

NICOLÁS FUND FOR EDUCATION
COMPILED FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022

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NICOLÁS FUND FOR EDUCATION

DECEMBER 31, 2023

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors of
Nicolás Fund for Education
Bellevue, Washington

Management is responsible for the accompanying financial statements of Nicolás Fund for Education (Fund) (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements, nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Nicolás Fund for Education has both a control and economic interest relationship with Asociación Fondo Nicolas Para La Educación (Asociación), a Guatemalan entity. As a result, under accounting principles generally accepted in the United States of America, activities of the Asociación should be consolidated with those of the Fund. Management has informed us that the activities of the Asociación are not consolidated with those of the Fund and that if accounting principles generally accepted in the United States of America had been followed, the effects on reported assets and net income would be approximately 1%.

The financial statements of the Fund as of December 31, 2022, were subjected to a compilation engagement by other accountants, whose report dated May 31, 2023, stated that they have not audited or reviewed the 2022 financial statements and do not express an opinion, a conclusion, nor provide any assurance on those financial statements.

Houldsworth, Russo & Company, P.C.

Las Vegas, Nevada
March 25, 2024

Nicolás Fund for Education
Statements of Financial Position
December 31, 2023 and 2022

| | 2023 | 2022 |
|---------------------------------------|--------------|--------------|
| ASSETS | | |
| Current assets: | | |
| Cash | \$ 71,722 | \$ 388,798 |
| Investments | 985,153 | 576,706 |
| Total current assets | 1,056,875 | 965,504 |
| Noncurrent assets: | | |
| Investments, noncurrent | 393,900 | 1,208,200 |
| Total assets | \$ 1,450,775 | \$ 2,173,704 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 4,400 | \$ 15 |
| Total current liabilities | 4,400 | 15 |
| Total liabilities | 4,400 | 15 |
| Net assets: | | |
| Without donor restrictions | 480,875 | 403,789 |
| With donor restrictions | 965,500 | 1,769,900 |
| Total net assets | 1,446,375 | 2,173,689 |
| Total liabilities and net assets | \$ 1,450,775 | \$ 2,173,704 |

See accompanying notes and Independent Accountant's Compilation Report

Nicolás Fund for Education
Statements of Activities
Years Ending December 31, 2023 and 2022

| | 2023 | | | 2022 | | |
|--------------------------------------|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Support and revenue: | | | | | | |
| Contributions and grants | \$ 475,935 | \$ 84,100 | \$ 560,035 | \$ 486,343 | \$ 1,056,964 | \$ 1,543,307 |
| In-kind contributions | - | - | - | 1,201 | - | 1,201 |
| Investment return, net | 76,829 | - | 76,829 | (48,910) | - | (48,910) |
| Net assets released from restriction | 888,500 | (888,500) | - | 432,664 | (432,664) | - |
| Total support and revenue | <u>1,441,264</u> | <u>(804,400)</u> | <u>636,864</u> | <u>871,298</u> | <u>624,300</u> | <u>1,495,598</u> |
| Expenses: | | | | | | |
| Program activities | 1,315,846 | - | 1,315,846 | 784,626 | - | 784,626 |
| Administration | 20,576 | - | 20,576 | 17,984 | - | 17,984 |
| Resource development | 27,756 | - | 27,756 | 24,129 | - | 24,129 |
| Total expenses | <u>1,364,178</u> | <u>-</u> | <u>1,364,178</u> | <u>826,739</u> | <u>-</u> | <u>826,739</u> |
| Change in net assets | 77,086 | (804,400) | (727,314) | 44,559 | 624,300 | 668,859 |
| Net assets, beginning of year | 403,789 | 1,769,900 | 2,173,689 | 359,230 | 1,145,600 | 1,504,830 |
| Net assets, end of year | <u>\$ 480,875</u> | <u>\$ 965,500</u> | <u>\$ 1,446,375</u> | <u>\$ 403,789</u> | <u>\$ 1,769,900</u> | <u>\$ 2,173,689</u> |

