

Fundación Pediátrica de Diabetes, Inc.
(formerly Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes))

Financial Statements

June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Fundación Pediátrica de Diabetes, Inc. (formerly
Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes))

Opinion

We have audited the accompanying financial statements of Fundación Pediátrica de Diabetes, Inc. (formerly Fundación Centro Pediátrico de Diabetes, Inc. (DBA Fundación Pediátrica de Diabetes)) (the Foundation), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, and of cash flows for the year 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 the Foundation, as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation, 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 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.

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 the Foundation's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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Auditors' 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 auditors' 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 the Foundation'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 the Foundation'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.



San Juan, Puerto Rico
May 5, 2023
License No. LLC-322
Expires December 1, 2023

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Fundación Pediátrica de Diabetes, Inc.
(formerly Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes))

Statement of Financial Position

June 30, 2022

Assets

Current assets	
Cash	\$ 484,836
Contributions receivable	5,305
Other receivable	<u>32,687</u>
Total current assets	522,828
Property and equipment, net	<u>4,427</u>
Total assets	<u>\$ 527,255</u>

Liabilities and Net Assets

Current liabilities	
Deferred revenue	\$ 42,475
Accounts payable and accrued expenses	<u>14,849</u>
Total current liabilities	57,324
Net assets - without donor restrictions	
Assigned by board of directors	90,000
Unassigned	337,456
Net assets - with donor restrictions	<u>42,475</u>
	<u>469,931</u>
Total liabilities and net assets	<u>\$ 527,255</u>

See notes to financial statements

Fundación Pediátrica de Diabetes, Inc.
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Statement of Activities and Changes in Net Assets

Year ended June 30, 2022

	Net Assets		Total
	Without donor restrictions	With donor restrictions	
Revenues and support, including in kind:			
Corporate donations	\$ 38,986	\$ -	\$ 38,986
Individual donations	26,570	-	26,570
Government donations	-	45,510	45,510
Fundraising activities	86,813	-	86,813
Foundations donations	5,000	191,295	196,295
In-kind contributions	72,093	-	72,093
Donated materials	939	-	939
Other income	39,282	-	39,282
Net assets released from restrictions	194,330	(194,330)	-
Total revenues and support	464,013	42,475	506,488
Expenses:			
Patients services and educational program activities	265,491	-	265,491
Fundraising expenses	31,730	-	31,730
Management and general	68,000	-	68,000
In-kind contributions	72,093	-	72,093
Donated materials	939	-	939
Total expenses	438,253	-	438,253
Change in net assets	25,760	42,475	68,235
Net assets, at beginning of year	401,696	-	401,696
Net assets, at end of year	\$ 427,456	\$ 42,475	\$ 469,931

See notes to financial statements

Fundación Pediátrica de Diabetes, Inc.
(formerly Fundación Centro Pediátrico de Diabetes, Inc.
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Statement of Cash Flows

Year ended June 30, 2022

Cash flows from operating activities	
Change in net assets	\$ 68,235
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,274
Changes in operating assets and liabilities:	
Contributions receivable	(2,805)
Other receivable	(32,687)
Deferred revenue	(25,410)
Accounts payable and accrued expenses	12,228
Total adjustments	(47,400)
Net cash provided by operating activities	20,835
Net cash used in investing activities,	
Capital expenditures	(1,499)
Net increase in cash	19,336
Cash, at beginning of year	465,500
Cash, at end of year	\$ 484,836

See notes to financial statements

Fundación Pediátrica de Diabetes, Inc.
(formerly Fundación Centro Pediátrico de Diabetes, Inc.
(DBA Fundación Pediátrica de Diabetes))

Notes to Financial Statements

June 30, 2022

Note 1 - Organization and summary of significant accounting policies

Organization

Fundación Pediátrica de Diabetes, Inc. (formerly Fundación Centro Pediátrico de Diabetes, Inc. (DBA Fundación Pediátrica de Diabetes)) (the Foundation) is a not-for-profit organization incorporated under the laws of the Commonwealth of Puerto Rico in November 2000. The Foundation's main objective is to promote and provide diabetes education including nutritional and psychological orientation to guarantee a better quality of life to the pediatric diabetic community of Puerto Rico and their families.

