



CRISTOSAL, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 and 2021

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A Correspondent Firm of PKF International Limited

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Cristosal, Inc.
Burlington, Vermont

Opinion

We have audited the accompanying financial statements of Cristosal, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cristosal, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its 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. 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 Cristosal, Inc. 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.

Other Matter

Change in Tax Status: As explained in Note 1 to the financial statements, on December 22, 2022, Fundación Cristosal, the operating office in El Salvador of Cristosal, Inc., was informed by the Ministerio De Hacienda de El Salvador (Ministry of Tax in El Salvador) that its tax-exempt status had been revoked effective January 1, 2023. The revocation was due to political challenges faced by civil society organizations in El Salvador. As a result of this change in tax status, Fundación Cristosal in El Salvador is now subject to federal income taxes on its net income. The financial statements for the year 2023 will be prepared reflecting this change. Accordingly, Fundación Cristosal in El Salvador will be recognizing a provision for income taxes in the financial statements beginning on the effective date, and will be evaluating its assets and liabilities in El Salvador for potential deferred tax implications and will record the necessary adjustments. Net income tax expense will be recorded in the statement of activities.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Going Concern: 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 Cristosal's ability to continue as a going concern within one year after the date that the financial statements are available to be issued. As explained in Note 1 to the financial statements, Cristosal's ability to continue as a going concern is contingent upon its capacity to secure funding and maintain operations in the face of current political challenges in El Salvador. During the year, Fundación Cristosal in El Salvador experienced several political events that have created economic and operational uncertainties. These include the termination of exempt status effective January 1, 2023. As a result, the organization has faced restrictions on operations. Management is addressing these uncertainties by taking the following actions:

- Actively engaging with local and international stakeholders to assess and mitigate the impacts of the political situation.
- Implementing operational adjustments to ensure the safety and continued operation of the organization's programs.
- Developing contingency plans to address various potential political scenarios and their impacts on the organization.

Despite these actions, the political environment remains uncertain, and the repercussions on funding, operations, and the organization's presence in El Salvador are unclear. Management is closely monitoring the situation and is committed to adapting its strategies to ensure the organization's mission can continue.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Auditor's Responsibilities for the Audit of the Financial Statements

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

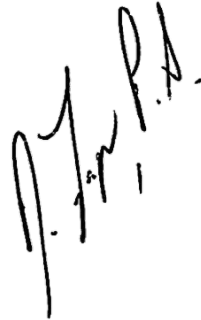
In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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

Doral, Florida
November 9, 2023

A handwritten signature in black ink, appearing to be 'M. P. A.', written in a cursive style.

STATEMENTS OF FINANCIAL POSITION

CRISTOSAL, INC. **FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

ASSETS	2022	2021
Current Assets:		
Cash and Cash Equivalents	\$ 1,724,472	\$ 1,877,011
Accounts Receivable	320,467	40,733
Prepaid expenses	3,556	3,070
Cash Advance - Employees	4,775	5,499
Total Current Assets	2,053,270	1,926,313
Property and Equipment, net	4,886	25,326
Total Assets	\$ 2,058,157	\$ 1,951,639
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 72,325	\$ 55,922
Other Payables and Accruals	21,171	8,735
Deferred Revenue	156,923	447,962
Total Current Liabilities	250,420	512,619
Net Assets:		
Without Donor Restrictions:		
Operating	1,807,737	1,439,020
Total Without Donor Restrictions	1,807,737	1,439,020
With Donor Restrictions	-	-
Total Net Assets	1,807,737	1,439,020
Total Liabilities and Net Assets	\$ 2,058,157	\$ 1,951,639

The accompanying notes are an integral part of these financial statements

STATEMENTS OF ACTIVITIES

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
Grants and Contributions	\$ 4,798,116	\$ -	\$ 4,798,116	\$ 3,119,836	\$ -	\$ 3,119,836
Global School	1,400	-	1,400	-	-	-
Net Investment Return	183	-	183	394	-	394
Consulting	162,018	-	162,018	39,201	-	39,201
Miscellaneous	-	-	-	4,801	-	4,801
Net assets released from restriction	-	-	-	277,421	(277,421)	-
Total Revenues	<u>4,961,717</u>	<u>-</u>	<u>4,961,717</u>	<u>3,441,653</u>	<u>(277,421)</u>	<u>3,164,232</u>
Expenses						
Program expenses	4,090,741	-	4,090,741	1,998,109	-	1,998,109
Management and General	280,173	-	280,173	328,170	-	328,170
Fundraising	222,086	-	222,086	128,676	-	128,676
Total Expenses	<u>4,593,000</u>	<u>-</u>	<u>4,593,000</u>	<u>2,454,954</u>	<u>-</u>	<u>2,454,954</u>
Change in net assets	368,717	-	368,717	986,699	(277,421)	709,278
Net assets at the beginning of year	<u>1,439,020</u>	<u>-</u>	<u>1,439,020</u>	<u>-</u>	<u>-</u>	<u>729,742</u>
Net assets at the end of year	<u>\$ 1,807,737</u>	<u>\$ -</u>	<u>\$ 1,807,737</u>	<u>\$ 986,699</u>	<u>\$ (277,421)</u>	<u>\$ 1,439,020</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF FUNCTIONAL EXPENSES