See accompanying notes and Independent Accountant's Compilation Report

Nicolás Fund for Education
Statement of Functional Expenses
Year Ended December 31, 2023

| | Program Activities | Support Services | | 2023 Totals |
|-----------------------------------|-----------------------|------------------|-------------------------|---------------------|
| | | Administration | Resource Development | |
| Grants and assistance | \$ 1,315,846 | \$ - | \$ - | \$ 1,315,846 |
| Accounting | - | 8,446 | - | 8,446 |
| Professional fundraising services | - | - | 1,750 | 1,750 |
| Other fees for services | - | 8,580 | 3,575 | 12,155 |
| Advertising | - | - | 442 | 442 |
| Office | - | - | 11,666 | 11,666 |
| Information technology | - | - | 7,418 | 7,418 |
| Travel | - | - | 881 | 881 |
| Insurance | - | 1,078 | - | 1,078 |
| Bank fees | - | 2,472 | 2,024 | 4,496 |
| | <u>\$ 1,315,846</u> | <u>\$ 20,576</u> | <u>\$ 27,756</u> | <u>\$ 1,364,178</u> |

See accompanying notes and Independent Accountant's Compilation Report

Nicolás Fund for Education
Statement of Functional Expenses
Year Ended December 31, 2022

| | Program Activities | Support Services | | 2022 Totals |
|-----------------------------------|-----------------------|------------------|-------------------------|-------------------|
| | | Administration | Resource Development | |
| Grants and assistance | \$ 784,626 | \$ - | \$ - | \$ 784,626 |
| Accounting | - | 5,695 | - | 5,695 |
| Professional fundraising services | - | - | 1,750 | 1,750 |
| Other fees for services | - | 9,313 | 3,900 | 13,213 |
| Advertising | - | - | 288 | 288 |
| Office | - | - | 5,808 | 5,808 |
| Information technology | - | - | 8,630 | 8,630 |
| Travel | - | - | 803 | 803 |
| Insurance | - | 1,044 | - | 1,044 |
| Bank fees | - | 1,932 | 2,950 | 4,882 |
| | <u>\$ 784,626</u> | <u>\$ 17,984</u> | <u>\$ 24,129</u> | <u>\$ 826,739</u> |

See accompanying notes and Independent Accountant's Compilation Report

Nicolás Fund for Education
Statements of Cash Flows
Years Ending December 31, 2023 and 2022

| | <u>2023</u> | <u>2022</u> |
|---|-------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Cash received from donors | \$ 560,035 | \$ 1,544,508 |
| Cash received from interest and dividends | 63,670 | 45,847 |
| Cash paid to support organization | (1,315,846) | (784,626) |
| Cash paid to vendors and suppliers | <u>(43,947)</u> | <u>(42,700)</u> |
| Net cash provided by (used in) operating activities | <u>(736,088)</u> | <u>763,029</u> |
| Cash flows from investing activities: | | |
| Purchases of investments | (582,918) | (2,196,712) |
| Proceeds from sale of investments | <u>1,001,930</u> | <u>1,303,394</u> |
| Net cash provided by (used in) investing activities | <u>419,012</u> | <u>(893,318)</u> |
| Net decrease in cash | (317,076) | (130,289) |
| Cash, beginning of year | <u>388,798</u> | <u>519,087</u> |
| Cash, end of year | <u><u>\$ 71,722</u></u> | <u><u>\$ 388,798</u></u> |

See accompanying notes and Independent Accountant's Compilation Report

**NICOLÁS FUND FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

NOTE 1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Fund

Nicolás Fund for Education (Fund) was formed in 2012. The Fund's mission is empowering Mayan youth in the Ixil region of Guatemala to break the generational cycle of poverty through Christ-centered education. In 2016, the Fund began working with a Guatemalan non-profit entity called Asociación Fondo Nicolás para la Educación (Asociación), which runs Nicolás Christian School, a Christian junior and senior high school. Nicolás Christian School has over 135 students in middle school and high school. The Asociación also supports various other educational programs in Guatemala. The Asociación was 99% supported by the Fund for the years ended December 31, 2023 and 2022. The Fund is supported primarily through contribution and grant revenues received from various sources located in diverse economic regions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America (GAAP) and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

GAAP requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Accordingly, the Fund's net assets and changes therein are classified and reported as follows:

- Without donor restrictions – net assets that are not subject to donor-imposed restrictions, the donor restrictions have expired, or been satisfied by actions of the Fund.
- With donor restrictions – net assets that are subject to time or purpose restrictions, donor restricted endowments, and trusts held by third parties.

Cash

The Fund maintains its cash in bank deposit accounts at two financial institutions, which at times may exceed federally insured limits of \$250,000. The Fund believes it is not exposed to any significant credit risk related to cash.

