

**REACHING U,
A FOUNDATION FOR URUGUAY**

Financial Statements

December 31, 2021

REACHING U, A FOUNDATION FOR URUGUAY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Reaching U, A Foundation for Uruguay

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Reaching U, A Foundation for Uruguay ("Reaching U"), a not-for-profit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, and related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Reaching U, A Foundation for Uruguay as of December 31, 2021 and 2020, and the changes in its net assets, its functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Reaching U and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Reaching U's ability to continue as a going concern for one year after the date that the financial statements are issued.

THE FIRM OF LORENTZ AND GRUBER SINCE 1945

MEMBERS NEW YORK STATE SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS AND AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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 GAAS 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 GAAS, 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 Reaching U'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 Reaching U'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.



New York, NY
June 2, 2022

**REACHING U,
A FOUNDATION FOR URUGUAY**
Statements of Financial Position
As of December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 1,927,818	\$ 1,424,914
Investments	500,079	-
Grants and contributions receivable	57,054	85,000
Prepaid expenses	<u>1,397</u>	<u>-</u>
Total assets	<u>\$ 2,486,348</u>	<u>\$ 1,509,914</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 65,154	\$ 44,779
Grants payable	<u>58,911</u>	<u>18,104</u>
Total liabilities	<u>124,065</u>	<u>62,883</u>
NET ASSETS		
Without donor restrictions		
Board designated	460,000	460,000
Undesignated	<u>1,859,645</u>	<u>953,913</u>
Total without donor restrictions	2,319,645	1,413,913
With donor restrictions	<u>42,638</u>	<u>33,118</u>
Total net assets	<u>2,362,283</u>	<u>1,447,031</u>
Total liabilities and net assets	<u>\$ 2,486,348</u>	<u>\$ 1,509,914</u>

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

**REACHING U,
A FOUNDATION FOR URUGUAY**
Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Grants and contributions	\$ 1,136,309	\$ 268,229	\$ 1,404,538	\$ 482,971	\$ 209,868	\$ 692,839
In-kind contributions	5,000	-	5,000	-	-	-
Funraising events (including in-kind goods amounts of \$9,300 in 2021 and \$0 in 2020, respectively)	592,403	-	592,403	553,809	-	553,809
Investment and other income	<u>(2,480)</u>	<u>-</u>	<u>(2,480)</u>	<u>(26)</u>	<u>-</u>	<u>(26)</u>
	1,731,232	268,229	1,999,461	1,036,754	209,868	1,246,622
Net assets released from restrictions						
Satisfaction of program restrictions	<u>258,709</u>	<u>(258,709)</u>	<u>-</u>	<u>240,698</u>	<u>(240,698)</u>	<u>-</u>
Total revenue and support	<u>1,989,941</u>	<u>9,520</u>	<u>1,999,461</u>	<u>1,277,452</u>	<u>(30,830)</u>	<u>1,246,622</u>
EXPENSES:						
Program services	796,581	-	796,581	678,336	-	678,336
Management and general	90,007	-	90,007	92,781	-	92,781
Fundraising:						
General	115,181	-	115,181	102,442	-	102,442
Special events	<u>82,440</u>	<u>-</u>	<u>82,440</u>	<u>56,169</u>	<u>-</u>	<u>56,169</u>
Total expenses	<u>1,084,209</u>	<u>-</u>	<u>1,084,209</u>	<u>929,728</u>	<u>-</u>	<u>929,728</u>
Change in net assets	905,732	9,520	915,252	347,724	(30,830)	316,894
Net assets, beginning of year	<u>1,413,913</u>	<u>33,118</u>	<u>1,447,031</u>	<u>1,066,189</u>	<u>63,948</u>	<u>1,130,137</u>
Net assets, end of year	<u>\$ 2,319,645</u>	<u>\$ 42,638</u>	<u>\$ 2,362,283</u>	<u>\$ 1,413,913</u>	<u>\$ 33,118</u>	<u>\$ 1,447,031</u>