CRISTOSAL, INC. FOR THE YEAR ENDED DECEMBER 31, 2022

	2022			
	Program Services	Management and General	Fundraising	Total
Salaries, Wages, and Taxes	\$ 2,692,740	\$ 149,074	\$ 150,263	\$ 2,992,077
Employee Benefits	<u>110,541</u>	<u>41,604</u>	<u>37,073</u>	<u>189,217</u>
Total Compensation and Related Expenses	2,803,281	190,678	187,336	3,181,295
Bank Fees	2,244	1,771	-	4,015
Depreciation	20,439	-	-	20,439
Human Rights and Legal Assistance	316,012	-	-	316,012
Miscellaneous	24,927	1,953	-	26,880
Office Expense	216,494	56	3,266	219,817
Professional Fees	43,924	69,702	23,521	137,147
Program Consultants	227,923	-	-	227,923
Promotional Materials	1,252	-	3,752	5,003
Rent	112,869	5,000	-	117,869
Repairs and Maintenance	2,818	54	-	2,872
Small Office Equipment	51,608	-	-	51,608
Software	13,623	7,415	3,200	24,238
Travel	115,646	3,543	1,012	120,201
Workshops and Seminars	79,960	-	-	79,960
Publications	<u>57,722</u>	<u>-</u>	<u>-</u>	<u>57,722</u>
Total Expenses	<u>\$ 4,090,741</u>	<u>\$ 280,173</u>	<u>\$ 222,086</u>	<u>\$ 4,593,000</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF FUNCTIONAL EXPENSES

CRISTOSAL, INC. FOR THE YEAR ENDED DECEMBER 31, 2021

	2021			
	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 1,197,560	\$ 106,386	\$ 41,888	\$ 1,345,834
Employee Benefits	<u>57,217</u>	<u>6,325</u>	<u>16,268</u>	<u>79,811</u>
Total Compensation and Related Expenses	1,254,777	112,711	58,156	1,425,645
Bank Fees	107	2,675	-	2,782
Depreciation	20,492	-	-	20,492
Human Rights and Legal Assistance	169,545	-	-	169,545
Miscellaneous	34,929	5,505	-	40,434
Office Expense	119,734	157,990	-	277,723
Professional Fees	45,035	14,885	49,462	109,382
Program Consultants	45,833	-	-	45,833
Promotional Materials	10,677	-	4,158	14,835
Rent	33,643	14,418	-	48,061
Repairs and Maintenance	26	18	-	45
Small Office Equipment	48,480	11,813	-	60,293
Software	4,100	2,391	3,820	10,311
Travel	65,734	51	13,079	78,865
Workshops and Seminars	126,434	5,711	-	132,144
Publications	<u>18,562</u>	<u>-</u>	<u>-</u>	<u>18,562</u>
Total Expenses	\$ <u>1,998,109</u>	\$ <u>328,170</u>	\$ <u>128,676</u>	\$ <u>2,454,954</u>

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash provided by operating activities		
Change in net assets	\$ 368,717	\$ 709,278
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Depreciation	20,439	20,492
Changes in:		
Accounts receivable	(279,734)	(7,225)
Unconditional promise to give	-	250,000
Prepaid expenses	(486)	(3,070)
Accounts payable	28,840	8,141
Deferred revenue - Grants	(291,039)	77,731
Net cash provided by operating activities	<u>(153,263)</u>	<u>1,055,347</u>
Cash flows provided by (applied to) investing activities		
Cash (advances to) repayments from employees	<u>724</u>	<u>(3,984)</u>
Net change in cash and cash equivalents	(152,539)	1,051,363
Cash and cash equivalents at the beginning of year	<u>1,877,011</u>	<u>825,648</u>
Cash and cash equivalents at the end of year	<u>\$ 1,724,472</u>	<u>\$ 1,877,011</u>

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business: Cristosal, Inc. (Cristosal) was incorporated in 2000 under the laws of the State of Vermont. Cristosal is a nongovernmental organization based in El Salvador advancing human rights in Central America through rights-based programming, research, and learning. The organization in El Salvador is registered as Fundación Cristosal on September 23, 2013 as an extension of Cristosal.

