

**REACHING U,
A FOUNDATION FOR URUGUAY**

Financial Statements

December 31, 2023 and 2022

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, 2023 and 2022, 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, 2023 and 2022, 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.

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
December 13, 2024

**REACHING U,
A FOUNDATION FOR URUGUAY**
Statements of Financial Position
As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 785,125	\$ 2,442,238
Investments	1,918,831	500,473
Grants and contributions receivable	55,684	40,233
Prepaid expenses	<u>397</u>	<u>397</u>
Total assets	<u>\$ 2,760,037</u>	<u>\$ 2,983,341</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 36,536	\$ 46,768
Grants payable	<u>332,534</u>	<u>155,329</u>
Total liabilities	<u>369,070</u>	<u>202,097</u>
NET ASSETS		
Without donor restrictions		
Board designated	460,000	460,000
Undesignated	<u>1,670,387</u>	<u>2,242,451</u>
Total without donor restrictions	2,130,387	2,702,451
With donor restrictions	<u>260,580</u>	<u>78,793</u>
Total net assets	<u>2,390,967</u>	<u>2,781,244</u>
Total liabilities and net assets	<u>\$ 2,760,037</u>	<u>\$ 2,983,341</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, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:						
Grants and contributions	\$ 162,379	\$ 201,287	\$ 363,666	\$ 882,311	\$ 189,155	\$ 1,071,466
In-kind contributions	23,000	-	23,000	95,693	11,150	106,843
Fundraising events	849,795	-	849,795	802,937	-	802,937
Investment and other income	109,091	-	109,091	3,008	-	3,008
	<u>1,144,265</u>	<u>201,287</u>	<u>1,345,552</u>	<u>1,783,949</u>	<u>200,305</u>	<u>1,984,254</u>
Net assets released from restrictions						
Satisfaction of program restrictions	<u>19,500</u>	<u>(19,500)</u>	<u>-</u>	<u>164,150</u>	<u>(164,150)</u>	<u>-</u>
Total revenue and support	<u>1,163,765</u>	<u>181,787</u>	<u>1,345,552</u>	<u>1,948,099</u>	<u>36,155</u>	<u>1,984,254</u>
EXPENSES:						
Program services	1,285,628	-	1,285,628	1,154,560	-	1,154,560
Management and general	158,393	-	158,393	120,435	-	120,435
Fundraising:						
General	195,760	-	195,760	144,363	-	144,363
Special events	96,048	-	96,048	145,935	-	145,935
Total expenses	<u>1,735,829</u>	<u>-</u>	<u>1,735,829</u>	<u>1,565,293</u>	<u>-</u>	<u>1,565,293</u>
Change in net assets	(572,064)	181,787	(390,277)	382,806	36,155	418,961
Net assets, beginning of year	<u>2,702,451</u>	<u>78,793</u>	<u>2,781,244</u>	<u>2,319,645</u>	<u>42,638</u>	<u>2,362,283</u>
Net assets, end of year	<u>\$ 2,130,387</u>	<u>\$ 260,580</u>	<u>\$ 2,390,967</u>	<u>\$ 2,702,451</u>	<u>\$ 78,793</u>	<u>\$ 2,781,244</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, 2023

	Programs					Supporting Services			2023 Total	
	Better Learning	STEAM	Principal and Teacher Training	Early Childhood	Others	Total	Management and General	Fundraising General		Special Events
Programs and charitable grants	\$ 492,417	\$ 203,218	\$ 173,773	\$ 49,650	\$ 216,651	\$ 1,135,709	\$ -	\$ -	\$ -	\$ 1,135,709
Salaries	57,892	23,892	20,430	5,837	25,471	133,522	85,668	192,752	-	411,942
Payroll taxes and fringe benefits	7,109	2,934	2,509	717	3,128	16,397	-	-	-	16,397
Space rental	-	-	-	-	-	-	-	-	15,251	15,251
Telecommunications	-	-	-	-	-	-	22	609	14,769	15,400
Catering and program	-	-	-	-	-	-	-	-	21,818	21,818
Accounting and auditing fees	-	-	-	-	-	-	23,019	-	-	23,019
Office expenses	-	-	-	-	-	-	3,950	1,700	2,415	8,065
Auction fees and commissions	-	-	-	-	-	-	-	-	12,026	12,026
Licenses and fees	-	-	-	-	-	-	8,337	-	-	8,337
Bank charges and processing fees	-	-	-	-	-	-	4,580	-	-	4,580
Consultants	-	-	-	-	-	-	63	-	-	63
Travel, meetings, and conferences	-	-	-	-	-	-	-	-	2,088	2,088
Professional fees	-	-	-	-	-	-	7,056	-	-	7,056
Insurance	-	-	-	-	-	-	2,400	-	-	2,400
Marketing and promotion	-	-	-	-	-	-	-	615	-	615
Printing and copying	-	-	-	-	-	-	-	40	1,182	1,222
Postage	-	-	-	-	-	-	298	-	-	298
Miscellaneous	-	-	-	-	-	-	-	44	26,499	26,543
Total expenses before in-kind expenses	557,418	230,044	196,712	56,204	245,250	1,285,628	135,393	195,760	96,048	1,712,829
In-kind expenses:										
Donated professional services	-	-	-	-	-	-	6,000	-	-	6,000
Donated goods	-	-	-	-	-	-	5,000	-	-	5,000
Donated office space	-	-	-	-	-	-	12,000	-	-	12,000
Total expenses	\$ 557,418	\$ 230,044	\$ 196,712	\$ 56,204	\$ 245,250	\$ 1,285,628	\$ 158,393	\$ 195,760	\$ 96,048	\$ 1,735,829