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

REACHING U
A FOUNDATION FOR URUGUAY
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Programs						Supporting Services			2021 Total
	Better Learning	Socioemotional Skills	Principal and Teacher Training	Early Childhood	Others	Total	Management and General	Fundraising		
								Fundraising General	Special Events	
Salaries	\$ 4,378	\$ 8,755	\$ 21,889	\$ 6,567	\$ 45,966	\$ 87,555	\$ 43,777	\$ 87,555	\$ -	\$ 218,887
Payroll taxes and fringe benefits	378	756	1,891	567	3,970	7,562	3,782	7,562	-	18,906
Total salaries and related costs	<u>4,756</u>	<u>9,511</u>	<u>23,780</u>	<u>7,134</u>	<u>49,936</u>	<u>95,117</u>	<u>47,559</u>	<u>95,117</u>	<u>-</u>	<u>237,793</u>
Other Expenses:										
Program and charitable grants	407,457	72,859	145,610	22,320	40,705	688,951	-	-	-	688,951
Auction fees and commissions	-	-	-	-	-	-	-	-	24,252	24,252
Accounting and auditing fees	-	-	-	-	-	-	19,896	-	-	19,896
Marketing and promotion	-	-	-	-	-	-	232	13,585	5,793	19,610
Professional fees	-	-	-	-	1,200	1,200	7,500	-	-	8,700
Telephone and internet	293	293	293	293	294	1,466	153	4,788	554	6,961
Bank charges and processing fees	-	-	-	-	-	-	4,562	-	483	5,045
Space rental	-	-	-	-	-	-	-	-	3,292	3,292
Printing and copying	-	-	-	-	736	736	159	360	1,359	2,614
Licenses and fees	-	-	-	-	-	-	2,579	-	-	2,579
Postage	-	-	-	-	14	14	44	691	1,722	2,471
Travel, meetings, and conferences	-	-	-	-	-	-	105	-	2,309	2,414
Insurance	-	-	-	-	-	-	2,400	-	-	2,400
Office expenses	-	-	-	-	-	-	2,141	-	-	2,141
Consultants	-	-	-	-	-	-	-	640	-	640
Miscellaneous	-	-	-	-	4,097	4,097	2,677	-	33,376	40,150
Total other expenses	<u>407,750</u>	<u>73,152</u>	<u>145,903</u>	<u>22,613</u>	<u>47,046</u>	<u>696,464</u>	<u>42,448</u>	<u>20,064</u>	<u>73,140</u>	<u>832,116</u>
In-kind expenses:										
Donated professional services	1,000	1,000	1,000	1,000	1,000	5,000	-	-	-	5,000
Donated goods	-	-	-	-	-	-	-	-	9,300	9,300
Total expenses	<u>\$ 413,506</u>	<u>\$ 83,663</u>	<u>\$ 170,683</u>	<u>\$ 30,747</u>	<u>\$ 97,982</u>	<u>\$ 796,581</u>	<u>\$ 90,007</u>	<u>\$ 115,181</u>	<u>\$ 82,440</u>	<u>\$ 1,084,209</u>

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

REACHING U
A FOUNDATION FOR URUGUAY
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Programs						Supporting Services			2020 Total
	Better Learning	Zero Fee Education	Principal and Teacher Training	Early Childhood	Others	Total	Management and General	Fundraising General	Special Events	
Salaries	\$ 3,989	\$ 7,978	\$ 19,943	\$ 6,382	\$ 41,482	\$ 79,774	\$ 39,884	\$ 79,774	\$ -	\$ 199,432
Payroll taxes and fringe benefits	402	804	2,008	642	4,177	8,033	4,016	8,032	-	20,081
Total salaries and related costs	4,391	8,783	21,951	7,024	45,659	87,807	43,900	87,806	-	219,513
Other Expenses:										
Program and charitable grants	109,035	56,671	262,523	33,795	122,571	584,595	-	-	-	584,595
Auction fees and commissions	-	-	-	-	-	-	-	-	20,409	20,409
Accounting and auditing fees	-	-	-	-	-	-	18,611	-	-	18,611
Marketing and promotion	-	-	-	-	-	-	1,760	6,275	3,386	11,421
Space rental	-	-	-	-	142	142	-	112	9,144	9,398
Bank charges and processing fees	-	-	-	-	-	-	7,645	-	-	7,645
Telephone and internet	-	-	-	-	-	-	1,350	4,384	-	5,734
Office expenses	-	-	-	-	-	-	5,109	-	-	5,109
Professional fees	-	-	-	-	-	-	4,956	-	-	4,956
Printing and copying	-	-	-	-	-	-	-	1,740	2,015	3,755
Licenses and fees	-	-	-	-	-	-	3,281	-	-	3,281
Insurance	-	-	-	-	-	-	2,400	-	-	2,400
Postage	-	-	-	-	-	-	1,214	-	-	1,214
Consultants	-	-	-	-	-	-	-	813	-	813
Catering and program	-	-	-	-	24	24	-	-	-	24
Travel, meetings, and conferences	-	-	-	-	-	-	18	-	-	18
Miscellaneous	-	-	4,014	-	1,754	5,768	2,537	1,312	21,215	30,832
Total other expenses	109,035	56,671	266,537	33,795	124,491	590,529	48,881	14,636	56,169	710,215
Total expenses	\$ 113,426	\$ 65,454	\$ 288,488	\$ 40,819	\$ 170,150	\$ 678,336	\$ 92,781	\$ 102,442	\$ 56,169	\$ 929,728

