

PORTO CHARITIES, INC.

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

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 statements of financial position as of December 31, 2024 and 2023, 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 Porto Charities, Inc. as of December 31, 2024 and 2023, 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 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

July 17, 2025

PORTO CHARITIES, INC.

STATEMENTS OF FINANCIAL POSITION For the Years Ended December 31,

	ASSETS	
	<u>2024</u>	<u>2023</u>
Current Assets		
Cash and cash equivalents	\$ 410,363	\$ 301,559
Investments	292,492	111,209
Contributions receivable	20,302	54,666
Prepaid expenses	46,219	-
Total Current Assets	<u>769,376</u>	<u>467,434</u>
 Total Assets	 <u>\$ 769,376</u>	 <u>\$ 467,434</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 15,182	\$ 9,078
Total Liabilities	<u>15,182</u>	<u>9,078</u>
 Net Assets		
Without donor restrictions	754,194	458,356
Total Net Assets	<u>754,194</u>	<u>458,356</u>
 Total Liabilities and Net Assets	 <u>\$ 769,376</u>	 <u>\$ 467,434</u>

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

PORTO CHARITIES, INC.

STATEMENTS OF ACTIVITIES For the Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Revenues and Support Without Donor Restrictions		
Grants and contributions	\$ 746,846	\$413,232
Special events, net of \$45,132 and \$65,865 expenses	36,239	30,874
Investment income	15,131	472
In-kind contributions	5,600	5,511
Total Revenues and Support Without Donor Restrictions	<u>803,816</u>	<u>450,089</u>
Expenses		
Program services	359,575	209,311
Management and general	90,006	54,596
Fundraising	58,397	36,888
Total Expenses	<u>507,978</u>	<u>300,795</u>
Change in Net Assets	295,838	149,294
Net Assets, Beginning of Year	<u>458,356</u>	<u>309,062</u>
Net Assets, End of Year	<u><u>\$ 754,194</u></u>	<u><u>\$458,356</u></u>

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

PORTO CHARITIES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31,

	<u>2024</u>				Total Expenses
	Program Services	Supporting Services		Total Supporting Services	
		Management and General	Fundraising		
Grants	\$ 206,000	\$ -	\$ -	\$ -	\$ 206,000
Program events	78,284	9,785	9,785	19,570	97,854
Salaries and wages	38,392	28,794	28,794	57,588	95,980
Payroll taxes and benefits	17,091	12,819	12,819	25,638	42,729
Legal and accounting	-	23,235	-	23,235	23,235
Advertising	9,917	-	1,102	1,102	11,019
Information technology	6,083	1,014	3,041	4,055	10,138
Consultants	-	10,000	-	10,000	10,000
Office expense	3,808	2,856	2,856	5,712	9,520
Insurance	-	1,452	-	1,452	1,452
Bank charges	-	51	-	51	51
	<u>\$ 359,575</u>	<u>\$ 90,006</u>	<u>\$ 58,397</u>	<u>\$ 148,403</u>	<u>\$ 507,978</u>

	<u>2023</u>				Total Expenses
	Program Services	Supporting Services		Total Supporting Services	
		Management and General	Fundraising		
Grants	\$ 102,100	\$ -	\$ -	\$ -	\$ 102,100
Salaries and wages	30,347	22,760	22,760	45,520	75,867
Program events	57,036	7,130	7,130	14,260	71,296
Legal and accounting	-	16,895	-	16,895	16,895
Advertising	10,206	-	1,134	1,134	11,340
Information technology	5,410	902	2,705	3,607	9,017
Payroll taxes	3,091	2,318	2,318	4,636	7,727
Insurance	-	3,695	-	3,695	3,695
Office expenses	1,121	841	841	1,682	2,803
Bank charges	-	55	-	55	55
	<u>\$ 209,311</u>	<u>\$ 54,596</u>	<u>\$ 36,888</u>	<u>\$ 91,484</u>	<u>\$ 300,795</u>

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

PORTO CHARITIES, INC.

STATEMENTS OF CASH FLOWS For the Years Ended December 31,

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 295,838	\$ 149,294
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Changes in assets and liabilities:		
Decrease (Increase) in contributions receivable	34,364	(50,514)
Decrease in accounts receivable	-	1,129
Increase in prepaid expenses	(46,219)	-
Increase in accounts payable	6,104	9,078
Net cash provided by operating activities	<u>290,087</u>	<u>108,987</u>
Cash Flows from Investing Activities		
Purchases of investments	<u>(181,283)</u>	<u>(111,209)</u>
Net cash used in investing activities	<u>(181,283)</u>	<u>(111,209)</u>
Net change in cash and cash equivalents	108,804	(2,222)
Cash and Cash Equivalents		
Beginning of year	<u>301,559</u>	<u>303,781</u>
End of year	<u>\$ 410,363</u>	<u>\$ 301,559</u>

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

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. As of December 31, 2024 and 2023 the Organization had no net assets with donor restrictions.

- (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) **Investments** – Investments are stated at their fair market values. Net investment income is recorded in net assets without donor restrictions.
- (f) **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)

- (g) 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.
- (h) 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).
- (i) Uncertain Tax Positions – As of December 31, 2024, 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, 2021 through 2023.
- (j) 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.
- (k) Concentrations of Credit and Market Risk – Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist primarily of cash and cash equivalents and investments. 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’s investments do not represent significant concentrations of market risk in as much as the investment portfolio is adequately diversified amongst issuers.
- (l) Advertising Costs – Advertising costs are expensed as incurred and totaled \$11,019 and \$11,340 for the years ended December 31, 2024 and 2023, respectively.

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 (Continued)

NOTE 3 – Investments

In accordance with FASB ASC 820, Fair Value Management, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

- *Treasury Bonds and Fixed Income Securities* - Valued at the net asset value of shares held by the Organization at year end based on the quoted market prices of the underlying assets.
- *Certificates of Deposit* – The purchase price of the certificate plus accrued interest.

Investments in mutual funds and marketable securities are stated at their market values (level 1 inputs). Investments as of December 31, 2024 and 2023 consisted of the following:

<u>2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury bonds	\$292,492	\$ -	\$ -	\$292,492
Total	<u>\$292,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$292,492</u>

<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury bonds	\$ 72,989	\$ -	\$ -	\$ 72,989
Fixed income securities	25,063	-	-	25,063
Certificates of deposit	10,232	-	-	10,232
Cash balance	<u>2,925</u>	<u>-</u>	<u>-</u>	<u>2,925</u>
Total	<u>\$111,209</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$111,209</u>

PORTO CHARITIES, INC.

NOTES TO FINANCIAL STATEMENTS (Concluded)

NOTE 3 – Investments (Continued)

Investment income for the years ended December 31, 2024 and 2023 was as follows:

	<u>2024</u>	<u>2023</u>
Interest and dividends	\$15,131	\$472
Total	<u>\$15,131</u>	<u>\$472</u>

NOTE 4 – Liquidity and Availability of Financial Assets

The Organization has the following 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 \$101,000. 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:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$410,363	\$301,559
Investments	292,492	111,209
Contributions receivable	<u>20,302</u>	<u>54,666</u>
Total	<u>\$723,157</u>	<u>\$467,434</u>

NOTE 5 – Subsequent Events

The Organization has evaluated subsequent events through July 17, 2025, the date on which the financial statements were available to be issued.