

**The Vieques Conservation and Historical Trust, Inc.  
Auditor's Report and Financial Statements  
Year ended September 30, 2023**

**The Vieques Conservation and Historical Trust, Inc.**  
**Audited Financial Statements**  
**Year ended September 30, 2023**

**TABLE OF CONTENTS**

	<b>PAGE</b>
Independent Auditor's Report	1-3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-14

***Emilia Rodas Viñas***  
***Certified Public Accountant***

1519 Ponce de León Avenue, First Bank Bldg. Suite 310 San Juan, Puerto Rico 00909-1708  
Tel (787) 721-1433, cpa.emiliarodasvinas@gmail.com

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
of The Vieques Conservation and Historical Trust, Inc.

**Opinion**

I have audited the accompanying financial statements of The Vieques Conservation and Historical Trust, Inc. (a Puerto Rico nonprofit corporation) (the Organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and of cash flows for the year then ended, and the notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Vieques Conservation and Historical Trust, Inc. as of September 30, 2023, 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**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of The Vieques Conservation and Historical Trust, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Vieques Conservation and Historical Trust, 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**

My 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 my 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 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, I:

- 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 Vieques Conservation and Historical Trust, Inc's internal control.
- 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Vieques Conservation and Historical Trust, Inc's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

*Emilia Rodas Viñas*

Emilia Rodas Viñas  
License No. 1144  
Expires December 1, 2025

December 20, 2023



**The Vieques Conservation and Historical Trust, Inc.**  
**Statement of Financial Position**  
**September 30, 2023**

**ASSETS**

Current assets:

Cash and cash equivalents (Notes 2 and 3)	\$ 403,840
Accounts receivable	5,640
Inventory- Gift Shop (Note 2)	12,433
Donated artwork for fundraising (Note 2)	4,800
Prepaid expenses	<u>19,974</u>

Total current assets 446,687

Property and equipment (Notes 2 and 4) 255,691

Total assets \$ 702,378

**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$ 10,654
Accrued expenses and withholdings	<u>9,119</u>

Total current liabilities 19,773

Net assets:

Without donor restrictions	
Undesignated	238,418
With donor restrictions	<u>444,187</u>

Total net assets 682,605

Total liabilities and net assets \$ 702,378

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

**The Vieques Conservation and Historical Trust, Inc.**  
**Statement of Activities**  
**Year ended September 30, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, SUPPORT AND GAINS</b>			
Support:			
Gifts, grants and contributions (Note 5)	\$ 173,456	446,230	\$ 619,686
In-kind contributions	1,697	16,706	18,403
Fundraising events	<u>30,096</u>	<u>-</u>	<u>30,096</u>
	<u>205,249</u>	<u>462,936</u>	<u>668,185</u>
Net investment return:			
Interest and dividends	13	-	13
Unrealized gain	<u>180</u>	<u>-</u>	<u>180</u>
	<u>193</u>	<u>-</u>	<u>193</u>
 Total revenues and support	 <u>205,442</u>	 <u>462,936</u>	 <u>668,378</u>
<b>EXPENSES</b>			
Program services:			
Grants	-	358,819	358,819
Program expenses	<u>-</u>	<u>105,004</u>	<u>105,004</u>
Total program services	<u>-</u>	<u>463,823</u>	<u>463,823</u>
Supporting services:			
Management and general	225,249	-	225,249
Fundraising	<u>3,188</u>	<u>-</u>	<u>3,188</u>
Total supporting services	<u>228,437</u>	<u>-</u>	<u>228,437</u>
 Total expenses	 <u>228,437</u>	 <u>463,823</u>	 <u>692,260</u>
 <b>CHANGE IN NET ASSETS</b>	 ( 22,995)	 ( 887)	 ( 23,882)
 <b>NET ASSETS</b> , beginning of year	 <u>261,413</u>	 <u>445,074</u>	 <u>706,487</u>
 <b>NET ASSETS</b> , end of year	 <u>\$ 238,418</u>	 <u>444,187</u>	 <u>\$ 682,605</u>

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

**The Vieques Conservation and Historical Trust, Inc.**  
**Statement of Functional Expenses**  
**Year ended September 30, 2023**

	<u>Grants and Program</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$ 173,084	71,882	\$ 244,966
Payroll taxes	21,586	9,251	30,837
Employee benefits	-	37,395	37,395
Credit card and bank charges	-	7,746	7,746
Depreciation	-	5,681	5,681
Dues and subscriptions	-	4,979	4,979
Insurance	1,280	24,620	25,900
Laboratory and marine life exhibit supplies	888	1,199	2,087
Legal, accounting and audit fees	-	8,793	8,793
Office supplies and expenses	24	15,751	15,775
Repairs and maintenance	407	12,976	13,383
Licenses and permits	-	2,275	2,275
Travel and meetings	13,055	4,705	17,760
Utilities	-	9,147	9,147
Contracted services	24,642	-	24,642
Snacks and lunches	15,292	1,496	16,788
Transportation, including bus rentals	6,942	925	7,867
Escuela Barbosa expenses	3,565	-	3,565
First-aid supplies	1,117	298	1,415
Boat for mangrove project	6,900	-	6,900
Mangrove coalition sub-grant	105,441	-	105,441
Scholarships paid	19,150	-	19,150
Mangrove nursery supplies	10,681	-	10,681
Manta personnel	19,600	-	19,600
Educational supplies, books, materials	28,223	-	28,223
Stipend payments	792	-	792
Internet service	-	3,046	3,046
Mangrove project workers	9,530	-	9,530
Fundraising promotional articles	-	2,240	2,240
Fundraising equipment rental	-	948	948
Miscellaneous	<u>1,624</u>	<u>3,084</u>	<u>4,708</u>
	<u>\$463,823</u>	<u>228,437</u>	<u>\$ 692,260</u>