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

**REACHING U,
A FOUNDATION FOR URUGUAY**
Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 915,252	\$ 316,894
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Unrealized losses from investments	30	-
Realized losses on sale of securities	1,565	-
Donated securities	(38,043)	-
Changes in operating assets and liabilities		
Decrease (increase) in grants and contributions receivable	27,946	(11,976)
(Increase) in prepaid expenses	(1,397)	-
Increase in accounts payable and accrued expenses	20,375	16,027
Increase in grant payable	40,807	13,119
Net cash provided by operating activities	<u>966,535</u>	<u>334,064</u>
Cash flows from investing activities:		
Purchase of investments	(500,109)	-
Proceeds from sale of securities	36,478	-
Net cash (used in) investing activities	<u>(463,631)</u>	<u>-</u>
Net increase in cash and equivalents	502,904	334,064
Cash and cash equivalents, beginning of year	<u>1,424,914</u>	<u>1,090,850</u>
Cash and cash equivalents, end of the year	<u>\$ 1,927,818</u>	<u>\$ 1,424,914</u>

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

**REACHING U
A FOUNDATION FOR URUGUAY**
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 1. ORGANIZATION

Founded in 2001, Reaching U, A Foundation for Uruguay (“Reaching U”) is a Delaware not-for-profit organization, based in Miami, Florida. Reaching U promotes initiatives and strengthens organizations that offer educational opportunities so that all Uruguayans living in poverty can develop their full potential.

COVID-19 didn’t have a material effect on the financial position of Reaching U in 2020 because it adapted its fundraising model successfully, revised its portfolio to ensure that programs could be executed albeit virtually, and embarked in a five-year strategic plan, to leverage the transformation that the pandemic has brought to the world of not for profits.

Reaching U is exempt from Federal Income Tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509 (a)(2).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions: These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions: These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

Cash and Cash Equivalents

Reaching U considers all liquid financial instruments with original maturity dates of ninety days or less when acquired to be cash equivalents.

**REACHING U
A FOUNDATION FOR URUGUAY**
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Investment Policy and Objective

Investments in securities with readily determinable fair values are measured at fair value in the accompanying statement of financial position. Realized and unrealized gains or losses are reported in the accompanying statements of activities as increases and decreases in net assets. Reaching U's primary investment objective is to maximize total return with minimal risk. The stated goal is to preserve capital intended for Reaching U's charitable mission while generating cash flows to support current operations.

Grants and Contributions

Reaching U records contributions and grants, both cash and in-kind, when an unconditional promise to give such assets is received from a donor. Contributions and grants are recorded at the fair market value of the assets received and are classified as either net assets without donor restriction, or net assets with donor restriction, depending on whether the donor has imposed a restriction on the use of such assets.

Contributions received are recorded as increases in net assets without donor restrictions or net asset with donor restrictions depending on the existence and/or nature of any donor restrictions.

When restrictions expire (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.

Contributions and grants receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a risk-free interest rate determined in the year in which the contribution originates. Amortization of the discount is included in contribution revenue. Reaching U received no multiyear promises to give during the years ended December 31, 2021 and 2020.

Reaching U periodically evaluates the balances in the various account receivable categories as well as the status of any significant past due accounts to determine if any balances are uncollectible. When management determines that a receivable is uncollectible, the balance is removed from the receivables balance and is charged directly against operations. Subsequent recoveries of amounts previously written off are credited directly to revenue.

Reaching U does not recognize conditional promises to give as a receivable. Reaching U recognizes a receivable only to the extent the condition has been satisfied.

**REACHING U
A FOUNDATION FOR URUGUAY**
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-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. Contributions and investment return having donor stipulations that are satisfied in the same period received or earned are reported as revenue and net assets with donor restrictions and shown as net assets released from restrictions.

In-Kind Contributions

In-kind contributions of goods and services are recognized as revenues and expenses or assets in the accompanying financial statements at their estimated fair market value at the time of donation. Reaching U recognizes donated services as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically be purchased by the Reaching U if not provided by donation.

Property and Equipment

Reaching U capitalizes property and equipment with an expected useful life of more than one year. Depreciation and amortization of property and equipment are provided on the straight-line method over the expected useful lives of the assets.

