

**The Vieques Conservation and Historical Trust, Inc.
Auditor's Report and Financial Statements
Year ended September 30, 2021**

The Vieques Conservation and Historical Trust, Inc.
Audited Financial Statements
Year ended September 30, 2021

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
The Vieques Conservation and Historical Trust, Inc.
Vieques, Puerto Rico

I have audited the accompanying financial statements of The Vieques Conservation and Historical Trust, Inc. (a Puerto Rico nonprofit corporation) (the Organization) , which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and of cash flows for the year then ended, and the 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 opinion on the effectiveness of the entity's internal control. Accordingly, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my

audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Vieques Conservation and Historical Trust, Inc. as of September 30, 2021 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emilia Rodas Viñas

Emilia Rodas Viñas

License No. 1144

Expires December 1, 2022

December 14, 2021



The Vieques Conservation and Historical Trust, Inc.
Statement of Financial Position
September 30, 2021

ASSETS

Current assets:	
Cash and cash equivalents (Notes 2 and 3)	\$ 408,134
Accounts receivable	1,128
Inventory- Gift Shop (Note 2)	12,407
Prepaid expenses	<u>38,315</u>
Total current assets	459,984
Property and equipment (Notes 2 and 4)	<u>267,052</u>
Total assets	<u>\$ 727,036</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Funds in custody for "Organizacion Vieques en Rescate, Inc." and S.A.L.V.A.	\$ 1,099
Accounts payable	6,530
Accrued expenses and withholdings	<u>10,128</u>
Total current liabilities	<u>17,757</u>
Net assets:	
Without donor restrictions	
Undesignated	271,319
With donor restrictions	<u>437,960</u>
Total net assets	<u>709,279</u>
Total liabilities and net assets	<u>\$ 727,036</u>

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

The Vieques Conservation and Historical Trust, Inc.
Statement of Activities
Year ended September 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, SUPPORT AND GAINS			
Support:			
Gifts, grants and contributions (Note 5)	<u>\$ 112,551</u>	<u>451,738</u>	<u>\$ 564,289</u>
Net investment return:			
Interest and dividends	238	-	238
Realized loss	<u>(1,859)</u>	<u>-</u>	<u>(1,859)</u>
	<u>(1,621)</u>	<u>-</u>	<u>(1,621)</u>
Total revenues and support	<u>110,930</u>	<u>451,738</u>	<u>562,668</u>
EXPENSES			
Program services:			
Grants	-	229,146	229,146
Program expenses	<u>-</u>	<u>24,499</u>	<u>24,499</u>
Total program services	<u>-</u>	<u>253,465</u>	<u>253,465</u>
Supporting services:			
Management and general	<u>180,558</u>	<u>172,001</u>	<u>352,559</u>
Total supporting services	<u>180,558</u>	<u>172,001</u>	<u>352,559</u>
Total expenses	<u>180,558</u>	<u>425,646</u>	<u>606,204</u>
CHANGE IN NET ASSETS	(69,628)	26,092	(43,536)
NET ASSETS, beginning of year	<u>340,947</u>	<u>411,868</u>	<u>752,815</u>
NET ASSETS, end of year	<u>\$ 271,319</u>	<u>437,960</u>	<u>\$ 709,279</u>

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

The Vieques Conservation and Historical Trust, Inc.
Statement of Functional Expenses
Year ended September 30, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 162,978	40,762	\$ 203,740
Payroll taxes	21,498	5,375	26,873
Employee benefits	-	25,303	25,303
Credit card and bank charges	-	5,038	5,038
Depreciation	-	4,985	4,985
Dues and subscriptions	-	3,643	3,643
Insurance	-	37,239	37,239
Laboratory supplies	648	272	920
Legal, accounting and audit fees	-	9,560	9,560
Office supplies and expenses	-	7,518	7,518
Repairs and maintenance	8,983	14,642	23,625
Licenses and permits	-	1,949	1,949
Loss on inventory disposition	-	1,131	1,131
Travel and meetings	-	2,168	2,168
Utilities	96	7,316	7,412
Contracted services	12,249	1,620	13,869
Food and beverages	2,022	-	2,022
Transportation	3,000	-	3,000
Greenhouse maintenance and supplies	5,358	8,047	13,405
Payments to sub-grantees for mangrove restoration efforts	99,120	-	99,120
Equipment rental	1,449	-	1,449
Escuela Barbosa solar energy and water systems	27,152	-	27,152
Scholarships paid	20,500	-	20,500
Grants computers and equipment	1,541	-	1,541
Supplies	4,200	-	4,200
Development and training	5,742	-	5,742
Educational programs	39,970	-	39,970
Incentives payments to students	8,000	-	8,000
Satellite phones and internet	602	2,710	3,312
Advertising and promotion	-	909	909
Miscellaneous	<u>538</u>	<u>371</u>	<u>909</u>
	<u>\$425,646</u>	<u>180,558</u>	<u>\$ 606,204</u>

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

The Vieques Conservation and Historical Trust, Inc.
Statement of Cash Flows
Year ended September 30, 2021
(Increase (decrease) in cash)

