

**The Vieques Conservation and Historical Trust, Inc.  
Auditor's Report and Financial Statements  
Year ended September 30, 2020**

**The Vieques Conservation and Historical Trust, Inc.**  
**Audited Financial Statements**  
**Year ended September 30, 2020**

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**INDEPENDENT AUDITOR'S REPORT**

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

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, 2020, and the related statements of activities, functional expenses, and of cash flows for the year then ended, and the 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 auditor considers 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 opinion on the effectiveness of the entity's internal control. Accordingly, I 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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my

audit opinion.

**Opinion**

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, 2020 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Emilia Rodas Viñas  
License No. 1144  
Expires December 1, 2022

March 5, 2021

**The Vieques Conservation and Historical Trust, Inc.**  
**Statement of Financial Position**  
**September 30, 2020**

**ASSETS**

Current assets:	
Cash and cash equivalents (Notes 2 and 3)	\$ 485,274
Accounts receivable	7,581
Inventory- Gift Shop (Note 2)	13,537
Prepaid expenses	<u>29,085</u>
Total current assets	535,477
Property and equipment (Notes 2 and 4)	<u>254,359</u>
Total assets	<u>\$ 789,836</u>

**LIABILITIES AND NET ASSETS**

Current liabilities:	
Funds in custody for "Organizacion Vieques en Rescate, Inc."	\$ 25,077
Accounts payable	4,238
Accrued expenses and withholdings	<u>7,706</u>
Total current liabilities	<u>37,021</u>
Net assets:	
Without donor restrictions	
Undesignated	340,947
With donor restrictions	<u>411,868</u>
Total net assets	<u>752,815</u>
Total liabilities and net assets	<u>\$ 789,736</u>

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, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, SUPPORT AND GAINS</b>			
Support:			
Gifts, grants and contributions (Note 5)	\$ 397,517	251,525	\$ 649,042
In-kind contributions	<u>1,358</u>	<u>-</u>	<u>1,358</u>
	<u>398,875</u>	<u>251,525</u>	<u>650,400</u>
Net investment return:			
Interest and dividends	747	-	747
Unrealized gain	<u>527</u>	<u>-</u>	<u>527</u>
	<u>1,274</u>	<u>-</u>	<u>1,274</u>
Total revenues and support	<u>400,149</u>	<u>251,525</u>	<u>651,674</u>
<b>EXPENSES</b>			
Program services:			
Grants	-	217,518	217,518
Program expenses	<u>-</u>	<u>30,975</u>	<u>30,975</u>
Total program services	<u>--</u>	<u>248,493</u>	<u>248,493</u>
Supporting services:			
Management and general	323,342	-	323,342
Fundraising	<u>15,028</u>	<u>-</u>	<u>15,028</u>
Total supporting services	<u>338,370</u>	<u>-</u>	<u>338,370</u>
Total expenses	<u>338,370</u>	<u>248,493</u>	<u>586,863</u>
<b>CHANGE IN NET ASSETS</b>	61,779	3,032	64,811
<b>NET ASSETS</b> , beginning of year	<u>279,168</u>	<u>422,629</u>	<u>701,797</u>
	340,947	425,661	766,608
Prior year's adjustment (Note 6)	<u>-</u>	<u>( 13,793)</u>	<u>(13,793)</u>
<b>NET ASSETS</b> , end of year	<u>\$ 340,947</u>	<u>411,868</u>	<u>\$ 752,815</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, 2020**

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 38,016	154,748	-	\$ 192,764
Payroll taxes	-	25,281	-	25,281
Employee benefits	-	28,055	-	28,055
Credit card and bank charges	-	7,288	-	7,288
Depreciation	-	3,528	-	3,528
Insurance	200	33,936	150	34,286
Laboratory supplies	-	2,154	-	2,154
Legal, accounting and audit fees	-	23,795	-	23,795
Office supplies and expenses	-	8,859	-	8,859
Repairs and maintenance	7,561	11,053	-	18,614
Taxes and licenses	-	1,195	800	1,995
Travel and meetings	-	1,977	-	1,977
Utilities	500	6,477	-	6,977
Contracted services	19,051	-	-	19,051
Food and beverages	1,008	-	6,597	7,605
Transportation	-	-	2,321	2,321
Greenhouse construction	46,053	-	-	46,053
Equipment rental	-	10,085	-	10,085
Petty cash	-	486	-	486
Solar energy and water system-				
Escuela Barbosa	24,212	-	-	24,212
Scholarships paid	28,750	-	-	28,750
Grants computers and equipment	35,395	-	-	35,395
Supplies	4,496	-	-	4,496
Activities expenses	2,189	-	5,160	7,349
Development and training	13,166	943	-	14,109
Educational programs	9,716	-	-	9,716
Satellite phones and internet	2,371	1,263	-	3,634
Advertising and promotion	3,940	-	-	3,940
Miscellaneous	<u>11,869</u>	<u>2,219</u>	<u>-</u>	<u>14,088</u>
	<u>\$ 248,493</u>	<u>323,342</u>	<u>15,028</u>	<u>\$ 586,863</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, 2020**  
**(Increase (decrease) in cash)**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	<u>\$ 51,018</u>
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	3,528
Change in operating assets and liabilities:	
Gift shop inventory	( 784)
Accounts receivable	( 4,593)
Prepaid expenses	( 4,426)
Accounts payable	347
Accrued expenses	( 2,390)
Funds in custody for "Org.Vieques en Rescate, Inc."	<u>17,167</u>
Total adjustments	<u>8,849</u>
Net cash from operating activities	<u>59,867</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Acquisition of equipment	<u>( 10,799)</u>
Net cash from investing activities	<u>( 10,799)</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