Investment Valuation and Income Recognition

Reaching U's investments are stated at fair value. Investments acquired by gift are recorded at their fair value at the date of the gift. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (See Note 3 for discussion of fair value measurements). Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

REACHING U
A FOUNDATION FOR URUGUAY
Notes to Financial Statements
December 31, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Realized and unrealized gains or losses on investments include the Organization's gains and losses on investments bought and sold as well as held during the year.

Functional Expenses Allocation

Reaching U has summarized the costs of providing the various programs and other activities on functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management determined such allocations in accordance with grant provisions and/or other equitable bases.

Income Taxes

Reaching U has adopted Accounting Standards Codification ("ASC") 740 "Income Taxes." ASC 740 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The adoption of this guidance did not have an impact on Reaching U's financial statements, as management believes that there are no uncertain tax positions within its financial statements. Reaching U has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; determine its filing and tax obligations in jurisdictions for which it was nexus; and to review other matters that may be considered tax positions.

Reaching U's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending December 31, 2018, 2019 and 2020 are subject to examination by the IRS, generally for three years after they were filed.

Liquidity and Availability of Financial Resources

Reaching U regularly monitors liquidity to meet its cash flow requirements and operating needs. The availability of financial assets is primarily affected by management designation, the nature of the underlying assets, external limitations exposed by donors or contracts with others.

Concentration of Credit Risk

Financial instruments that potentially subject Reaching U to concentrations of credit risk consist primarily of cash and cash equivalents. Reaching U maintains cash and cash equivalent balances in various bank accounts that, at times, may exceed federally insured limits. Reaching U's cash accounts were placed with high credit quality financial institutions. Reaching U has not experienced, nor does it anticipate, any losses in such accounts. At December 31, 2021 and 2020, Reaching U had uninsured cash balance of \$1,427,818 and \$1,021,611, respectively.

**REACHING U
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Notes to Financial Statements
December 31, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of 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.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to current year presentation.

FASB ASC 606 New Accounting Guidance Implementation

Reaching U adopted the provisions of the FASB's ASC Topic 606, *Revenue from Contracts with Customers* (Topic 606), with an initial date of application of December 31, 2018, and a deferred implementation adoption date for the year end December 31, 2020, applying the modified retrospective method. Adoption of Topic 606 did not have a material impact on the financial statements and therefore did not result in a prior period adjustment.

Reaching U recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

New Authoritative Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new ASU establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Due to the COVID-19 outbreak in the United States, on April 8, 2020, the FASB voted to delay implementation of ASU No. 2016-02. On June 3, 2020, the FASB updated the guidance to delay implementation of ASU No. 2016-02, *Leases (Topic 842)* for one year. The standard delays the effective date for non-public entities to fiscal years beginning after December 15, 2021, and interim reporting periods within fiscal years beginning after December 15, 2022. Reaching U is evaluating the impact of the new standard on the organization's financial statements.

REACHING U
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Notes to Financial Statements
December 31, 2021 and 2020

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The objective of this ASU is to increase transparency of contributed nonfinancial assets for not for profit (“NFP”) entities through enhancements to presentation and disclosure. The amendments in this ASU apply to NFPs that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms).

The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The amendments in this ASU will improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for NFPs, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requirements. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The amendments in this ASU should be applied on a retrospective basis. Reaching U is currently assessing the impact this recent accounting pronouncements on its financial statements.

NOTE 3. FAIR VALUE MEASUREMENTS

Reaching U applies the United States of America generally accepted accounting principles (“U.S. GAAP”) authoritative guidance for *Fair Value Measurements and Disclosures*, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

**REACHING U
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Notes to Financial Statements
December 31, 2021 and 2020

NOTE 3. FAIR VALUE MEASUREMENTS – continued

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable units. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future values. Furthermore, although Reaching U believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date.

The following table summarizes investments by fair value hierarchy levels as of December 31, 2021:

	<u>Fair Value Measurements as of December 31, 2021</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
CDs	<u>\$ -</u>	<u>\$ 500,079</u>	<u>\$ -</u>	<u>\$ 500,079</u>
Total	<u>\$ -</u>	<u>\$ 500,079</u>	<u>\$ -</u>	<u>\$ 500,079</u>

For the year ended December 31, 2021, Reaching U received contributions of marketable securities valued at \$38,043.

Investment income for the year ended December 31, 2021 consists of:

	<u>2021</u>
Dividends and interest	\$ 1
Realized (losses) gains	(1,565)
Unrealized (losses) gains	<u>(30)</u>
Total	<u>\$ (1,594)</u>

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NOTE 4. GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable consist of amounts to be received during the following years:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	<u>\$ 57,054</u>	<u>\$ 85,000</u>

NOTE 5. IN-KIND CONTRIBUTIONS

Substantial amounts of services and space are donated by volunteers in carrying out the mission of Reaching U. No amounts have been reflected in the financial statements for those services either because the amounts cannot be quantified, or the volunteers' time does not meet the criteria for recognition under ASC 958.