The facilities of the Foundation include three clinics in San Juan, Ponce and Aguadilla, which provides nutritional consults, diabetes education and psychological services to parents and their children affected by Type I or Type II Diabetes.

The Foundation qualifies as a tax-exempt organization from income, property, excise, and municipal taxes pursuant to Section 1101.01(a)(2)(A) of the Puerto Rico Internal Revenue Code, as amended, and it is recognized as a tax exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code.

Summary of significant accounting policies

Basis of accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Financial statements presentation

The Foundation follows the provisions of Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*, requires not-for-profit entities to classify and report net assets in two groups, net assets with donor restrictions and net assets without donor restrictions, based on the existence or absence of donor-imposed restrictions, and changes of the amounts in each of these classifications presented in the statement of activities and changes in net assets.

Fundación Pediátrica de Diabetes, Inc.
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Notes to Financial Statements – (Continued)

June 30, 2022

Note 1 - Organization and summary of significant accounting policies – (continued)

Summary of significant accounting policies – (continued)

Financial statements presentation – (continued)

Revenue is reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expiration of temporary restrictions on net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as reclassifications between the applicable classes of net assets. Also, the Foundation follows ASC No. 958-220-45-6, whereas donor restricted contributions whose restrictions are met in the same reporting period are reported as support in net assets without donor restrictions. During the year ended June 30, 2022, the Foundation received donor restricted contributions whose restrictions were met in the same reporting period, disclosed as government and foundations donations in the accompanying statement of activities and changes in net assets, amounting to \$45,510 and \$191,295, respectively.

In addition, ASC 958 requires not-for-profit entities to disclose expenses by both their natural classification and their functional classification and the allocation methods used to allocate costs. ASC 958 requires the disclosure of quantitative and qualitative information regarding liquidity and availability of resources.

Liquidity

The Foundation regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds, if any. There have been no available funds for investment.

Net assets without donor restrictions

These resources are nourished from cash, in-kind contributions, contributed services, and fund-raising activities by the Foundation's sponsors. These resources are unrestricted as to their use and expendable at the discretion of the Board of Directors.

As of June 30, 2022, the Board of Directors assigned \$90,000 for working capital needs that result in self-imposed limits on the use.

Net assets with donor restrictions

These resources were designated by the donors to support specific programs of the Foundation.

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Notes to Financial Statements – (Continued)

June 30, 2022

Note 1 - Organization and summary of significant accounting policies – (continued)

Summary of significant accounting policies – (continued)

Cash

For cash flows purposes, cash consists of cash on hand and funds deposited in current bank accounts, for unrestricted and temporarily restricted funds.

Fair value of financial instruments

The carrying amounts reported in the financial statements for cash, accounts receivable and accounts payable approximate fair value because of the short maturities of these instruments.

Property and equipment

Property and equipment are carried on the basis of cost, or when donated, at the fair value at the time of donation, net of accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 5 to 7 years of the various classes of assets. Maintenance and repairs are charged to expense as incurred.

Impairment of long-lived assets

In accordance with the provisions of the Accounting for the Impairment or Disposal of Long-Lived Assets Topic of the FASB ASC, management reviews long-lived assets when the circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. During the year ended June 30, 2022, no evidence of impairment was evident as a result of such review.

Support and revenues

Contributions are recognized as revenues in the period received and are considered unrestricted unless they are specifically restricted by the donor. Unconditional promises to give are recognized as unrestricted revenues when received. Conditional promises to give are recognized as revenues when the conditions on which they depend are met. In-kind contributions or donated professional services are recorded based on fair value or comparable costs, respectively. Contributions received in advance are recognized as deferred revenue until the funds are used in the subsequent years when the specific activities are expected to occur.

Substantially all of the Foundation's revenues are derived from a gala and dinner, a golf tournament, summer educational program, governmental grants and donations from private corporations and individuals.

