

PORTO CHARITIES, INC.

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

DUNHAM, AUKAMP & RHODES, PLC
Certified Public Accountants
Chantilly, Virginia

PORTO CHARITIES, INC.

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Dunham, Aukamp & Rhodes, PLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Porto Charities, Inc.
Arlington, Virginia

Opinion

We have audited the accompanying financial statements of Porto Charities, Inc. (a nonprofit organization), which comprise the statement of financial position as if December 31, 2022, and the related statements of activities, functional expenses, and 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 Porto Charities, Inc. as of December 31, 2022, and the changes in its net assets 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. 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 Porto Charities, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Porto Charities, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 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, forger, 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 Porto Charities, Inc.'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 Porto Charities, Inc.'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.



Certified Public Accountants
Chantilly, Virginia

May 25, 2023

PORTO CHARITIES, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

Current Assets	
Cash and cash equivalents	\$ 303,781
Contributions receivable	4,152
Accounts receivable	<u>1,129</u>
Total Assets	<u>\$ 309,062</u>

LIABILITIES AND NET ASSETS

Liabilities	
Total Liabilities	<u>\$ -</u>
Net Assets	
Without donor restrictions	<u>309,062</u>
Total Net Assets	<u>309,062</u>
Total Liabilities and Net Assets	<u>\$ 309,062</u>

PORTO CHARITIES, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2022

Revenues and Support Without Donor Restrictions	
Grants and contributions	\$ 196,438
Special events, net of \$23,964 expenses	24,896
In-Kind contributions	8,497
Investment income	63
Total Revenues and Support Without Donor Restrictions	229,894
Expenses	
Program services	145,275
Management and general	35,705
Fundraising	26,768
Total Expenses	207,748
Change in Net Assets	22,146
Net Assets, Beginning of Year	286,916
Net Assets, End of Year	\$ 309,062

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

PORTO CHARITIES, INC.

STATEMENT OF FUNCTIONAL EXPENSES For the Year Ended December 31, 2022

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total Supporting Services	
Grants	\$ 99,300	\$ -	\$ -	\$ -	\$ 99,300
Salaries and wages	29,016	21,762	21,762	43,524	72,540
Payroll taxes	2,881	2,161	2,161	4,322	7,203
Program events	5,532	692	692	1,384	6,916
Advertising	6,199	-	689	689	6,888
Legal and accounting	-	5,305	-	5,305	5,305
Insurance	-	3,355	-	3,355	3,355
Office expenses	1,166	874	874	1,748	2,914
Information technology	1,181	197	590	787	1,968
Bank charges	-	1,359	-	1,359	1,359
	\$ 145,275	\$ 35,705	\$ 26,768	\$ 62,473	\$ 207,748
Total Expenses	\$ 145,275	\$ 35,705	\$ 26,768	\$ 62,473	\$ 207,748

PORTO CHARITIES, INC.

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2022

Cash Flows from Operating Activities	
Change in net assets	\$ 22,146
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Changes in assets and liabilities:	
Increase in contributions receivable	(4,152)
Increase in accounts receivable	<u>(1,129)</u>
Net cash provided by operating activities	<u>16,865</u>
Net change in cash and cash equivalents	16,865
Cash and Cash Equivalents	
Beginning of year	<u>286,916</u>
End of year	<u><u>\$ 303,781</u></u>

PORTO CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Organization and Summary of Significant Accounting Policies

Porto Charities, Inc. (the Organization) is a nonprofit entity that was incorporated on March 26, 2009, under the laws of the Commonwealth of Virginia. The Organization was organized to actively assist young people with intellectual and developmental disabilities within the Catholic Diocese of Arlington, Virginia.

The following is a summary of significant accounting policies followed in the preparation of these financial statements:

- (a) **Basis of Accounting** – The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expense is recognized when the obligation is incurred.
- (b) **Financial Statement Presentation** – The financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) ASC 958, *Not-for-Profit Entities*. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without Donor Restriction – represents resources, which have met applicable award restrictions, and/or resources generated by sources other than from the award.

With Donor Restrictions – represents resources recognized as restricted support until such a time when all associated restrictions have been met or contains a stipulation that permanently restricted the use of such funds but allows earnings from the funds to be used in a certain manner prescribed by the donor.

- (c) **Support and Expenses** – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets in the year notification is received from the donor. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reported in the statement of activity as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as without donor restrictions support.
- (d) **Statements of Cash Flows** – The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.
- (e) **Contributions Receivable** – Contributions receivable are presented at fair value. An allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the customer or donor. No allowance for doubtful accounts was deemed necessary by management as all amounts are believed collectible.

PORTO CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 – Organization and Summary of Accounting Policies (Continued)

- (f) Property and Equipment – Property and equipment in excess of \$1,000 are capitalized and stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the respective assets, generally three to five years. Expenditures for maintenance and repairs are charged against income as incurred; betterments that increase the value or materially extend the life of the related assets are capitalized.
- (g) Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code on all income other than unrelated business income. Accordingly, no provision for income tax has been provided in the accompanying financial statements. The Organization has been determined not to be a private Organization as defined under Section 509(a).
- (h) Uncertain Tax Positions – As of December 31, 2022, the Organization had no material uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended December 31, 2019 through 2021.
- (i) 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. Accordingly, actual results could differ from those estimates.
- (j) Concentrations of Credit Risk – Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents. At times during the year, the Organization maintained cash balances at financial institutions in excess of Federal Depositary Insurance Corporation limits. Management has implemented policies that will minimize the Organization’s risk to such limits. The Organization has not experienced any losses on its cash and cash equivalents.
- (k) Advertising Costs – Advertising costs are expensed as incurred and totaled \$6,888 for the year ended December 31, 2022.

NOTE 2 – Functional Allocation of Expenses

The Organization’s operating costs have been allocated between program services, management and general, and fundraising expenses based on direct identification when possible, and allocation if a single expenditure benefits more than one program or function. Expenditures that require allocation are allocated on a personnel-cost basis.

PORTO CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS (Concluded)

NOTE 3 – Liquidity and Availability of Financial Assets

The Organization has \$309,062 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Financial Position date. The contributions and accounts receivable are subject to implied time restrictions, but all amounts are expected to be collected within one year. The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. The Organization has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$52,000. The Organization has the following financial assets that could readily be made available within one year of the statement of financial position date to fund expenses without limitations:

Cash and cash equivalents	\$303,781
Contributions receivable	4,152
Accounts receivable	<u>1,129</u>
Total	<u>\$309,062</u>

NOTE 4 – Subsequent Events

The Organization has evaluated subsequent events through May 25, 2023, the date on which the financial statements were available to be issued.