Food and beverage costs amounting to \$9,300 and \$0 were donated by fund-raising event vendors during 2021 and 2020 and have been included in the statements of activities for that year under special events, as both revenues and event costs.

Reaching U received donated legal services in the amount of \$5,000 for the year ended December 31, 2021.

NOTE 6. FUNDRAISING EVENT ACTIVITIES

Total artwork and other items donated for auction for the fundraising events during 2021 and 2020 are included in fundraising events revenue on the statement of activities and amounted to \$133,575 and \$152,613, respectively.

The proceeds from works of art and other items donated to Reaching U at auctions and other fundraising events are used for related programs of Reaching U in accordance with IRS's requirements. Reaching U's fair market value of works of art may differ from allowable contributions deduction for tax purposes of donors, purchases of the work of art, or artists who are subject to specific IRS regulations.

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NOTE 7. BOARD-DESIGNATED ENDOWMENT

The board of directors has set aside certain unrestricted net assets for endowment purposes. Since these amounts are not restricted by the donor but restricted only by board policy, the amounts have been classified as unrestricted net assets. The board of directors may designate additional amounts from time to time to be added to the endowment fund.

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 460,000	\$ 460,000
Increase by:		
Contributions	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 460,000</u>	<u>\$ 460,000</u>

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Reaching U's net assets with donor restrictions are subject to the following purpose restrictions:

	<u>2021</u>	<u>2020</u>
Restricted for a specified purpose		
Los Treboles	\$ 18,000	\$ -
Fundación Magis	13,050	-
Sodre	5,687	-
Para Programa Tutorius	3,494	-
National Teachers Prize	2,170	2,170
For School Library	237	237
Don Bosco Program	-	5,000
For Liceo Espigas School	-	25,711
Total net assets	<u>\$ 42,638</u>	<u>\$ 33,118</u>

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NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS – continued

Assets released from donor restrictions for the years ended December 31, 2021 and 2020 are reflected below:

	2021	2020
Released for purposes		
For Proyecto Ciudadanía Digital	\$ 74,250	\$ -
For UNESCO	67,500	59,000
For Liceo Espigas School	25,711	-
Edúcate Soriano	22,000	-
Madres de la Cruz	16,400	-
Don Bosco Program	15,000	15,000
Fundacion Pablo Atchugarry - MACA	10,000	-
Los Pinos After School Support and Employment Training Programs	5,800	5,900
Para Programa Tutorius	5,587	-
UM Directores	5,500	-
National Teachers Prize	5,000	8,330
Ceprodih	3,000	-
Hogar Marista	1,800	-
Fundacion Sophia	1,161	10,000
Development of Rural Schools	-	1,000
To support the Aula Escuela+ program in Uruguay	-	23,750
For postgraduate scholarships for principals of public and private Uruguayan schools	-	40,000
To support Teacher Training for Education's "New Normal"	-	42,208
For Educate Cerro Largo	-	15,000
Escuela Chimont	-	6,650
For Alianza Cultural Uruguay	-	5,000
#Compuencasa	-	1,875
Fundación Manuel Pérez (Institut Pasteur)	-	4,890
Fundación Magis	-	2,095
Total	<u>\$ 258,709</u>	<u>\$ 240,698</u>

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NOTE 9. LIQUIDITY AND AVAILABILITY

The below reflects Reaching U's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date.

	<u>2021</u>	<u>2020</u>
Financial assets, at year-end		
Cash and cash equivalents	\$ 1,927,818	\$ 1,424,914
Investments	500,079	-
Grants and contributions receivable	<u>57,054</u>	<u>85,000</u>
	<u>2,484,951</u>	<u>1,509,914</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(42,638)	(33,118)
Board designated endowment	<u>(460,000)</u>	<u>(460,000)</u>
	<u>(502,638)</u>	<u>(493,118)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,982,313</u>	<u>\$ 1,016,796</u>

In total, Reaching U has financial assets on hand at December 31, 2021 to cover more than one year of operating expenses based on the 2022 monthly budgeted run rate for all program and support services expenses.

NOTE 10. SUBSEQUENT EVENTS

Reaching U evaluated its December 31, 2021 financial statements for subsequent events through June 2, 2022, the date the financial statements were available to be issued. Reaching U is not aware of any subsequent events which would require recognition or disclosure in the financial statements.