

ANCOP FOUNDATION (USA), INC.

Financial Statements
with Independent Auditor's Report

December 31, 2021

**GALLEROS ROBINSON
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

ANCOP FOUNDATION (USA), INC.

DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
ANCOP Foundation (USA), Inc.**

Opinion

We have audited the accompanying financial statements of ANCOP Foundation (USA), Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ANCOP Foundation (USA), Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ANCOP Foundation (USA), Inc. 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, 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 ANCOP Foundation (USA), Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of ANCOP Foundation (USA), Inc.'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 ANCOP Foundation (USA), Inc.'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.

Galleras Robinson CPAs, LLP

Cream Ridge, New Jersey
July 20, 2022

ANCOP FOUNDATION (USA), INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021

ASSETS

Cash	\$ 1,520,003
Contributions receivable	13,336
Prepaid expense	<u>1,790</u>
Total Assets	<u>\$ 1,535,129</u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable and accrued expenses	<u>\$ 2,266</u>
Net Assets	
Without donor restrictions	478,696
With donor restrictions	<u>1,054,167</u>
Total Net Assets	<u>1,532,863</u>
Total Liabilities and Net Assets	<u>\$ 1,535,129</u>

ANCOP FOUNDATION (USA), INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contributions	\$ 33,830	\$ 576,887	\$ 610,717
In-kind contributions	-	26,120	26,120
Special events	80,183	524,096	604,279
Interest and other income	1,240	-	1,240
Net assets released from restrictions	<u>1,098,646</u>	<u>(1,098,646)</u>	<u>-</u>
Total Revenues	<u>1,213,899</u>	<u>28,457</u>	<u>1,242,356</u>
EXPENSES			
Program services	1,101,146	-	1,101,146
Supporting services	<u>163,459</u>	<u>-</u>	<u>163,459</u>
Total Expenses	<u>1,264,605</u>	<u>-</u>	<u>1,264,605</u>
Change in Net Assets	<u>(50,706)</u>	<u>28,457</u>	<u>(22,249)</u>
NET ASSETS AT BEGINNING OF YEAR	<u>529,402</u>	<u>1,025,710</u>	<u>1,555,112</u>
NET ASSETS, END OF YEAR	<u>\$ 478,696</u>	<u>\$ 1,054,167</u>	<u>\$ 1,532,863</u>

ANCOP FOUNDATION (USA), INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services					Supporting Services			Total Expenses	
	Educational Assistance	Community Development	Health	Disaster Relief	Economic and Livelihood	Total	General and Administrative	Fundraising		Total
Grants/subrecipients	\$ 944,667	\$ 5,645	\$ 13,850	\$ 9,000	\$ 2,500	\$ 975,662	\$ -	\$ -	\$ -	\$ 975,662
In-kind supplies	-	-	26,120	-	-	26,120	-	-	-	26,120
Subtotal	944,667	5,645	39,970	9,000	2,500	1,001,782	-	-	-	1,001,782
Professional fees	59,345	-	-	-	-	59,345	27,645	-	27,645	86,990
Special events expenses	-	-	-	-	-	-	-	81,829	81,829	81,829
Tech infrastructure expenses	18,235	-	-	-	-	18,235	655	11,837	12,492	30,727
Credit card charges	6,891	-	-	-	-	6,891	1,723	7,958	9,681	16,572
Fundraising expenses	-	-	-	-	-	-	-	10,609	10,609	10,609
Insurance - non-employee	-	-	-	-	-	-	6,126	1,532	7,658	7,658
Rent, parking and other occupancy	8,786	-	-	-	-	8,786	-	-	-	8,786
Postage, shipping and delivery	-	-	-	-	-	-	3,694	279	3,973	3,973
Donations	-	-	1,000	-	-	1,000	2,945	-	2,945	3,945
Conference, convention and meetings	1,807	-	-	-	-	1,807	150	-	150	1,957
Office supplies and expenses	857	-	-	-	-	857	857	-	857	1,714
Telephone and telecommunications	-	-	-	-	-	-	1,581	-	1,581	1,581
Marketing	-	-	-	-	-	-	-	745	745	745
Advertising expenses	-	-	-	-	-	-	-	475	475	475
Miscellaneous expenses	2,443	-	-	-	-	2,443	2,443	376	2,819	5,262
Total Expenses	\$ 1,043,031	\$ 5,645	\$ 40,970	\$ 9,000	\$ 2,500	\$ 1,101,146	\$ 47,819	\$ 115,640	\$ 163,459	\$ 1,264,605

ANCOP FOUNDATION (USA), INC.