For the purpose of the Statements of Cash Flows, the Fund considers all highly-liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments are carried at their quoted market value, and investment income and gains or losses on investments are shown as increases or decreases in net assets without donor restrictions unless a donor or law restricts their use.

**NICOLÁS FUND FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

Revenue Recognition

The Fund recognizes support revenues when received or pledged, and recognizes these revenues as unrestricted or restricted support according to donor stipulations that limit the use of these assets due to time or purpose restrictions. Support revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Donor-restricted contributions received in the same year in which the restrictions are met are recorded as an increase to donor-restricted support at the time of receipt. Upon fulfillment or expiration of donor restrictions, or when the donor-restricted assets are placed in service, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as releases from restrictions in the Statements of Activities.

Investment return, net of investment fees, is recognized as with or without donor restrictions based on donor-imposed restrictions, if any, in the Statements of Activities.

Donated Assets and Services

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

Donated services are recognized as contributions in accordance with FASB ASC, 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 the Fund.

Advertising

The Fund uses advertising to promote its programs and fundraising events. The production costs of advertising are expensed as incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

Income Taxes

The Fund is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. Income from activities not directly related to the Fund's tax-exempt purpose is subject to taxation as unrelated business income. The Fund reported no taxable unrelated business income from the years ended December 31, 2023 or 2022.

**NICOLÁS FUND FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

Reclassifications

Certain reclassifications have been made to the 2022 presentation to be comparative to the 2023 presentation.

Date of Management’s Review

Subsequent events have been evaluated through March 25, 2024, which is the date the financial statements were available to be issued.

NOTE 2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC, the following are quantitative disclosures about the fair value measurements. FASB ASC defines fair values as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. Fair value measurements are categorized on three levels:

- Level 1 – inputs are quoted market prices in active markets for identical assets.
- Level 2 – inputs are inputs other than quoted prices within Level 1; for example, quoted prices for similar assets.
- Level 3 – inputs are unobservable inputs for the assets.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023 and 2022.

Money market fund: Valued at cost plus accrued interest which approximates fair value.

Fixed income: Valued at the closing price reported in the active market in which the individual security is traded.

Exchange traded funds: Valued at the daily closing price as reported by the fund. Exchange traded funds held by the Fund are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Fund are deemed to be actively traded.

The Fund’s only assets valued at fair value are its investments. The Fund holds all of its investments at December 31 as follows:

| | <u>2023</u> | <u>Level 1</u> | <u>2022</u> | <u>Level 1</u> |
|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Money market funds | \$ 322,918 | \$ 322,918 | \$ 120,001 | \$ 120,001 |
| Fixed income | - | - | 621,272 | 621,272 |
| Exchange traded funds | <u>1,056,135</u> | <u>1,056,135</u> | <u>1,043,633</u> | <u>1,043,633</u> |
| | <u>\$ 1,379,053</u> | <u>\$ 1,379,053</u> | <u>\$ 1,784,906</u> | <u>\$ 1,784,906</u> |

**NICOLÁS FUND FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Fund is substantially supported by donations. These donations can contain time or purpose restrictions which make certain financial assets unavailable for general expenditures within one year. The Fund has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Fund's financial assets available to meet cash needs for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statements of Financial Position as of December 31 include:

| | <u>2023</u> | <u>2022</u> |
|---|-----------------------|-----------------------|
| Cash | \$ 71,722 | \$ 388,798 |
| Investments | 1,379,053 | 1,784,906 |
| Less those not available for general expenditure: | | |
| Donor restricted | <u>(965,500)</u> | <u>(1,769,900)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 485,275</u> | <u>\$ 403,804</u> |

NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions and other inflows of assets whose use by the Fund is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Fund pursuant to those stipulations.

Net assets with donor restrictions were restricted for the following programmatic uses as of December 31:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|---------------------|
| San Nicolas Educational Support Fund | \$ 492,800 | \$ 516,200 |
| New School Construction Fund | 393,900 | 1,208,200 |
| Ten Talents Fund | 36,700 | 30,400 |
| New School Furniture and Computer Lab Fund | 22,000 | - |
| Other restricted funds | 8,100 | 6,000 |
| Disaster and Food Relief Fund | 6,000 | 6,900 |
| Vocational Building Fund | 4,500 | - |
| Book Drive and Librarian Grant Fund | <u>1,500</u> | <u>2,200</u> |
| | <u>\$ 965,500</u> | <u>\$ 1,769,900</u> |

