas, Puerto Rico

Report on the Financial Statements

We have audited the accompanying statements of financial position of Corporación Milagros del Amor (a Puerto Rico nonprofit Corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, cash flows and functional expenses 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.

Auditor's Responsibility

Our responsibility is to express and 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 amount 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.

Basis for Qualified Opinion

We did not observe the taking of the physical inventory at December 31, 2020 (stated at $54,371), since that date was prior to the time we were initially engaged as auditors for the Organization. We were unable to obtain sufficient appropriate audit evidence about the inventory quantities by other auditing procedures.

Opinion

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Corporación Milagros del Amor as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Caguas, Puerto Rico
August 16, 2021

Stamp number E448808 of the
Puerto Rico Society of Certified
Public Accountants was affixed
to the original of this report.
License LLC - 6 – expires in December 2023

CORPORACIÓN MILAGROS DEL AMOR
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

CURRENT ASSETS		
Cash	$	123,496
Contracts receivable		1,910
Inventories		54,371
Prepaid expenses		5,090
Total current assets		184,867
PROPERTY AND EQUIPMENT, NET		166,321
OTHER ASSETS		384
TOTAL ASSETS	$	351,572

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$	4,254
Accrued payroll and withholdings		21,115
Forgivable loan		25,000
Current portion of long-term debt		13,817
Total current liabilities		64,186
LONG-TERM DEBT		9,169
TOTAL LIABILITIES		73,355
NET ASSETS		
Without donor restrictions		240,874
With donor restrictions		37,343
TOTAL NET ASSETS		278,217
TOTAL LIABILITIES AND NET ASSETS	$	351,572

The accompanying notes are an integral part of these financial statements.

CORPORACIÓN MILAGROS DEL AMOR
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended December 31, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES AND OTHER SUPPORT:			
Government Grants and Contracts			
Federal Funds		$ 255,783	$ 255,783
Private Organizations	$ 36,000	10,140	46,140
General Donations	95,284		95,284
COVID-19 grants	21,117		21,117
In-Kind Contribution	198,321		198,321
Total Revenues and Other Support	350,722	265,923	616,645
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of Program Restrictions	556,219	(556,219)	-
Total Revenues	906,941	(290,296)	616,645
EXPENDITURES:			
Program Services:			
Supportive Housing	462,483	-	462,483
Homeless Prevention	192,915	-	192,915
Community Outreach	37,963	-	37,963
Total Program Services	693,361	-	693,361
Support Services:			
General and Administrative	184,354	-	184,354
Total Support Services	184,354	-	184,354
Total Expenditures	877,715	-	877,715
Changes in Net Assets	29,226	(290,296)	(261,070)
NET ASSETS, beginning of year	211,648	327,639	539,287
NET ASSETS, end of year	$ 240,874	$ 37,343	$ 278,217

The accompanying notes are an integral part of these financial statements.

CORPORACIÓN MILAGROS DEL AMOR
STATEMENT OF CASH FLOWS
Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Decrease in Net Assets	$ (261,070)
Adjustments to changes in net assets to net cash provided (used) by operating activities:	
Depreciation	52,887
Unused funds on elapsed grants	
Changes in asset and liabilities- (Increase) Decrease in assets:	
Grant and contracts receivable	338,424
Inventories	(45,475)
Prepaid expenses and other assets	2,271
Increase (Decrease) in liabilities:	
Accounts payable	3,379
Accrued payroll and employees withholdings	(5,130)
Net cash provided by operating activities	85,286
CASH FLOWS FROM INVESTING ACTIVITIES	
Improvements and equipment acquisition	(56,379)
Net cash used by investing activities	(56,379)
CASH FLOWS FROM FINANCING ACTIVITIES	
Forgivable loan	25,000
Principal payments of long-term debt	(4,538)
Net provided by financing activities	20,462
NET INCREASE IN CASH	49,369
CASH, BEGINNING OF YEAR	74,127
CASH, END OF YEAR	$ 123,496

The accompanying notes are an integral part of these financial statements.

CORPORACIÓN MILAGROS DEL AMOR
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	PROGRAM SERVICES				
	Supportive Housing Programs	Homeless Prevention	Community Outreach	General and Administrative	Total Expenditures
Supportive Services					
Personnel	$ 197,852	$ 31,485	$ 18,709	$ -	$ 248,046
Payroll Taxes	23,859	3,794	2,498		30,151
Fringe benefits	15,350	3,750	1,200		20,300
Leasing	103,351	109,575	-		212,926
Utilities	8,185	9,168	-		17,353
Other services	63,367	5,181	7,948		76,496
	411,964	162,953	30,355	-	605,272
Administrative					
Personnel	$ 17,258	$ -	$ 5,083	$ 43,242	$ 65,583
Payroll Taxes	-	-	-	5,506	5,506
Insurance	1,832	-		6,515	8,347
Contractual	20,849			2,521	23,370
Utilities				13,258	13,258
Depreciation				52,887	52,887
Interest and bank fees	454	186	125	2,196	2,961
Other Expenses	10,126	29,776	2,400	58,229	100,531
	50,519	29,962	7,608	184,354	272,443
Total Expenditures	$ 462,483	$ 192,915	$ 37,963	$ 184,354	$ 877,715

The accompanying notes are an integral part of these financial statements.