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



**The Vieques Conservation and Historical Trust, Inc.**  
**Statement of Cash Flows**  
**Year ended September 30, 2023**  
**(Increase (decrease) in cash)**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	( <u>\$ 23,882</u> )
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	5,681
Change in operating assets and liabilities:	
Gift shop inventory	( 593)
Donated artwork for fundraising	( 4,800)
Accounts receivable	( 1,698)
Prepaid expenses	( 1,454)
Accounts payable	7,046
Accrued expenses	<u>( 334)</u>
Total adjustments	<u>3,848</u>
<b>Net cash used by operating activities- decrease in cash and cash equivalents</b>	<b>( 20,034)</b>
Cash and cash equivalents, beginning of year	<u>423,874</u>
Cash and cash equivalents, end of year	<u>\$ 403,840</u>

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

**The Vieques Conservation and Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 1- ORGANIZATION AND NATURE OF BUSINESS**

The Vieques Conservation and Historical Trust, Inc. is a non-profit corporation (the Organization) organized under the laws of the Commonwealth of Puerto Rico on October 25, 1985. The Organization is engaged in the preservation and conservation of historic artifacts and historic sites, buildings and their surroundings and land in its natural state and wildlife preserves and other resources within and surrounding the island of Vieques, Puerto Rico, for charitable, scientific and educational purposes.

Its headquarters are located at the rural community of Esperanza of the Puerto Real Ward of Vieques, Puerto Rico, on real estate donated to the Organization in March of 1996.

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting and Presentation

The financial statements of The Vieques Conservation and Historical Trust, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for operating and administrative reserves.

Net Assets With Donor Restrictions

Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**The Vieques Conservation and Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2023**

**Note 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The bylaws of the Organization include a variance provision giving the Board of Directors the power, whenever any restriction or condition on the distribution of funds becomes, in effect, unnecessary, incapable of fulfillment or inconsistent with the charitable, educational, and scientific needs of the communities or areas served, to modify any restriction or condition placed on the distribution of funds and to apply the whole or any part of the principal or income of funds as in its judgement is necessary to serve more effectively the charitable, educational and scientific purposes of the Organization.

Based on that provision, The Vieques Conservation and Historical Trust, Inc. classifies all contributions and assets, except as noted below, as net assets without donor restrictions for financial statements presentation. Donations received for the Manta summer educational program and for the scholarship program are classified as net assets with donor restrictions. Funds received from grants approved the Organization are also classified as net assets with donor restrictions. The Organization has no assets that are restricted in perpetuity.

**Cash and Cash Equivalents**

For purposes of the statement of financial position and the statement of cash flows, the Organization considers cash balances and highly liquid investments available for current use with an initial maturity of three months or less when acquired to be cash and cash equivalents. The Organization reports money markets accounts and investment in marketable securities as part of cash and cash equivalents. The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. After that, investment in marketable securities are reported at their fair values in the statement of financial position as part of the cash and cash equivalent balance. As of September 30, 2023 the Organization had no investment in marketable securities.

**Inventory:**

The gift shop inventory, consisting of souvenirs, handcrafts, children's books, postcards, t-shirts and other articles for sale, is stated at cost, under the first-in, first-out basis.

**Property and Equipment:**

The Organization records property and equipment additions over \$500 at cost, or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The cost and related depreciation of assets sold or disposed of are removed from the accounts, and any resulting gain or loss

**The Vieques Conservation and Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**Revenue and Revenue Recognition:**

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Donated Services and In-kind Contributions:**

Volunteers contribute amounts of time to The Vieques Conservation and Historical Trust, Inc.'s program services, administration and development activities. The donated services and goods, principally related to the Manta summer program and fundraising events in fiscal year 2023, are reported in the statement of activities as In-kind Contributions. Contributed goods are recorded at fair value at the date of the donation. The organization records donated professional services at the respective fair values of the services received.

The Organization was donated artwork, five silkscreens valued at \$1,200 each, in February 2023, for fundraising purposes. As of fiscal year-end, four pieces were available for sale.