In October 2017, Cristosal amended its articles of incorporation to change its name from Foundation Cristosal, Inc. to Cristosal, Inc.

Change in Tax Status: On December 22, 2022, Fundación Cristosal, the operating office in El Salvador of Cristosal, Inc., was informed by the Ministerio De Hacienda de El Salvador (Ministry of Tax in El Salvador) that its tax-exempt status had been revoked effective January 1, 2023. The revocation was due to current political challenges faced by civil society organizations in El Salvador.

As a result of this change in tax status, Fundación Cristosal in El Salvador is now subject to federal income taxes on its net income. The financial statements for the year 2023 will be prepared reflecting this change. Accordingly, Fundación Cristosal in El Salvador will be recognizing a provision for income taxes in the financial statements beginning on the effective date, and will be evaluating its assets and liabilities in El Salvador for potential deferred tax implications and will record the necessary adjustments. Net income tax expense will be recorded in the statement of activities.

Basis of Financial Statement Presentation: The financial statements of Cristosal have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require Cristosal to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of Cristosal. These net assets may be used at the discretion of Cristosal's management and Board of Directors.
- *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors and granters. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Cristosal or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When the donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Management's Use of Estimates and Assumptions: Management uses estimates and assumptions in preparing its financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

Cash and Cash Equivalents: Cristosal's cash and cash equivalent accounts and interest-bearing deposits in banks and other financial institutions may at times exceed the federally insured limits. Cristosal has not experienced any losses in these accounts. Management believes that Cristosal is not exposed to any significant risk on these deposits.

For purposes of the Statement of Cash Flows, Cristosal considers all highly liquid debt instruments purchased with a maturity of three months or less, except bank certificates of deposit and treasury obligations, to be cash equivalents. Bank CD's and treasury obligations are considered to be temporary investments, not cash equivalents.

Accounts Receivable: Accounts receivable is stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance account and a credit to accounts receivable. The receivables are expected to be collected in full.

Unconditional Promise to Give: Cristosal records unconditional promise to give that is expected to be collected within one year at net realizable value. An unconditional promise to give expected to be collected in future years is initially recorded at the present value of estimated future cash flows. In subsequent years, amortization of the discounts is included in grants and contributions in the statements of activities. Cristosal determines the allowance for uncollectible promise to give based on historical experience, an assessment of economic conditions and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Property, Equipment and Depreciation: Property and equipment are stated at cost. The cost of property and equipment is depreciated over the estimated useful lives of the related assets using the straight-line method. Maintenance and repairs are charged to operations when incurred. Betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations.

Deferred Revenue - Grants: Deferred revenue consists of grant money received from various grants that has not yet been earned.

Compensated Absences: Certain employees are entitled to paid vacation and paid sick days. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. Cristosal's policy is to recognize the cost of compensated absences when actually paid to employees.

Donated Services: During the years ended December 31, 2022 and 2021, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist Cristosal with special projects.

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Support and Expenses: All contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, 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.

Conditional promises (those with a measurable performance or other barrier and a right of return) are recognized when the underlying conditions are met. Cash received in advance of these conditions being met is recorded as deferred revenue - grants. Cristosal reports conditional promises with donor restrictions as increases in net assets without donor restrictions when both the conditions and restrictions are satisfied.

At year-end December 31, 2022 and 2021, all grants' conditions were satisfied.

Revenue from fundraising events is recognized when the event occurs.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort; and rent, repairs and maintenance, office equipment, software, and telephone expense, which are allocated based on estimated usage.

Federal Income Tax: Cristosal has received a determination letter from the Internal Revenue Service concluding that it is exempt from federal corporate income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is made in the financial statements.

As of and during the years ended December 31, 2022 and 2021, Cristosal did not have a liability for any unrecognized tax benefits. Cristosal's policy is to classify income tax related interest and penalties, if any, in interest expense and miscellaneous expense, respectively.

Cristosal is subject to routine audits by taxing jurisdictions. There are currently no such audits for any tax periods in progress. Cristosal is no longer subject to income tax examinations for years prior to the fiscal year ended December 31, 2019.

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Going Concern Evaluation: In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about Cristosal's ability to continue as a going concern for the one-year period from the date the financial statements were available to be issued. The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Cristosal's ability to continue as a going concern is contingent upon its capacity to secure funding and maintain operations in the face of current political challenges in El Salvador.