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (22,249)
Increase in assets	
Contributions receivable	(12,107)
Prepaid expenses	(16)
Decrease in liabilities	
Accounts payable and accrued expenses	<u>(6,668)</u>
Net cash used for operating activities	<u>(41,040)</u>
Net change in cash	(41,040)
CASH, BEGINNING OF YEAR	<u>1,561,043</u>
CASH, END OF YEAR	<u><u>\$ 1,520,003</u></u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

No taxes or interest were paid during the year.

ANCOP FOUNDATION (USA), INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. ORGANIZATION AND NATURE OF ACTIVITIES

ANCOP Foundation (USA), Inc. (the "Organization") was incorporated on November 27, 2000 as a nonprofit public benefit corporation in the State of California. The term "ANCOP" is an acronym for "Answering the Cry of the Poor." The Organization provides assistance to the needy and the poor by supplying money, goods and services in targeted depressed areas of the world. The Organization provides funding for the construction of low-cost housing donated to eligible poorest of the poor families in the world. The Organization is active in twelve major regional areas in the United States.

From inception until 2010, the Organization had an agency agreement with GK CDFI to carry out programs in the Philippines.

Agreement with CFC ANCOP – Global Foundation Inc (formerly CFC ANCOP-TEKTON FOUNDATION INC)

In 2010, the Organization entered into an agency agreement with CFC ANCOP – Global Foundation Inc (the "Agency"), a non-profit organization incorporated under the laws of the Philippines to carry out programs intended to alleviate poverty through education and community development, e.g., building of ANCOP houses.

Educational Assistance Programs

a. Elementary Level (for children aged 6 to 13)

Program for children, aged 6 to 13, which is either school or community based educational curriculum in depressed and marginalized communities which aims to rebuild hope and allow opportunities for growth and development, and provides assistance in keeping indigent, deserving elementary children in school or provide an out-of-school child non-formal or alternative education program and other basic social services.

b. High School Level (for youth aged 14 to 18)

Program for youth, aged 14 to 18, that empowers them to become active agents of change in their social environment through their access in a formal school or non-formal education program. This program aims to give indigent high school, out-of-school youth, juvenile delinquents, drug addicts and gang members a second chance in life through opportunities for a formal, non-formal or alternative education and access to social services.

c. Vocational/College Level or Degree or Non-degree courses (for youth aged 18 and above)

The program helps the poor who are gifted or deserving youth to pursue their dreams of obtaining further education through a vocational, college, degree or non-degree educational program through a scholarship.

ANCOP FOUNDATION (USA), INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

1. ORGANIZATION AND NATURE OF ACTIVITIES - CONTINUED

Community Development Programs

a. Shelter

Homes are built or improved into housing structures that are fit for human habitation, approximately 20 square meters in floor area, with working toilet and kitchen, concrete walls and flooring, galvanized iron roof, sturdy wall frame, exterior and interior finish and based on engineered certified plans and drawings and technical specifications of a typical ANCOP house or according to the type of house agreed upon between the Organization and the Agency.

b. Community Facilities

Programs that improve overall landscape of the community and provide common facilities and infrastructures such as multi-purpose centers, communal water systems, drainage, pathways, parks or playground.

Health Programs

This program includes surgical, dental and medical missions to areas that were devastated by calamities and depressed areas.

Disaster Relief Programs

Under this Program, ANCOP USA provides assistance to victims of natural disasters and humanitarian crises. This includes the immediate provision of the basic needs of affected families including clothes, mats and blankets, non-perishable food, drinkable water, hygienic supplies, and medicines. Volunteer doctors and other medical practitioners may also be dispatched to affected areas to address the medical needs of calamity victims.

Economic and Livelihood Programs

The Agency shall be paid the amount of approved budget based on accepted proposals for economic and livelihood programs.

Aside from program expenses, the Organization agrees to remunerate the Agency the cost of personnel, office utilities and other incidental expenses equivalent to ten percent (10%) of all payments to Agency.

ANCOP FOUNDATION (USA), INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Organization 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 the discretion of the Organization's management and the board of directors.

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 the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases 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 statement of activities.

