



2020-2019

CRISTOSAL, INC.
FINANCIAL STATEMENTS



Doral, Florida

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CRISTOSAL, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Cristosal, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of Cristosal, Inc. as of December 31, 2020 and 2019, 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.

Emphasis of Matter

As discussed in Note 1 to financial statements, for the year ended December 31, 2020, Cristosal adopted *Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to this matter.

Doral, Florida
September 17, 2021

A handwritten signature in black ink, appearing to read "P. J. P.A." with a vertical line through the "P" and "A".

STATEMENTS OF FINANCIAL POSITION

CRISTOSAL, INC. **FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and Cash Equivalents	\$ 825,648	549,151
Accounts Receivable	33,508	48,398
Unconditional Promise to Give	250,000	-
Cash Advance - Employees	1,515	2,393
Total Current Assets	<u>1,110,671</u>	<u>599,942</u>
Property and Equipment, Net of Accumulated Depreciation of \$67,799 and \$46,621, Respectively	<u>45,817</u>	<u>66,995</u>
Total Assets	<u>\$ 1,156,488</u>	<u>666,937</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable	\$ 38,683	-
Accrued Payroll	3,966	7,456
Payroll Taxes Payable	9,748	8,578
Pension Fund Payable	4,118	4,150
Deferred Revenue	370,231	237,939
Total Current Liabilities	<u>426,746</u>	<u>258,123</u>
Net Assets:		
Without Donor Restrictions:		
Operating	<u>452,321</u>	<u>408,814</u>
Total Without Donor Restrictions	<u>452,321</u>	<u>408,814</u>
With Donor Restrictions	<u>277,421</u>	<u>-</u>
Total Net Assets	<u>729,742</u>	<u>408,814</u>
Total Liabilities and Net Assets	<u>\$ 1,156,488</u>	<u>666,937</u>

The accompanying notes are an integral part of these financial statements

STATEMENTS OF ACTIVITIES

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue						
USAID Grant	\$ -	\$ -	\$ -	\$ 998,249	\$ -	\$ 998,249
Grants and Contributions	1,568,918	277,421	1,846,339	1,158,040	-	1,158,040
Global School	21,618	-	21,618	80,811	-	80,811
Special Programs	32,469	-	32,469	101,694	-	101,694
Fundraising	-	-	-	39,077	-	39,077
Net Investment Return	584	-	584	91	-	91
Consulting	2,239	-	2,239	14,501	-	14,501
Miscellaneous	7,961	-	7,961	24,281	-	24,281
Net assets released from restriction	-	-	-	600	(600)	-
Total Revenues	<u>1,633,789</u>	<u>277,421</u>	<u>1,911,210</u>	<u>2,417,344</u>	<u>(600)</u>	<u>2,416,744</u>
Expenses						
Program expenses	1,321,197	-	1,321,197	2,091,510	-	2,091,510
Management and General	120,727	-	120,727	122,383	-	122,383
Fundraising	148,358	-	148,358	74,391	-	74,391
Total Expenses	<u>1,590,282</u>	<u>-</u>	<u>1,590,282</u>	<u>2,288,284</u>	<u>-</u>	<u>2,288,284</u>
Change in net assets	43,507	277,421	320,928	129,060	(600)	128,460
Net assets at the beginning of year	408,814	-	408,814	279,754	600	280,354
Net assets at the end of year	<u>\$ 452,321</u>	<u>\$ 277,421</u>	<u>\$ 729,742</u>	<u>\$ 408,814</u>	<u>\$ -</u>	<u>\$ 408,814</u>