During the year, Fundación Cristosal in El Salvador experienced several political challenges faced by civil society organizations that have created economic and operational uncertainties. These include the termination of exempt status effective January 1, 2023. As a result, the organization has faced restrictions on operations. These conditions indicate the existence of material uncertainties that may cast significant doubt on Fundación Cristosal in El Salvador's ability to continue as a going concern. Management is addressing these uncertainties by taking the following actions:

- Actively engaging with local and international stakeholders to assess and mitigate the impacts of the political situation.
- Implementing operational adjustments to ensure the safety and continued operation of the organization's programs.
- Developing contingency plans to address various potential political scenarios and their impacts on the organization.

Despite these actions, the political environment remains uncertain, and the repercussions on funding, operations, and the organization's presence in El Salvador are unclear. Management is closely monitoring the situation and is committed to adapting its strategies to ensure the organization's mission can continue.

The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

New Accounting Pronouncements: In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the Statement of Financial Position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the Statement of Activities. The new standard is effective for fiscal years beginning after December 15, 2021. At December 31, 2022, Cristosal had no long-term operating leases.

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

In September 2020, the FASB issued ASU No. 2020-07, Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958). The key provisions of ASU No. 2020-07 are 1) a requirement to present contributed nonfinancial assets as a separate line item in the statements of activities and 2) disclosure of contributed nonfinancial assets disaggregated by type, which includes information about monetization and utilization, donor restrictions, and the valuation techniques used. ASU No. 2020-07 should be applied on a retrospective basis and is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. During 2022 and 2021, Cristosal did not received contributed nonfinancial assets.

Date of Management Evaluation of Subsequent Events: Management has evaluated subsequent events through November 9, 2023, the date on which the financial statements were available to be issued, and is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

NOTE 2 – Available Resources and Liquidity

The following represents Cristosal's financial assets at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and Cash Equivalents	\$ 1,724,472	\$ 1,877,011
Accounts Receivable	320,467	40,733
Cash Advance - Employees	<u>4,775</u>	<u>5,499</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>2,049,714</u>	\$ <u>1,923,243</u>

Cristosal's funding is primarily from contributions and grants. Cristosal considers contributions and grants for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. Cristosal manages its liquidity and reserves to provide reasonable assurance that long-term obligations will be met. This goal is achieved through Cristosal's budgeting process and expenditure policies.

NOTE 3 – Cash Advances – Employees

Cristosal has advanced cash to its employees to cover the costs of work-related incidentals, such as refreshments for various meetings with people participating in Cristosal's activities. The advances are unsecured, have no stated maturity date, and bear no interest. The advances are zeroed out once the employee submits the receipts to Cristosal.

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 – Property and Equipment

The following is a summary of property and equipment at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 84,711	\$ 84,711
Furniture and equipment	3,747	3,747
Computer equipment	<u>25,158</u>	<u>25,158</u>
	113,616	113,616
Less: Accumulated depreciation	<u>108,730</u>	88,291
	<u>\$ 4,886</u>	<u>\$ 25,326</u>

The useful life of vehicles, furniture and equipment, and computer equipment is five years.

Depreciation expense for the years ended December 31, 2022 and 2021 was \$20,439 and \$20,492, respectively.

NOTE 5 – Net Assets with Donor Restrictions

For the years ended December 31, 2022 and 2021, Cristosal did not have net assets with donor's restrictions.

NOTE 6 – Concentration of Support and Revenues

At years ended December 31, 2022 and 2021, Cristosal derived approximately 99% of its support and revenues from grants and contributions, global school and special programs, and approximately 30% of total contributions received during 2022 were contributed by two donors.

NOTE 7 – Pension Plan

Cristosal participates in a defined contribution retirement plan under Internal Revenue Code Section 403(b). The Plan is administered by the Episcopal Church Lay Employees' Defined Contribution Plan (Plan). The Plan allows for Cristosal to make an employer contribution equaling 5% of the eligible employee's annual base salary. In addition, Cristosal will match up to an additional 4% of the eligible employee's annual base salary provided that the employee contributes at least 4% on his or her own. Additional discretionary contributions, as determined by management, can also be made to the Plan. Total pension plan expense for the years ended December 31, 2022 and 2021 was \$28,714 and \$25,658, which is included in employee benefits on the Statement of Functional Expenses.

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 – LEASES

Cristosal leases its office facilities on a year-to-year basis. Rent expense was \$50,969 and \$48,061 for the years ended December 31, 2022 and 2021, respectively.

NOTE 9 – IMPACT OF COVID-19

The United States and global markets experienced significant declines in value of investments resulting from uncertainty caused by the world-wide coronavirus pandemic. Management continues to actively monitor the global situation in order to mitigate any potential future impact on Cristosal's changes in net assets and financial performance.

NOTE 10 – RECLASSIFICATIONS

Certain amounts in the December 31, 2021 financial statements have been reclassified to conform to the December 31, 2022 presentation.