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

NOTE A - ORGANIZATION

Corporación Milagros del Amor ("CORMA") was incorporated under the laws of the Commonwealth of Puerto Rico on April 1994, to operate as of non-profit organization. CORMA started its operations in February 1997.

CORMA was organized to improve the quality of life on the needy communities in Caguas, Puerto Rico and surrounding communities throughout activities, projects and programs in education, health, employment, housing, transportation, and recreation among others.

On year 2020, CORMA received approximately 58% of revenues (excluding in-kind contributions) and support funds from federal and state agencies.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting
   CORMA prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, expenses and losses are recognized when incurred, and the financial statements reflect all significant receivables, payables, and other liabilities.

2. Use of Estimates
   The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amount 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. CORMA regularly assesses these estimates and, while actual results could differ, management believes that the estimates are reasonable.

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basis of presentation

The financial statements have been prepared on the accrual basis of accounting. CORMA reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- Net Assets Without Donor Restriction - Net assets that are not subject to or are no longer subject to donor imposed stipulations.

- Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

4. New Accounting Pronouncement

CORMA has adopted the financial statements presentation as required by the Financial Accounting Standards Board (FASB) Accounting Standards Updated (ASU) No. 2016-14, Presentation of Financial Statements for Not-For-Profit Entities. In addition to the changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources and related to functional allocation of expenses.

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. In-Kind Contributions for services and products

In-kind contributions represent donated services by volunteer workers to supplement the effort of paid employees fulfilling CORMA's objectives. These services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CORMA.

Also, CORMA received contributions of supplies, clothing, and personal hygiene products received from individuals and private organizations which are recorded at their estimated fair value based on CORMA's estimate of the retail values that would be received for selling the goods in their principal market considering the good's condition and utility for use at the time they are contributed by the donor.

On year 2020, CORMA received $144,321 in contributions from products and services that are included in the financial statements.

CORMA operates its administrative office and one supportive service office from a building that belongs to the First Baptist Church of Caguas. The Church donates the use of that building representing an annual in-kind contribution of $54,000.

6. Contracts receivable

Accounts receivable represents government contract revenues that have been billed but not collected as of the date of the accompanying financial statements. As of December 31, 2020, management believes that all accounts receivable would be fully collectible. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements.

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

7. Property and Equipment

Property and equipment are stated at cost, or approximate market value at date acquire if acquired as a gift. It's CORMA's policies to capitalize property and equipment with initial cost of $300 or over.

Depreciation is calculated using the straight-line method based on the following estimated useful lives:

Leasehold Improvements	15 years
Automobiles	5 years
Equipment, furniture & fixture	5-10 years

The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. CORMA periodically reviews these lives relative to physical, economic, and industry factors. If there are changes in the planned use of property and equipment or if technological changes occur more rapidly than anticipated, the useful lives assigned to those assets may be shortened, resulting in the recognition of increased depreciation and amortization expense in future periods.

8. Income taxes

CORMA is exempt from Puerto Rico income taxes under Section 1101.01(a)(2) of the Internal Revenue Code of Puerto Rico of 2011, as amended. Accordingly, no provision for Puerto Rico income taxes has been made. Also, the United States Internal Revenue Service has determined that the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Uncertain Tax Positions

CORMA follows the provisions of FASB ASC 740-10, which clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The FASB ASC 740 required the evaluation of the Organizations income tax position each year to determine whether is more-likely-than-not to be sustained if examined by the applicable taxing authority. The management of CORMA has evaluated its tax position and has concluded that this requirement has no effect on its financial position or changes in its net assets.

10. Cash and Cash Equivalents

For the purpose of the statement of cash flows, CORMA considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

11. Statement of Cash Flows

CORMA prepares its statement of cash flows using the indirect method.

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

NOTE C - CASH

At December 31, 2020, cash consists of the following:

Description	Amount
Ten (10) on-demand deposits non-interest bearing accounts in one commercial bank	$123,496

NOTE D- PROPERTY AND EQUIPMENT

As of December 31, 2020, property and equipment consists of the following:

Description	Amount
Office equipment	$ 42,317
Furniture and fixtures	67,566
Vehicles	73,148
Leasehold improvements	146,182
Total Property and equipment, at cost	329,213
Less accumulated depreciation	(162,892)
Total property and equipment, net	$ 166,321

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

NOTE E - ACCRUED PAYROLL AND WITHHOLDINGS

Accrued payroll and employees withholdings as of December 31, 2020, is presented below:

Description	Amount
Accrued payroll	$11,944
Accrued vacations	6,603
Payroll taxes	1,941
Income tax withheld to service providers	627
Total accrued payroll and payroll taxes	$21,115

NOTE F - RELATED ORGANIZATION

The First Baptist Church of Caguas (FBCC), owns the property in which CORMA perform their programmatic and administrative activities. The use of this facility is recognized within the financial statement. The operating lease value donated is included as contributions and expenses in the Statement of Activities amounting to $54,000 for the year ended December 31, 2020. Some members of the CORMA's board of Directors are also members of the board of Directors of the FBCC. FBCC provided during the year approximately 23% of the donations without restrictions presented in the Statement of Activities.