**NICOLÁS FUND FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023**

Net assets with donor restrictions were held as of December 31, 2023 and 2022 as follows:

| | <u>2023</u> | <u>2022</u> |
|-------------------------|-------------------|---------------------|
| Investments | \$ 571,600 | \$ 561,700 |
| Investments, noncurrent | <u>393,900</u> | <u>1,208,200</u> |
| | <u>\$ 965,500</u> | <u>\$ 1,769,900</u> |

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of passage of time or other events as follows for the years ended December 31:

| | <u>2023</u> | <u>2022</u> |
|--|-------------------|-------------------|
| New School Construction Fund | \$ 842,100 | \$ 345,756 |
| San Nicolas Educational Support Fund | 23,700 | 14,912 |
| Ten Talents Fund | 9,700 | 9,019 |
| Book Drive and Librarian Grant Fund | 6,600 | 16,065 |
| Disaster and Food Relief Fund | 1,400 | 11,496 |
| New School Furniture and Computer Lab Fund | 1,800 | - |
| Other restricted funds | <u>3,200</u> | <u>35,416</u> |
| | <u>\$ 888,500</u> | <u>\$ 432,664</u> |

The New School Construction Fund had a goal of \$1,500,000 for Phase I of the school. The Fund's projections are to have Phase I completed within 2024. The Fund has raised over \$1,582,000 in donations towards the New School Phase I which have been matched by \$500,000.

The San Nicolas Educational Support Fund helps fund the education and tutoring in the San Nicolas village, including early childhood education and adult literacy programs, over a 10-year period.

The Ten Talents Fund assists graduates with tuition for post high school education. Each participant voluntarily gives back time to the school and their communities in some manner.

The Book Drive and Librarian Grant Fund is for creating many libraries and providing Remote Area Community Hotspots for Education and Learning (RACHEL) devices, a portable, battery-powered device that contains copies of educational websites.

The Disaster and Food Relief Fund provides for future hurricane and flood relief for the school villages.

The New School Furniture and Computer Lab Fund will supply the new school with the needed equipment to begin the new school year in 2023.

Other restricted funds include a benevolence fund for emergencies, a teacher training program to improve educational processes and funding for a seed planting program.

NICOLÁS FUND FOR EDUCATION
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023

NOTE 5. FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to both program and supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are directly allocated to their respective functional allocation.

NOTE 6. CONTRIBUTED SERVICES

The Fund uses a substantial number of volunteers for the various programmatic and supportive activities. Donated volunteer services of this type are not permitted to be recognized in the accompanying financial statements unless the specific criteria is met (Note 1). During the years ended December 31, 2023 and 2022, the Fund received approximately 7,500 and 7,200 volunteer hours, with an estimated value of \$286,000 and \$275,000, respectively. These volunteer services do not require specialized skills, and therefore, no estimate of fair value is recognized. These hours were used in developing curriculum and programs for the students, acquiring donations for support and processing administrative functions of the Fund.

NOTE 7. CONCENTRATIONS

The Fund receives support from a variety of sources including foundation and individual contributions.

During the year ended December 31, 2023, there were no concentrations in total support and revenue in need of disclosure.

During the year ended December 31, 2022, approximately \$981,600 (representing 64% of the Fund's total support and revenue) was received from a charitable foundation. One of these donors represented 53% of the Fund's total support and revenue.

NOTE 8. CONSOLIDATION

Nicolás Fund for Education has both a control and economic interest relationship with Asociación Fondo Nicolas Para La Educación (Asociación), a Guatemalan entity. As a result, under accounting principles generally accepted in the United States of America, activities of the Asociación should be consolidated with those of the Fund. Management has elected to not consolidate activities of the Fund with those of the Asociación as the effects on reported assets and net income would be approximately 1%. Management has determined that the activities of the Asociación are immaterial to the financial statement when taken as a whole and, therefore, has elected to not consolidate the aforementioned entity.

The summarized financial data of the Asociación for the year ending December 31, 2023 includes \$47,736 in assets; \$48,020 in liabilities; (\$284) in net assets; \$6,955 in contributions and grants revenues; and \$440,643 in expenses.

The summarized financial data of the Asociación for the year ending December 31, 2022 includes \$34,687 in assets; \$33,857 in liabilities; \$830 in net assets; \$5,884 in contributions and grants revenues; and \$448,754 in expenses.