Use of Estimates

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

Revenue Recognition

The Organization is supported primarily through contributions. In accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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. As permitted by Topic 958, donor-restricted contributions whose restrictions are met in the same year may be reported as unrestricted support.

ANCOP FOUNDATION (USA), INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions Receivable

Contributions receivable at December 31, 2021 consists of pledges receivable. Management has determined no allowance for doubtful accounts is necessary.

Donated Services and Supplies

Donations of services and supplies are recorded as contributions at their fair value at the date of donation. The Organization reports the donations of goods as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets, would have been purchased if not provided by contribution, require specialized skills and are provided by individuals possessing such specialized skills.

The financial statements do not reflect the value of the services for volunteers in the Organization's various programs because, although substantial, no reliable basis exists for determining the appropriate amount.

Functional Allocation of Expenses

The costs of providing various programs and 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.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more-likely-than-not be sustained upon examination by taxing authorities. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition. The Organization is no longer subject to audits by the applicable taxing jurisdictions for periods prior to 2018. Currently, there are no audits in progress.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

Subsequent Events

The Organization has evaluated subsequent events through July 20, 2022, which is the date the financial statements were available to be issued.

ANCOP FOUNDATION (USA), INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

3. CASH

Cash maintained in bank accounts consist of the following at December 31, 2021:

Operating accounts	\$ 615,677
Savings accounts	<u>904,326</u>
Total Cash	<u>\$ 1,520,003</u>

All cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk related to cash.

4. LIQUIDITY AND AVAILABILITY

Management has evaluated whether it is probable that the Organization will not be able to meet its obligation as they become due within one year after the date the financial statements are issued or available to be issued. The Organization has \$1,533,339 in cash and contributions receivable available within one year of the statement of financial position date to meet cash needs for general expenditures. None of this amount is subject to donor or contractual restrictions that make it unavailable for general expenditures within one year of the statement of financial position date.

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of December 31, 2021:

Restricted Purpose	Beginning Balance	Revenues	Released from Restrictions	Ending Balance
Educational Assistance	\$ 967,089	\$ 1,039,037	\$(1,043,031)	\$ 963,095
Community Development	47,447	21,064	(5,645)	62,866
Health	8,115	32,862	(40,970)	7
Disaster Relief	<u>3,059</u>	<u>34,140</u>	<u>(9,000)</u>	<u>28,199</u>
Total	<u>\$ 1,025,710</u>	<u>\$ 1,127,103</u>	<u>\$(1,098,646)</u>	<u>\$ 1,054,167</u>

ANCOP FOUNDATION (USA), INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

6. GRANTS/SUBRECIPIENTS

During the year, \$1,001,782 was granted to the Agency to benefit various programs, as follows:

Educational assistance program	\$ 944,667
Community development program	5,645
Health program	39,970
Disaster relief program	9,000
Economic and livelihood program	<u>2,500</u>
Total	<u>\$ 1,001,782</u>

7. SPECIAL EVENTS

The Organization held several special events during the year, which included the ANCOP Virtual Walk held on August 15, 2021 to October 15, 2021, a Car raffle held on September 5, 2021, and a Musicale Virtual held on April 24, 2021. Income from the various special events are as follows:

	ANCOP Virtual Walk	Car Raffle	Musicale Virtual	Old Shoes Collection	Unconditional Event	Raffle	Total
Special events revenues	<u>\$479,214</u>	<u>\$ 95,382</u>	<u>\$16,741</u>	<u>\$ 4,680</u>	<u>\$ 4,322</u>	<u>\$ 3,940</u>	<u>\$604,279</u>
Special events expenses	<u>(74,018)</u>	<u>(39,742)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,880)</u>	<u>(115,640)</u>
Special events income	<u>\$405,196</u>	<u>\$ 55,640</u>	<u>\$16,741</u>	<u>\$ 4,680</u>	<u>\$ 4,322</u>	<u>\$ 2,060</u>	<u>\$488,639</u>

8. IN-KIND CONTRIBUTIONS AND SUPPLIES

The Organization received in-kind supplies with fair value of \$26,120 during the year ended December 31, 2021, which is recognized as in-kind contributions and supplies in the statements of activities and functional expenses.

9. COVID-19 FINANCIAL STATEMENTS IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's board of directors, management, donors and funding sources, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position, changes in net assets and cash flows is uncertain and the financial statements include no adjustments relating to the effects of this pandemic.