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, 2022

	Programs					Supporting Services			2022 Total	
	Better Learning	STEAM	Principal and Teacher Training	Early Childhood	Others	Total	Management and General	Fundraising General		Special Events
Program and charitable grants	\$ 507,871	\$ 131,414	\$ 269,601	\$ 117,229	\$ 26,155	\$ 1,052,270	\$ -	\$ -	\$ -	\$ 1,052,270
Salaries	43,597	10,780	23,922	10,403	3,198	91,900	52,515	118,157	-	262,572
Payroll taxes and fringe benefits	4,929	1,219	2,705	1,176	361	10,390	5,936	13,358	-	29,684
Space rental	-	-	-	-	-	-	-	-	53,265	53,265
Telephone and internet	-	-	-	-	-	-	433	6,234	16,354	23,021
Catering and program	-	-	-	-	-	-	-	-	21,852	21,852
Accounting and auditing fees	-	-	-	-	-	-	21,845	-	-	21,845
Office expenses	-	-	-	-	-	-	8,583	3,960	43	13,903
Auction fees and commissions	-	-	-	-	-	-	-	-	9,278	9,278
Licenses and fees	-	-	-	-	-	-	6,042	-	702	6,744
Bank charges and processing fees	-	-	-	-	-	-	5,941	-	31	5,972
Consultants	-	-	-	-	-	-	-	888	4,236	5,124
Travel, meetings, and conferences	-	-	-	-	-	-	-	-	3,837	3,837
Professional fees	-	-	-	-	-	-	2,528	-	-	2,528
Insurance	-	-	-	-	-	-	2,400	-	-	2,400
Marketing and promotion	-	-	-	-	-	-	-	939	1,317	939
Printing and copying	-	-	-	-	-	-	-	300	1,534	1,834
Postage	-	-	-	-	-	-	-	527	346	873
Awards	-	-	-	-	-	-	-	-	566	566
Miscellaneous	-	-	-	-	-	-	1,302	-	28,280	29,582
Total expenses before in-kind expenses	<u>556,397</u>	<u>143,413</u>	<u>296,228</u>	<u>128,808</u>	<u>29,714</u>	<u>1,154,560</u>	<u>107,525</u>	<u>144,363</u>	<u>141,641</u>	<u>1,548,089</u>
In-kind expenses:										
Donated professional services	-	-	-	-	-	-	5,910	-	-	5,910
Donated goods	-	-	-	-	-	-	-	-	4,294	4,294
Donated office space	-	-	-	-	-	-	7,000	-	-	7,000
Total expenses	<u>\$ 556,397</u>	<u>\$ 143,413</u>	<u>\$ 296,228</u>	<u>\$ 128,808</u>	<u>\$ 29,714</u>	<u>\$ 1,154,560</u>	<u>\$ 120,435</u>	<u>\$ 144,363</u>	<u>\$ 145,935</u>	<u>\$ 1,565,293</u>