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	<u>(\$ 43,536)</u>
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	4,985
Change in operating assets and liabilities:	
Gift shop inventory	1,130
Accounts receivable	6,453
Prepaid expenses	(9,230)
Accounts payable	2,292
Accrued expenses	2,422
Funds in custody for two non-profit organizations	<u>(23,977)</u>
Total adjustments	<u>(15,925)</u>
Net cash from operating activities	<u>(59,461)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Acquisition of equipment	<u>(17,679)</u>
Net cash from investing activities	<u>(17,679)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS	(77,140)
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Cash and cash equivalents, beginning of year	<u>485,274</u>
Cash and cash equivalents, end of year	<u>\$ 408,134</u>

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

The Vieques Conservation and Historical Trust, Inc.
Notes to Financial Statements
September 30, 2021

NOTE 1- ORGANIZATION AND NATURE OF BUSINESS

The Vieques Conservation and Historical Trust, Inc. is a non-profit corporation (the Organization) organized under the laws of the Commonwealth of Puerto Rico on October 25, 1985. The Organization is engaged in the preservation and conservation of historic artifacts and historic sites, buildings and their surroundings and land in its natural state and wildlife preserves and other resources within and surrounding the island of Vieques, Puerto Rico, for charitable, scientific and educational purposes.

Its headquarters are located at the rural community of Esperanza of the Puerto Real Ward of Vieques, Puerto Rico, on real estate donated to the Organization in March of 1996.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of The Vieques Conservation and Historical Trust, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for operating and administrative reserves.

Net Assets With Donor Restrictions

Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The Vieques Conservation and Historical Trust, Inc.
Notes to Financial Statements
September 30, 2021

Note 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The bylaws of the Organization include a variance provision giving the Board of Directors the power, whenever any restriction or condition on the distribution of funds becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable, educational, and scientific needs of the communities or areas served, to modify any restriction or condition placed on the distribution of funds and to apply the whole or any part of the principal or income of funds as in its judgement is necessary to serve more effectively the charitable, educational and scientific purposes of the Organization.

Based on that provision, The Vieques Conservation and Historical Trust, Inc. classifies all contributions and assets, except as noted below, as net assets without donor restrictions for financial statements presentation. Donations received for the Manta summer educational program and for the scholarship program are classified as net assets with donor restrictions. Funds received from grants approved the Organization are also classified as net assets with donor restrictions. The Organization has no assets that are restricted in perpetuity.

Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, the Organization considers cash balances and highly liquid investments available for current use with an initial maturity of three months or less when acquired to be cash and cash equivalents. The Organization reports money markets accounts and investment in marketable securities as part of cash and cash equivalents. The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. After that, investment in marketable securities are reported at their fair values in the statement of financial position as part of the cash and cash equivalent balance. As of September 30, 2021 the Organization had no investment in marketable securities.

Inventory:

The gift shop inventory, consisting of souvenirs, handcrafts, children's books, postcards, t-shirts and other articles for sale, is stated at cost, under the first-in, first-out basis.

Property and Equipment:

The Organization records property and equipment additions over \$500 at cost, or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost and related depreciation of assets sold or disposed of are removed from the accounts, and any resulting gain or loss

The Vieques Conservation and Historical Trust, Inc.
Notes to Financial Statements
September 30, 2021

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Revenue and Revenue Recognition:

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-kind Contributions:

Volunteers contribute amounts of time to The Vieques Conservation and Historical Trust, Inc.'s program services, administration and development activities. The donated services and goods, principally related to the Manta summer program and fundraising events in fiscal year 2020, are reported in the statement of activities as In-kind Contributions. Contributed goods are recorded at fair value at the date of the donation. The organization records donated professional services at the respective fair values of the services received.

The Organization received marketable securities valued at \$1,011 on the date of the donation during year ended September 30, 2021 that have been reflected in the statement of activities.

Grants and Program Services:

The Organization's main programmatic areas consist of: the co-management of The Vieques Bioluminescent Bay Natural Reserve with the Puerto Rico Department of Environmental and Natural Resources, the Elizabeth Langhorne Vieques Bioluminescence Laboratory, the Manta Summer Education program for children and youth, scholarships for deserving Vieques students for higher education, a community emergency/resiliency hub to provide emergency community services in case of natural disasters, and the Escuela Barbosa Community Innovation Hub Environmental Educational and Scientific Research Center focused on small islands' sustainability. These programs are principally financed from grant funds and donations received by the Organization.

Presentation of Sales Tax:

The Organization is required by the Government of Puerto Rico to collect a sales tax "TVU"

The Vieques Conservation and Historical Trust, Inc.
Notes to Financial Statements
September 30, 2021

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

of 11.5% on all fund-raising revenues and gift shop sales and to remit the tax to both the state and municipal governments. The Organization's accounting policy is to exclude the sales tax collected and remitted to the state and municipal governments from revenues and cost of sales.

Use of 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 certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Accordingly, the actual results could differ from those estimates, and the differences could be material.

Income taxes:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Code as other than a private foundation. The Organization is also exempt from income tax under Section 1101.01(a)(2)(A)(1) of the Puerto Rico Code, as a charitable entity, effective January 1, 2011.