**Grants and Program Services:**

The Organization's main programmatic areas consist of: the co-management of The Vieques Bioluminescent Bay Natural Reserve with the Puerto Rico Department of Environmental and Natural Resources, the Elizabeth Langhorne Vieques Bioluminescence Laboratory, the Manta Summer Education program for children and youth, scholarships for deserving Vieques students for higher education, a community emergency/resiliency hub to provide emergency community services in case of natural disasters, and the Escuela Barbosa Community Innovation Hub Environmental Educational and Scientific Research Center focused on small islands' sustainability. These programs are principally financed from grant funds and donations received by the Organization.

**Presentation of Sales Tax:**

The Organization is required by the Government of Puerto Rico to collect a sales tax "IVU"

**The Vieques Conservation and Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

of 11.5% on all fund-raising revenues and gift shop sales and to remit the tax to both the state and municipal governments. The Organization's accounting policy is to exclude the sales tax collected and remitted to the state and municipal governments from revenues and cost of sales.

**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 certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, costs and expenses during the reporting period. Accordingly, the actual results could differ from those estimates, and the differences could be material.

**Income taxes:**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Code as other than a private foundation. The Organization is also exempt from income tax under Section 1101.01(a)(2)(A)(1) of the Puerto Rico Code, as a charitable entity, effective January 1, 2011.

The Organization follows the guidance of FASB ASC 740-Accounting for Uncertainty in Income Taxes. As of September 30, 2023, management evaluated the Organization's tax positions and concluded that the Organization has maintained its tax-exempt status and had taken no uncertain tax positions that require adjustments to the financial statements.

**Functional Expense Allocations:**

The costs of the program and supporting services have been summarized on a functional basis in the statement of activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The Organization classifies its expenses based on the following categories:

**Program Services**

- Grants awarded the Organization
- Educational and Philanthropic Expenses: Operating expenses associated with

**The Vieques Conservation and Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- developing, evaluating and processing scholarship applications, services to the Vieques community and educational programs for the Vieques youth and others

Management and General Expenses

- Expenses to hold board, committee or staff meetings
- Accounting
- Office management and any centralized services (such as human resources)
- Insurance

Fundraising Expenses

- Promotional and other expenses associated with events carried out to raise funds for the Organization's programs and services to the Vieques community and others

Salaries and employee benefits are charged to the program for which work has been done based on management estimates. Overhead is based on staff allocation to functional areas.

**NOTE 3- CASH AND CASH EQUIVALENTS**

Cash and cash equivalents as of September 30, 2023 consist of:

Current bank accounts, restricted use:	
VCHT Scholarship	\$ 25,515
Various grants	211,673
Manta Education	1,187
Cooperativa Ahorro y Credito Roosevelt Roads, restricted use	123,556
General bank accounts, unrestricted use	35,142
Gift Shop bank account, unrestricted use	5,557
Investment in marketable securities -UBS account	810
Petty cash	<u>400</u>
	<u>\$ 403,840</u>

**The Vieques Conservation and Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 4- PROPERTY AND EQUIPMENT**

Property and equipment as of September 30, 2023 consists of:

Land	\$ 79,200
Buildings and improvements	149,060
Furniture and equipment	78,753
Marine life exhibit	<u>15,633</u>
	322,646
Less accumulated depreciation of furniture and equipment	<u>66,955</u>
	<u>\$ 255,651</u>

**NOTE 5- GIFTS, GRANTS AND CONTRIBUTIONS**

Gifts, grants and contributions for year ended September 30, 2023 are:

Grants	\$ 388,709
Individual contributions	169,482
Membership dues	4,875
Gift shop net income	(a) 4,788
Playa Grande Tours	1,685
Donations to the Mangrove project	5,780
Manta summer program income	24,717
Scholarship program income	<u>19,650</u>
	<u>\$ 619,686</u>

(a)The Organization operates a small gift shop on its premises, as an additional means of raising funds to cover its operating expenses, which was closed in March 2020, due to the coronavirus pandemic. The Gift Shop operated partially in fiscal years 2021 and 2022 and on a part-time basis in fiscal year 2022-23.

**The Vieques Conservation and Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2023**

**NOTE 6- CESSION OF PERMANENT USE OF REAL ESTATE**

On April 24, 2018, the municipality of Vieques ceded to The Vieques Conservation and Historical Trust, Inc. the permanent and total use of a property known as Escuela Jose Celso Barbosa, located at the Puerto Real Ward of the municipality of Vieques, free of charges, so that the Organization could establish a library and educational and scientific center and other facilities, to promote the general welfare of the Vieques community, for an indefinite and permanent time. The condition for the permanent use of the property ceded, is to continue its specified and restricted use as an educational and scientific center and that the Organization continue its existence as a non-profit and non-political legal entity.

**NOTE 7- LIQUIDITY AND AVAILABILITY**

The table below presents The Vieques Conservation and Historical Trust, Inc.'s financial assets available for general expenditures within one year of the statement of financial position date:

Financial assets:

Cash and cash equivalents	\$ 280,284
Accounts receivable	4,263
Gift shop inventory	12,433
Donated artwork for fundraising	<u>4,800</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 301,780</u>

**NOTE 8- SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events from its year end of September 30, 2023 through December 20, 2023, the date of issuance of the financial statements, and deems that no subsequent events or transactions require disclosure.