The accompanying notes are an integral part of these financial statements

STATEMENT OF FUNCTIONAL EXPENSES

CRISTOSAL, INC. FOR THE YEAR ENDED DECEMBER 31, 2020

	2020			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 937,168	\$ 40,349	\$ 98,246	\$ 1,075,763
Payroll Taxes	-	489	-	489
Employee Benefits	44,181	14,845	30,197	89,223
Total Compensation and Related Expenses	981,349	55,683	128,443	1,165,475
Bank Fees	240	5,116	-	5,356
Depreciation	21,178	-	-	21,178
Human Rights and Legal Assistance	52,970	-	-	52,970
Miscellaneous	15,371	2,013	14	17,398
Office Expense	38,134	6,315	-	44,449
Professional Fees	25,849	36,355	8,419	70,623
Program Consultants	65,296	-	-	65,296
Promotional Materials	205	-	4,949	5,154
Rent	9,286	4,766	-	14,052
Repairs and Maintenance	5,900	543	-	6,443
Small Office Equipment	3,392	67	-	3,459
Software	3,972	3,123	1,382	8,477
Telephone	190	-	-	190
Travel	28,096	222	5,151	33,469
Workshops and Seminars	41,835	6	-	41,841
Publications	25,204	-	-	25,204
Insurance	2,730	6,518	-	9,248
Total Expenses	\$ 1,321,197	\$ 120,727	\$ 148,358	\$ 1,590,282

The accompanying notes are an integral part of these financial statements

STATEMENT OF FUNCTIONAL EXPENSES

CRISTOSAL, INC. FOR THE YEAR ENDED DECEMBER 31, 2019

	2019			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 1,130,034	\$ 53,308	\$ 51,356	\$ 1,234,698
Payroll Taxes	12,377	396	297	13,070
Employee Benefits	150,917	4,055	3,041	158,013
Total Compensation and Related Expenses	1,293,328	57,759	54,694	1,405,781
Advertising	6,921	-	-	6,921
Bank Fees	-	4,477	-	4,477
Depreciation	19,150	-	-	19,150
Family and Individual Support	57,656	-	-	57,656
Human Rights and Legal Assistance	108,866	-	-	108,866
Medical Assistance	434	-	-	434
Miscellaneous	18,459	19,615	8,007	46,081
Office Expense	21,628	5,349	-	26,977
Professional Fees	140	26,889	-	27,029
Program Consultants	187,263	-	-	187,263
Promotional Materials	37,590	-	-	37,590
Rent	39,759	2,202	-	41,961
Repairs and Maintenance	6,084	2,951	-	9,035
Research	2,550	-	-	2,550
Small Office Equipment	35,052	500	-	35,552
Software	3,359	2,641	1,169	7,169
Telephone	6,301	-	-	6,301
Travel	141,650	-	10,521	152,171
Workshops and Seminars	105,320	-	-	105,320
Total Expenses	\$ 2,091,510	\$ 122,383	\$ 74,391	\$ 2,288,284

The accompanying notes are an integral part of these financial statements

STATEMENTS OF CASH FLOWS

CRISTOSAL, INC. **FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash provided by (applied to) operating activities		
Change in net assets	\$ 320,928	128,460
Adjustments to reconcile change in net assets to net cash provided by (applied to) operating activities:		
Depreciation	21,178	19,150
Changes in:		
Accounts receivable	14,890	(7,369)
Unconditional promise to give	(250,000)	-
Prepaid expenses	-	12,203
Accounts payable	38,683	(60,948)
Accrued payroll	(3,490)	7,456
Other taxes payable	-	(6,393)
Payroll taxes payable	1,170	(3,451)
Pension fund payable	(32)	(5,753)
Deferred revenue - Grants	132,292	208,564
	<u>275,619</u>	<u>291,919</u>
Net cash provided by (applied to) operating activities		
	<u>275,619</u>	<u>291,919</u>
Cash flows provided by (applied to) investing activities		
Purchase of property and equipment	-	(28,732)
Repayment of cash advances to employees	878	3,007
	<u>878</u>	<u>(25,725)</u>
Net cash provided by (applied to) investing activities		
	<u>878</u>	<u>(25,725)</u>
Net change in cash and cash equivalents	276,497	266,194
Cash and cash equivalents at the beginning of year	549,151	282,957
	<u>549,151</u>	<u>282,957</u>
Cash and cash equivalents at the end of year	\$ 825,648	549,151

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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.

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

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.

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.

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Accounts Receivable: Accounts receivable are 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 an 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. At December 31, 2020, an allowance for uncollectible promises to give was not deemed necessary.

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, 2020 and 2019, 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.

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.

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

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 December 31, 2020 and 2019, Cristosal had been awarded \$370,231 and \$237,939 from various grants for which the conditions have not been satisfied, respectively.