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Notes to Financial Statements – (Continued)

June 30, 2022

Note 1 - Organization and summary of significant accounting policies – (continued)

Summary of significant accounting policies – (continued)

Operational expenses

Operational expenses related to programs or functions of the Foundation are included in the statement of activities and changes in net assets captions for those programs or functions. Those expenses which are not directly related to such programs or functions are allocated among the services benefited.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Note 2 - Contributions receivable

Contributions receivable as of June 30, 2022 consists of the following:

Golf tournament	\$ 1,500
Departamento del Trabajo - Ley 52	<u>3,805</u>
Total	<u>\$ 5,305</u>

Note 3 - Contributed services and contributions in-kind

Revenues from contributed services and contributions in-kind for the year ended June 30, 2022, relate to the following activities:

Advertising	\$ 39,711
Rent of clinic at Aguadilla	4,800
Rent of clinic at Ponce	5,000
Profesional services - legal and audit	21,082
Delivery of kits to patients at hospital	<u>1,500</u>
Total	<u>\$ 72,093</u>

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Notes to Financial Statements – (Continued)

June 30, 2022

Note 3 - Contributed services and contributions in-kind – (continued)

The in-kind contributions received during the year ended June 30, 2022 were included within in-kind contributions in the accompanying financial statements.

Note 4 - Donations with donor restrictions

Revenues from donations with donor restrictions for the year ended June 30, 2022, were granted by the following institution:

Fundación Ángel Ramos	\$ 15,000
Baxter - Direct Relief	60,126
Fundación Comunitaria	5,550
Growing with Diabetes - Direct Relief	<u>110,619</u>
Total	<u>\$ 191,295</u>

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Notes to Financial Statements – (Continued)

June 30, 2022

Note 5 - Functional expenses

The Foundation provides patients services and educational workshop programs within Puerto Rico. Expenses incurred in connection with such services and programs, and other ancillary operations by function for the year ended June 30, 2022 consist of:

	Patients Services and Educational	Fundraising Activities	Management and General	Total
Salaries and related expenses				
Salaries	\$ 95,819	\$ 25,900	\$ 27,260	\$ 148,979
Payroll taxes and benefits	14,573	780	14,066	29,419
	<u>110,392</u>	<u>26,680</u>	<u>41,326</u>	<u>178,398</u>
Other				
Rent	11,475	-	3,825	15,300
Insurance	900	-	2,162	3,062
Professional fees and contracted services	96,674	5,050	5,565	107,289
Medical supplies and educational materials	30,666	-	-	30,666
Office expenses	2,323	-	2,911	5,234
Auto expenses	4,698	-	2,730	7,428
Workshops, educational activities and summer program	3,213	-	-	3,213
Depreciation	-	-	1,274	1,274
Repair and maintenance	-	-	1,738	1,738
Utilities	4,852	-	1,617	6,469
Interest and bank charges	-	-	948	948
License and permits	-	-	889	889
Donated medical supplies	939	-	-	939
In-kind contributions	28,665	2,500	40,928	72,093
Miscellaneous	298	-	3,015	3,313
	<u>184,703</u>	<u>7,550</u>	<u>67,602</u>	<u>259,855</u>
Total expenses	<u>\$ 295,095</u>	<u>\$ 34,230</u>	<u>\$ 108,928</u>	<u>\$ 438,253</u>

Fundación Pediátrica de Diabetes, Inc.
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Notes to Financial Statements – (Continued)

June 30, 2022

Note 6 - Financial assets to meet current general expenditures needs

The Foundation has the following financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures:

Cash	\$ 484,836
Contributions receivable	5,305
Other receivable	<u>32,687</u>
Total	<u>\$ 522,828</u>

None of the financial assets disclosed above are subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position.

Note 7 - Concentration of credit risk

Financial instruments which potentially subject the Foundation to concentration of credit risk consist of cash deposits and contributions receivable.

The Foundation maintains its cash in current bank accounts with qualified banking institutions. Such accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000, per bank institution. As of June 30, 2022, deposits in these financial institutions exceeded the limits insured by the FDIC. However, the Foundation does not anticipate any credit losses on such deposits. The Foundation has not experienced any losses on such accounts.

Note 8 - Subsequent events

The Foundation evaluated subsequent events through May 5, 2023, which is the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date and to the date the financial statements were available to be issued, that would require additional adjustment to or disclosure in the financial statements.