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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (390,277)	\$ 418,961
Adjustments to reconcile increase in net assets to net cash (used in) provided by operating activities:		
Unrealized (losses) and gains from investments	(44,552)	76
Realized (losses) and gains on sale of securities	(17,225)	1,502
Donated securities	(25,301)	(89,639)
Changes in operating assets and liabilities		
Grants and contributions receivable	(15,451)	16,821
Prepaid expenses	-	1,000
Accounts payable and accrued expenses	(10,232)	18,386
Grant payable	<u>177,205</u>	<u>96,418</u>
Net cash (used in) provided by operating activities	(325,833)	463,525
Cash flows from investing activities:		
Purchase of investments	(1,357,395)	(470)
Proceeds from sale of securities	<u>26,115</u>	<u>88,137</u>
Net cash (used in) provided by investing activities	<u>(1,331,280)</u>	<u>87,667</u>
Net (decrease) increase in cash and equivalents	(1,657,113)	514,420
Cash and cash equivalents, beginning of year	<u>2,442,238</u>	<u>1,927,818</u>
Cash and cash equivalents, end of the year	<u>\$ 785,125</u>	<u>\$ 2,442,238</u>

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

**REACHING U
A FOUNDATION FOR URUGUAY**
Notes to Financial Statements
December 31, 2023 and 2022

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.

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 Accounting

The accompanying financial statements of Reaching U have been prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America. The significant accounting policies are described below.

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, 2023 and 2022

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, 2023 and 2022.

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, 2023 and 2022

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. 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, 2023 and 2022

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.

Fair Value Measurements and Disclosures

Generally accepted accounting principles establish a framework for measuring fair value and expanding its disclosures about fair value measurements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date.

Level 2 - Pricing inputs, including broker quotes, are generally those other than exchange quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3 - Pricing inputs are unobservable for the assets or liability and includes situations where there is little (if any) market activity for the assets or liability. The inputs into the determination of fair value require significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The methods used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Reaching U's assets include investments in mutual funds, securities, and money market funds for which quoted market prices are readily available.

**REACHING U
A FOUNDATION FOR URUGUAY**
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method Of Allocation</u>
Salaries, payroll taxes and fringe benefits	Time and effort of the personnel of the Organization
Program and charitable grants	Time and effort of the personnel of the Organization

Where practicable, expenses are directly classified to specific program or supporting services categories. Costs that are not specifically identifiable within the function categories are classified using allocation methods. Allocated costs and methods include salaries, payroll tax and fringe benefits, program and charitable grants based on time studies.

Income Taxes

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. 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, 2020, 2021 and 2022 are subject to examination by the IRS, generally for three years after they were filed.

REACHING U
A FOUNDATION FOR URUGUAY
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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, 2023 and 2022, Reaching U had cash balance in excess of the FDIC limit was \$86,697 and \$1,941,636, respectively.

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

In 2021, Reaching U adopted ASC 606, *Revenue from Contracts with Customers*, which amended the existing accounting standards for revenue recognition. The adoption of this new revenue standard does not have a significant impact on the amount and timing of revenue recognized in Reaching U's financial statements. Based on Reaching U's evaluation process and review of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.

REACHING U
A FOUNDATION FOR URUGUAY
Notes to Financial Statements
December 31, 2023 and 2022

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

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.

Prior Year Adopted Accounting Guidance Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Reaching U has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Reaching U adopted the provisions of the Financial Accounting Standards Board (“FASB”)’s ASC Topic 842, *Leases* (Topic 842). The 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. At December 31, 2022, adoption of Topic 842 did not have any impact on the financial statements and therefore did not result in a prior period adjustment.

FASB ASU No. 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

Reaching U adopted provisions of the FASB’s 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 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 do not change the recognition and measurement requirements.

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NOTE 3. INVESTMENTS

The following table summarizes investments by fair value hierarchy levels as of December 31, 2023:

	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Other Inputs Level 3	Total
Money Markets	\$ 403	\$ -	\$ -	\$ 403
Equity Funds				
SPDR S&P500 ETF Trust Unit	183,250	-	-	183,250
Fixed Income				
U.S. Treasury Bills Zero Coupon	1,735,178	-	-	1,735,178
Total	<u>\$ 1,918,831</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,918,831</u>

The following table summarizes investments by fair value hierarchy levels as of December 31, 2022:

	Quoted Prices in Active Markets Level 1	Significant Other Observable Inputs Level 2	Significant Other Inputs Level 3	Total
Money Markets	\$ 36	\$ -	\$ -	\$ 36
Equity Funds				
SPDR S&P500 ETF Trust Unit	146,853	-	-	146,853
Fixed Income				
U.S. Treasury Bills Zero Coupon	353,584	-	-	353,584
Total	<u>\$ 500,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,473</u>

For the years ended December 31, 2023 and 2022, Reaching U received contributions of marketable securities valued at \$0 and \$89,639, respectively.