NOTE – G FORGIVABLE LOAN

In May 2020, CORMA received a loan amounting $25,000 from a commercial bank under the United States Small Business Administration (SBA) Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The loan is subject to a Note dated May 12, 2020 and may be forgiven to the extend proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act.

In March 2021, the Small Business Administration forgave the entire loan under the Paycheck Protection Program.

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

NOTE H - LONG-TERM DEBT

As of December 31, 2020 CORMA had a long-term debt with the American Baptist Extension Corporation (ABEC). The loan was originated on year 2015 with an original amount of $50,000. Interest rate on the note is stated at 4.50% and maturity in September 2018. The loan will be extended at maturity, subject to ABEC's right to call the loan, for one additional three-year term with monthly payment to be determined by ABEC's standard rate of interest in effect at the time of extension, subject to a maximum rate of increase or decrease of two (2) percentage points from the rate payable during the immediately preceding term. In September 2019, both parties modified the original agreement to reduce monthly payment from $805 (principal and interest) to $300 (principal only) from September 2019 to August 2020 and extending due date for one additional 1-year term at ABEC's standard interest rate in effect at the time of the extension. The modification increases the loan amortization period from six to seven years. The effective rate in September 2020 was determined at 4.20% and monthly payment of $1,203.

	Amount
Loan balance on December 31, 2020	$ 22,986
Less current portion	(13,817)
	$ 9,169

Current maturities for the long-term debt for the next two years following December 31, 2020, are as follows:

2021	$13,817
2022	9,169
	$22,986

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CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. During the year ended December 31, 2020, the amount of net assets released from restrictions aggregated $556,219. Such net assets were contributed to the Entity through conditional government programs and private contributions in the form of reimbursement grants and awards, which are recorded as temporarily, restricted revenues until specified conditions are met.

In addition, CORMA had signed grant contracts for which their conditions had not expired or met as of December 31, 2020 amounting to $330,709. The grants are expected to expire, and their conditions met during year 2021. When conditions are met, the corresponding revenue is recognized.

Funds were received by CORMA, to provide services to homeless individuals and/or families, and persons at risk of becoming homeless, persons with disabilities, mentally ill, women victims of family violence and drug users and school drop-outs population. The funds received during the year 2020, by Activity Programs are as follows:

Supportive Housing:

- Homeless Assistance directly received from the U.S. Department of Housing and Urban Development

Homeless Prevention / Rapid Rehousing:

- Emergency Solutions Grant – Passed through Municipality of Caguas and Departamento de la Familia

- Private and General Donations and Contributions

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Community Outreach:

- Legislative Fund – Passed through Comisión Especial Conjunta Sobre Donativos
- United Way
- Private and General Donations and Contributions

NOTE J - CONTINGENCIES

CORMA participated in a number of state and federally assisted grant programs. These grants are subject to audits by and/or on behalf of grantors to assure compliance with grant provisions. The final determination regarding the allowability of these costs will be determined by the awarding agencies and accordingly, the amount of expenditures classified as disallowed, if any, will be established at some future date.

No provision has been made for any liabilities which may arise from such audits since the amount, if any, cannot be determined at this date.

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CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

NOTE K - SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Rent paid for the operating lease agreement for the use of a facility located in Cayey, Puerto Rico was $12,000. In June 2020, CORMA ceased to provide services in this facility and, therefore, cancelled the lease agreement as of June 30, 2020.

NOTE L - UNUSED FUNDS ON ELAPSED GRANTS

During year ended December 31, 2020, CORMA did not use $6,772 of awarded grants during year 2020. Because conditions had not met, no revenue for this amount was recognized for the year.

NOTE M - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

CORMA manages its liquidity following these guiding principles: operating within a prudent range of financial stability and maintaining adequate liquidity to fund near-term operations. The following table reflects CORMA's financial assets (cash and receivables) as of December 31, 2020 reduced by amounts not available for general expenditures within one year:

	Amount
Total financial assets	$125,406
Less those unavailable for general expenditure within one year due to:	
Purpose restrictions	(37,343)
Financial assets available to meet cash needs for general expenditures within one year	$ 88,083

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2020

NOTE N - SUBSEQUENT EVENT

CORMA evaluated subsequent events through August 16, 2021, which is the same date the financial statements were available to be issued. There were no additional subsequent events requiring adjustment to the financial statements or disclosures as stated herein.