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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2021
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

CORPORACIÓN MILAGROS DEL AMOR

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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

Opinion

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, 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Corporación Milagros del Amor as of December 31, 2021, and the results of its operations 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 Corporación Milagros del Amor 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 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.

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 Corporación Milagros del Amor'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 and 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 asses the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risk. 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 Corporación Milagros del Amor'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 Corporación Milagros del Amor'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.

Caguas, Puerto Rico
June 27, 2022

Stamp number E486762 of the
Puerto Rico Society of Certified
Public Accountants was affixed
to the original of this report.
Lic. LLC-6 – Expires on December 2023

CORPORACIÓN MILAGROS DEL AMOR
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS		
Cash	$	164,390
Contracts receivable		3,909
Inventories		34,044
Prepaid expenses		5,090
Total current assets		207,433
PROPERTY AND EQUIPMENT, NET		223,721
OTHER ASSETS		384
TOTAL ASSETS	$	431,538

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	$	4,922
Accrued payroll and withholdings		36,151
Current portion of long-term debt		11,146
Total current liabilities		52,219
LONG-TERM DEBT		-
TOTAL LIABILITIES		52,219
NET ASSETS		
Without donor restrictions		330,200
With donor restrictions		49,119
TOTAL NET ASSETS		379,319
TOTAL LIABILITIES AND NET ASSETS	$	431,538

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, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES AND OTHER SUPPORT:			
Government Grants and Contracts			
Federal Funds		$ 725,845	$ 725,845
State Funds		49,860	49,860
Private Organizations	$ 18,263	111,195	129,458
General Donations	51,548		51,548
PPP loan forgiveness	25,000		25,000
In-Kind Contribution	182,977		182,977
Total Revenues and Other Support	277,788	886,900	1,164,688
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of Program Restrictions	875,124	(875,124)	-
Total Revenues	1,152,912	11,776	1,164,688
EXPENDITURES:			
Program Services:			
Supportive Housing	727,814	-	727,814
Homeless Prevention	87,150	-	87,150
Community Outreach	142,701	-	142,701
Total Program Services	957,665	-	957,665
Support Services:			
General and Administrative	105,921	-	105,921
Total Support Services	105,921	-	105,921
Total Expenditures	1,063,586	-	1,063,586
Changes in Net Assets	89,326	11,776	101,102
NET ASSETS, beginning of year	240,874	37,343	278,217
NET ASSETS, end of year	$ 330,200	$ 49,119	$ 379,319

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

CORPORACIÓN MILAGROS DEL AMOR
STATEMENT OF CASH FLOWS
Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	$ 101,102
Adjustments to changes in net assets to net cash provided (used) by operating activities:	
Depreciation	17,104
PPP loan forgiveness	(25,000)
Changes in asset and liabilities- (Increase) Decrease in assets:	
Grant and contracts receivable	(1,999)
Inventories	20,327
Increase (Decrease) in liabilities:	
Accounts payable	668
Accrued payroll and employees withholdings	15,036
Net cash provided by operating activities	127,238
CASH FLOWS FROM INVESTING ACTIVITIES	
Improvements and equipment acquisition	(74,504)
Net cash used by investing activities	(74,504)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal payments of long-term debt	(11,840)
Net cash used by financing activities	(11,840)
NET INCREASE IN CASH	40,894
CASH, BEGINNING OF YEAR	123,496
CASH, END OF YEAR	$ 164,390

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

CORPORACIÓN MILAGROS DEL AMOR
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	PROGRAM SERVICES				
	Supportive Housing Programs	Homeless Prevention	Community Outreach	General and Administrative	Total Expenditures
Supportive Services					
Personnel	$ 326,703	$ 29,119	$ 26,593	$ -	$ 382,415
Payroll Taxes	33,395	3,161	4,244	-	40,800
Fringe benefits	27,125	-	750	-	27,875
Leasing	158,374	26,681	-	-	185,055
Utilities	14,358	1,932	-	-	16,290
Other services	85,779	7,821	100,592	-	194,192
	645,734	68,714	132,179	-	846,627
Administrative					
Personnel	$ 25,182	$ -	$ 2,664	$ 30,498	$ 58,344
Payroll Taxes	-	-	-	7,725	7,725
Insurance		-	-	8,294	8,294
Contractual	6,813	-	1,100	7,169	15,082
Rent and Utilities	37,500	9,000		13,639	60,139
Depreciation	-	-		17,104	17,104
Interest and bank fees	279	56	45	2,957	3,337
Other Expenses	12,306	9,380	6,713	18,535	46,934
	82,080	18,436	10,522	105,921	216,959
Total Expenditures	$ 727,814	$ 87,150	$ 142,701	$ 105,921	$ 1,063,586