	49,068
Cash and cash equivalents, beginning of year	<u>436,206</u>
Cash and cash equivalents, end of year	<u>\$ 485,274</u>

Supplemental disclosure of cash flows information:

Non-cash transactions:	
In-kind contributions	<u>\$ 1,358</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, 2020**

**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, 2020**

**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.

**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 is included in the statement of activities. Costs of maintenance and repairs that do not

**The Vieques Conservation and Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2020**

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

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 significant 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, 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 received marketable securities valued at \$7,146 on the date of the donation during year ended September 30, 2020 that have been reflected in the statement of activities.

**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 Government of Puerto Rico imposes a sales tax of 11.5% on all of the Organization's gift shop sales to non-exempt customers. The Organization collects the sales tax "TVU" from

**The Vieques Conservation and Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2020**

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

its customers and remits 10.5% to the state Government and 1% to the municipality of Vieques. 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, 2020, 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 developing, evaluating and processing scholarship applications, services to the

**The Vieques Conservation and Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2020**

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

- 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, 2020 consist of:

Current bank accounts, restricted use:	
Escuela Barbosa	\$ 162
VCHT Scholarship	22,515
Various grants	133,933
Manta Education	5,888
Scotiabank savings account, restricted use	244,164
General bank accounts, unrestricted use	38,044
Gift Shop bank account, unrestricted use	6,964
Investment in marketable securities	8,167
Petty cash	<u>400</u>
	460,237
Bank account for "Organizacion Vieques en Rescate, Inc."	<u>25,037</u>
	<u>\$ 485,274</u>

**The Vieques Conservation and Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 4- PROPERTY AND EQUIPMENT**

Property and equipment as of September 30, 2020 consists of:

Land	\$ 79,200
Buildings and improvements	149,060
Furniture and equipment	61,075
Marine life exhibit	<u>15,633</u>
	304,968
Less accumulated depreciation of furniture and equipment	<u>50,609</u>
	<u>\$ 254,359</u>

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

Gifts, grants and contributions for year ended September 30, 2020 are:

Grants	\$ 207,804
Individual contributions	149,205
Membership dues	5,525
Fundraising events	51,036
Gift shop net income	(a) 9,520
Stock donations	7,146
Escuela Barbosa donations	29,242
Mangrove project	7,721
Manta summer program income	5,402
Scholarship program income	<u>36,000</u>
	508,601
Proceeds from insurance claims	89,341
Paycheck Protection Program relief funds	(b) 46,100
Economic relief funds- PR Government	<u>5,000</u>
	<u>\$ 649,042</u>

(a)The Organization operates a small gift shop on its premises as an additional means of raising funds to cover its operating expenses. Eventhough the gift shop was closed in March 2020, due to the coronavirus pandemic, it generated the following net income for year ended September 30, 2020:

Gross sales	\$ 17,827
Cost of goods sold	<u>8,307</u>
Gross profit on sales	<u>\$ 9,520</u>

**The Vieques Conservation and Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 5- GIFTS, GRANTS AND CONTRIBUTIONS (continued)**

(b) On May 9, 2020 the Organization received \$46,100 from the Small Business Administration, under the Payroll Protection Program established as part of the Coronavirus Aid, Relief and Economic Surety Act (CARES act). The amount received, originally considered a loan to cover 2.5 times of the Organization's average monthly payroll expenses, was forgiven by the S.B.A. on December 30, 2020.

**NOTE 6- COVID-19 PANDEMIC EFFECTS**

As a result of the coronavirus (COVID-19) pandemic declared in March 2020, the Puerto Rico Government ordered the closure of non-essential businesses for an extended period of time. Eventhough there was no significant impact on the Organization's operations in fiscal year 2020, certain program services were suspended (principally the Manta summer programs for Vieques youth and the Gift Shop operations) and various fund-raising events could not be carried out. Also several projects directly related to grants awarded the Organization were detained.

**NOTE 7- PRIOR YEAR'S ADJUSTMENT**

On December 20, 2019 the Organization returned unused funds of a Mercy Corps grant to its grantor, because the funds originally granted in fiscal year 2019, were not used for the grant's purpose. Since these returned funds were granted in year ended September 30, 2019, this transaction has been accounted for as a prior year's adjustment.

**NOTE 8- 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	\$ 241,111
Accounts receivable	5,667
Gift shop inventory	<u>13,537</u>
Total financial assets available to meet general expenditures within one year	<u>\$ 250,315</u>

**The Vieques Conservation Historical Trust, Inc.**  
**Notes to Financial Statements**  
**September 30, 2020**

**NOTE 9- SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events from its year end of September 30, 2020 through March 5, 2021. The most significant event is that a private foundation granted the Organization, a proposal in the amount of \$70,000, for the restoration of the mangrove forest at the Mosquito Bay in Vieques. This proposal is being matched by the Ocean Foundation with personnel, equipment and technological assistance valued at \$382,000. No additional subsequent events were identified that required adjustment to or additional disclosure within the financial statements.