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NOTE 3. INVESTMENTS - continued

Investment income for the year ended December 31, 2023 and 2022 consists of:

	<u>2023</u>	<u>2022</u>
Dividends and interest	46,622	\$ 2,099
Realized (losses) gains	17,225	(1,502)
Unrealized (losses) gains	44,552	(76)
Total	<u>\$ 108,398</u>	<u>\$ 521</u>

NOTE 4. GRANTS AND CONTRIBUTIONS RECEIVABLE

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

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	<u>\$ 55,684</u>	<u>\$ 40,233</u>

NOTE 5. GIFTS IN KIND (GIK)

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. For the years ended December 31, 2023 and 2022, GIK recognized with the statements of activities included:

	<u>2023</u>	<u>2022</u>
Donated securities	\$ -	\$ 89,639
Donated legal services	6,000	5,000
Donated professional services	-	910
Donated goods	5,000	4,294
Donated office space	12,000	7,000
Total	<u>\$ 23,000</u>	<u>\$ 106,842</u>

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NOTE 5. GIFTS IN KIND (GIK) - continued

GIK Valuation Techniques: Donated goods and services are valued using the fair market value as determined by the donor on the date of donation. Donated securities are valued using the market value that the securities are trading in the publicly traded securities market on the date of donation.

Donor Restrictions and GIK Use: During 2023 and 2022 no GIK was restricted, except for \$0 and 11,150 of donated securities restricted for program-Cultivando Desarrollos. However, GIK was used in the program, management and fundraising of Reaching U. It is the organization's policy to sell donated securities as soon as possible to minimize loss in the value of the securities

NOTE 6. FUNDRAISING EVENT ACTIVITIES

Total artwork and other items donated for auction for the fundraising events during 2023 and 2022 are included in fundraising events revenue on the statement of activities and amounted to \$122,100 and \$75,519, 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.

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.

	2023	2022
Endowment net assets, beginning of year	\$ 460,000	\$ 460,000
Endowment net assets, end of year	\$ 460,000	\$ 460,000

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NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

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

	2023	2022
Restricted for a specified purpose		
Los Treboles	\$ 915	\$ 15,915
Fundación Magis	13,050	13,050
Música en Apoyo a los Procesos Educativos	5,000	-
Sodre	-	1
Para Programa Tutorius	158,583	-
National Teachers Prize	2,170	2,170
For School Library	237	237
Don Bosco Program	-	4,500
Cultivando Desarrollos	25,020	1,150
La Huella	33,166	14,760
Madres de la Cruz	10	10
U.C.U. Scholarship	4,429	9,000
UNESCO	18,000	18,000
Total net assets	<u>\$ 260,580</u>	<u>\$ 78,793</u>

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NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS – continued

Assets released from donor restrictions for the years ended December 31, 2023 and 2022 are reflected below:

	2023	2022
Released for purposes		
For UNESCO	-	35,250
Madres de la Cruz	-	14,735
Don Bosco Program	4,500	13,500
Los Pinos After School Support and Employment Training Programs	-	3,600
Para Programa Tutorius	-	3,494
National Teachers Prize	-	7,500
Cimientos	-	4,968
Cultivando Desarrollos	-	10,000
La Huella	-	8,622
Lab Rocha	-	9,900
Los Treboles	15,000	35,895
Rocío Bertullo	-	2,000
Sodre	-	5,686
U.C.U. Scholarship	-	9,000
Total	\$ 19,500	\$ 164,150

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.

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NOTE 9. LIQUIDITY AND AVAILABILITY - continued

	<u>2023</u>	<u>2022</u>
Financial assets, at year-end		
Cash and cash equivalents	\$ 785,125	\$ 2,442,238
Investments	1,918,831	500,473
Grants and contributions receivable	<u>55,684</u>	<u>40,233</u>
	<u>2,759,640</u>	<u>2,982,944</u>
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions	(260,580)	(78,793)
Board designated endowment	<u>(460,000)</u>	<u>(460,000)</u>
	<u>(720,580)</u>	<u>(538,793)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,039,060</u>	<u>\$ 2,444,151</u>

In total, Reaching U has financial assets on hand at December 31, 2023 to cover more than one year of operating expenses based on the 2024 monthly budgeted run rate for all program and support services expenses.

NOTE 10. SUBSEQUENT EVENTS

Reaching U evaluated its December 31, 2023 financial statements for subsequent events through December 13, 2024, 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.