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

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

NOTE A - ORGANIZATION

Corporación Milagros del Amor ("CORMA") was incorporated under the laws of the Commonwealth of Puerto Rico in 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 2021, CORMA received approximately 79% 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, 2021

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, 2021

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 2021, CORMA received $182,977 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, 2021, 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, 2021

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, 2021

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.

NOTE C - CASH

At December 31, 2021, cash consists of the following:

Description	Amount
Nine (9) on-demand deposits non-interest bearing accounts in one commercial bank	$164,110
Petty Cash	280
	$164,390

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

NOTE D- PROPERTY AND EQUIPMENT

As of December 31, 2021, property and equipment consists of the following:

Description	Amount
Office equipment	$ 42,317
Furniture and fixtures	101,667
Vehicles	104,164
Leasehold improvements	155,569
Total Property and equipment, at cost	403,717
Less accumulated depreciation	(179,996)
Total property and equipment, net	$ 223,721

NOTE E - ACCRUED PAYROLL AND WITHHOLDINGS

Accrued payroll and employees withholdings as of December 31, 2021, is presented below:

Description	Amount
Accrued payroll	$18,278
Accrued vacations	12,685
Payroll taxes	5,106
Income tax withheld to service providers	82
Total accrued payroll and payroll taxes	$36,151

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

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, 2021. 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 32% of the donations without restrictions presented in the Statement of Activities.

NOTE – G PPP LOAN FORGIVENESS

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. The loan forgiveness is presented as income in these financial statements.

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

NOTE H - LONG-TERM DEBT

As of December 31, 2021 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. In November 2020, both parties modified the previous 2019 agreement to reduce the monthly payment from $1,203 to $600, including interest at 4.20%, from September 2020 to February 2021 and to $1,041, including interest at 4.20%, from March 2021 through December 2022, at which point in time the loan will be paid in full.

The above modifications increased the loan amortization period from six to seven years. The effective rate at December 2021 was 4.20% and monthly payment of $1,041.

	Amount
Loan balance on December 31, 2021	$ 11,146
Less current portion	11,146
	$ -0-

Current maturities for the long-term debt for the next year following December 31, 2021, are as follows:

2022	$ 11,146

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

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, 2021, the amount of net assets released from restrictions aggregated $875,124. 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, 2021 amounting to $485,630. 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 2021, 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, 2021

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, 2021

NOTE K - SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION

Interest paid during year ended December 31, 2021 were $838.

NOTE L - UNUSED FUNDS ON ELAPSED GRANTS

During year ended December 31, 2021, CORMA did not use $5,359 of awarded grants during year 2021. 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, 2021 reduced by amounts not available for general expenditures within one year:

	Amount
Total financial assets	$ 168,299
Less those unavailable for general expenditure within one year due to:	
Purpose restrictions	(49,119)
Financial assets available to meet cash needs for general expenditures within one year	$ 119,180

CORPORACIÓN MILAGROS DEL AMOR

NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2021

NOTE N - CONTINGENCY

In early 2020, an outbreak of a novel strain of coronavirus (COVID-19) emerged globally. As a result, there have been mandates from federal, state, and local authorities resulting in an overall decline in economic activity. The current operating environment is changing rapidly. The extent of impact that the COVID-19 pandemic will have on the financial performance of the Organization's investments and operations is not reasonably estimable at this time.

NOTE O - SUBSEQUENT EVENT

CORMA evaluated subsequent events through June 27, 2022, 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.