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, 2020 and 2019, 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, 2017.

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. Management's evaluation did not identify any conditions or events that raise substantial doubt about Cristosal's ability to continue as a going concern for the period from September 17, 2021 to September 16, 2022.

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

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

Adoption of New Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in Accounting Standards Codification 605, *Revenue Recognition*. ASU No. 2014-09 provides for a single five-step model to be applied to all revenue contracts with customers. ASU No. 2014-09 also requires additional financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. For the year ended December 31, 2020, Cristosal adopted ASU No. 2014-09 and has adjusted the presentation in these financial statements accordingly. ASU No. 2014-09 has been applied using the retrospective method to all periods presented and resulted in no changes to previously reported net assets as there were no significant changes to the way Cristosal recognizes revenue.

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. Cristosal is currently evaluating the impact the pending adoption of ASU No. 2016-02 is expected to have on its financial statements.

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. Cristosal is currently evaluating the effect that adoption is expected to have on its statements of activities, functional expenses, and related disclosures.

Date of Management Evaluation of Subsequent Events: Management has evaluated subsequent events through September 17, 2021, 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 other than the items noted below:

From January 2021 through September 2021, Cristosal received pledges from multiple donors and grantors totaling \$2,974,450 to be used for general operating support and program initiatives. As of September 10, 2021, \$1,803,151 has been received by Cristosal.

On September 7, 2021, El Salvador enacted legislation that requires vendors to accept Bitcoin as legal tender. Cristosal does not accept payments from vendors in El Salvador, nor does it hold any Bitcoin and, consequently, has no exposure to market fluctuations in Bitcoin.

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2 – Available Resources and Liquidity

The following represents Cristosal's financial assets at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and Cash Equivalents	\$ 825,648	549,151
Accounts Receivable	33,508	48,398
Unconditional Promise to Give	250,000	-
Cash Advance - Employees	<u>1,515</u>	<u>2,393</u>
Financial assets available to meet cash needs For general expenditures within one year	<u>\$ 1,110,671</u>	<u>599,942</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.

NOTE 4 – Property and Equipment

The following is a summary of property and equipment at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</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
Accumulated depreciation	67,799	46,621
	<u>\$ 45,817</u>	<u>66,995</u>

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

Depreciation expense for the years ended December 31, 2020 and 2019 was \$21,178 and \$19,150, respectively.

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 5 – Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Purpose restrictions:		
El Mozote	\$ 19,465	-
Trans Lives	7,956	-
Total purpose restrictions:	<u>27,421</u>	<u>-</u>
Time restrictions	250,000	-
Total net assets with donor restrictions	<u>\$ 277,421</u>	<u>-</u>

NOTE 6 – Concentration of Support and Revenues

Cristosal derived approximately 99% and 55% of its support and revenues from grants and contributions, global school and special programs for the years ended December 31, 2020 and 2019, respectively. Cristosal also derived approximately 41% of its support and revenues from USAID grant for the year ended December 31, 2019. A significant reduction in the level of this support could have a significant impact on Cristosal's program and activities.

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, 2020 and 2019 was \$35,471 and \$12,969, which is included in employee benefits on the Statement of Functional Expenses.

NOTE 8 – Leases

Cristosal leases its office facilities on a year-to-year basis. Rent expense was \$14,052 and \$41,962 for the years ended December 31, 2020 and 2019, respectively.

The accompanying notes are an integral part of these financial statements

NOTES TO FINANCIAL STATEMENTS

CRISTOSAL, INC. FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 9 – IMPACT OF COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America and the world. As a result, Cristosal has temporarily reduced its programming, research, and learning activities that rely on travel and in-person interactions, resulting in a negative impact to revenue. Although Cristosal has seen improvement since the beginning of the pandemic, revenue was down 21% for the year ended December 31, 2020 compared to 2019. However, expenses were down 31% for the year ended December 31, 2020 compared to 2019, resulting in a 150% increase in Cristosal's total net assets. 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, 2019 financial statements have been reclassified to conform to the December 31, 2020 presentation.

The accompanying notes are an integral part of these financial statements



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