The Organization follows the guidance of FASB ASC 740-Accounting for Uncertainty in Income Taxes. As of September 30, 2021, management evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status and had taken no uncertain tax positions that require adjustments to the financial statements.

Functional Expense Allocations:

The costs of the program and supporting services 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.

The Organization classifies its expenses based on the following categories:

Program Services

- Grants awarded the Organization
- Educational and Philanthropic Expenses: Operating expenses associated with

The Vieques Conservation and Historical Trust, Inc.
Notes to Financial Statements
September 30, 2021

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- developing, evaluating and processing scholarship applications, services to the Vieques community and educational programs for the Vieques youth and others

Management and General Expenses

- Expenses to hold board, committee or staff meetings
- Accounting
- Office management and any centralized services (such as human resources)
- Insurance

Fundraising Expenses

- Promotional and other expenses associated with events carried out to raise funds for the Organization's programs and services to the Vieques community and others

Salaries and employee benefits are charged to the program for which work has been done based on management estimates. Overhead is based on staff allocation to functional areas.

NOTE 3- CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of September 30, 2021 consist of:

Current bank accounts, restricted use:	
Escuela Barbosa	\$ 442
VCHT Scholarship	16,515
Various grants	208,265
Manta Education	5,146
Cooperativa Ahorro y Credito Roosevelt Roads, restricted use	136,571
General bank accounts, unrestricted use	37,521
Gift Shop bank account, unrestricted use	2,174
Petty cash	<u>400</u>
	407,034
Bank accounts for "Organizacion Vieques en Rescate, Inc." and "Soberania Alimentaria Logrando un Vieques Agroecológico Corp."	<u>1,100</u>
	<u>\$ 408,134</u>

The Vieques Conservation and Historical Trust, Inc.
Notes to Financial Statements
September 30, 2021

NOTE 4- PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2021 consists of:

Land	\$ 79,200
Buildings and improvements	149,060
Furniture and equipment	78,753
Marine life exhibit	<u>15,633</u>
	322,646
Less accumulated depreciation of furniture and equipment	<u>55,594</u>
	<u>\$ 267,052</u>

NOTE 5- GIFTS, GRANTS AND CONTRIBUTIONS

Gifts, grants and contributions for year ended September 30, 2021 are:

Grants	\$ 424,283
Individual contributions	108,720
Membership dues	2,445
Gift shop net income	(a) 375
Stock donations	1,011
Mangrove project	7,035
Manta summer program income	5,845
Scholarship program income	<u>14,575</u>
	<u>\$ 564,289</u>

(a)The Organization operated a small gift shop on its premises, as an additional means of raising funds to cover its operating expenses, through March 2020, when the gift shop was closed due to the coronavirus pandemic. Notwithstanding, miscellaneous gift shop sales amounting to \$375.00 were generated in fiscal year 2020-21. At present, the Organization is considering the possible re-opening of the gift shop.

NOTE 6- COVID-19 PANDEMIC EFFECTS

As a result of the coronavirus (COVID-19) pandemic declared in March 2020, the Puerto Rico Government ordered the closure of non-essential businesses for an extended period of time. Due to this COVID-19 pandemic, various program services offered by the Organization were suspended (principally the Manta summer programs for Vieques youth and the Gift Shop operations) and no fund-raising events were carried out in fiscal year 2020-21.

The Vieques Conservation and Historical Trust, Inc.
Notes to Financial Statements
September 30, 2021

NOTE 7- CESSION OF PERMANENT USE OF REAL ESTATE

On April 24, 2018, the municipality of Vieques ceded to The Vieques Conservation and Historical Trust, Inc. the permanent and total use of a property known as Escuela Jose Celso Barbosa, located at the Puerto Real Ward of the municipality of Vieques, free of charges, so that the Organization could establish a library and educational and scientific center and other facilities, to promote the general welfare of the Vieques community, for an indefinite and permanent time. The condition for the permanent use of the property ceded, is to continue its specified and restricted use as an educational and scientific center and that the Organization continue its existence as a non-profit and non-political legal entity.

In fiscal year 2019-20, the Organization was awarded a grant in the amount of \$50,000 from the Presbyterian Disaster Assistance organization for the specific purpose of installing a photovoltaic solar energy system and two 1,000 gallon cisterns at the Escuela Barbosa. In fiscal year 2019-20, \$24,212 were expensed in the solar energy system and water cisterns, and in fiscal year 2020-21, \$27,153 were expensed. These costs amounting to \$51,365 have been accounted for and presented in the Organization's Statements of Activities as Grant Expenses.

NOTE 8- LIQUIDITY AND AVAILABILITY

The table below presents The Vieques Conservation and Historical Trust, Inc.'s financial assets available for general expenditures within one year of the statement of financial position date:

Financial assets:	
Cash and cash equivalents	\$ 270,463
Accounts receivable	1,128
Gift shop inventory	<u>12,407</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 283,998</u>

NOTE 9- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from its year end of September 30, 2021 through December 14, 2021, the date of issuance of the financial statements, and deems that no subsequent events or transactions require disclosure.