

ENLACE USA

Financial Statements
With Independent Auditor's Report

December 31, 2024 and 2023



ENLACE USA

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Enlace USA
Irvine, California

Opinion

We have audited the accompanying financial statements of Enlace USA, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities 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 Enlace USA 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 Enlace USA 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, 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 Enlace USA's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Enlace USA
Irvine, California

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, 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, 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 Enlace USA'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 Enlace USA'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.

Capin Crouse LLC

Ontario, California
October 9, 2025

ENLACE USA

Statements of Financial Position

	December 31,	
	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 189,189	\$ 435,068
Investments	71,785	68,429
Other assets	16,290	22,303
Total Assets	<u>\$ 277,264</u>	<u>\$ 525,800</u>
LIABILITIES AND NET ASSETS:		
Current liabilities:		
Accounts payable and accrued expenses	\$ 15,058	\$ 10,883
Notes payable	193,466	196,932
Total liabilities	<u>208,524</u>	<u>207,815</u>
Net assets:		
Without donor restrictions (deficit)	(90,296)	145,228
With donor restrictions	159,036	172,757
Total net assets	<u>68,740</u>	<u>317,985</u>
Total Liabilities and Net Assets	<u>\$ 277,264</u>	<u>\$ 525,800</u>

ENLACE USA

Statements of Activities

	Year Ended December 31,					
	2024			2023		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
SUPPORT, REVENUE, AND RECLASSIFICATIONS:						
Contributions	\$ 668,584	\$ 1,430,331	\$ 2,098,915	\$ 814,212	\$ 1,397,260	\$ 2,211,472
Other income	6,308	-	6,308	14,209	-	14,209
Net assets released from restrictions:						
Release of restrictions	1,444,052	(1,444,052)	-	1,527,608	(1,527,608)	-
Total Support, Revenue, and Reclassifications	<u>2,118,944</u>	<u>(13,721)</u>	<u>2,105,223</u>	<u>2,356,029</u>	<u>(130,348)</u>	<u>2,225,681</u>
EXPENSES:						
Grants	1,442,504	-	1,442,504	1,525,540	-	1,525,540
Compensation and benefits	620,127	-	620,127	681,763	-	681,763
Professional fees	160,076	-	160,076	70,523	-	70,523
Development and events	72,822	-	72,822	64,528	-	64,528
Other expenses	41,873	-	41,873	85,961	-	85,961
Travel expenses	17,066	-	17,066	19,361	-	19,361
Total Expenses	<u>2,354,468</u>	<u>-</u>	<u>2,354,468</u>	<u>2,447,676</u>	<u>-</u>	<u>2,447,676</u>
Change in Net Assets	(235,524)	(13,721)	(249,245)	(91,647)	(130,348)	(221,995)
Net Assets, Beginning of Year	<u>145,228</u>	<u>172,757</u>	<u>317,985</u>	<u>236,875</u>	<u>303,105</u>	<u>539,980</u>
Net Assets, End of Year	<u>\$ (90,296)</u>	<u>\$ 159,036</u>	<u>\$ 68,740</u>	<u>\$ 145,228</u>	<u>\$ 172,757</u>	<u>\$ 317,985</u>

ENLACE USA

Statements of Cash Flows

	Year Ended December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (249,245)	\$ (221,995)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Accrued interest receivable	(3,356)	(1,075)
Net change in:		
Other assets	6,013	(3,965)
Accounts payable and accrued expenses	4,175	7,780
Net Cash Used by Operating Activities	<u>(242,413)</u>	<u>(219,255)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	-	64,323
Purchases of investments	-	(66,563)
Net Cash Used in Investing Activities	<u>-</u>	<u>(2,240)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on notes payable	<u>(3,466)</u>	<u>(4,676)</u>
Net Cash Used in Financing Activities	<u>(3,466)</u>	<u>(4,676)</u>
Net Change in Cash and Cash Equivalents	(245,879)	(226,171)
Cash and Cash Equivalents, Beginning of Year	<u>435,068</u>	<u>661,239</u>
Cash and Cash Equivalents, End of Year	<u>\$ 189,189</u>	<u>\$ 435,068</u>
NON-CASH TRANSACTIONS AND SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 4,593</u>	<u>\$ 8,060</u>
Refinanced notes payable	<u>\$ -</u>	<u>\$ 51,905</u>

ENLACE USA

Notes to Financial Statements

December 31, 2024 and 2023

1. NATURE OF ORGANIZATION:

Enlace USA (EUSA) is a nonprofit corporation incorporated in the state of California. EUSA is a Christian development organization that exists to alleviate spiritual and physical poverty by equipping local churches to transform communities.

In order to realize this mission, EUSA works to:

- Provide training, coaching, and consulting to church partners to serve effectively their communities.
- Provide training and technical assistance to local churches and community organizations to identify, design, manage, and evaluate projects and programs in their communities.
- Identify and develop partnerships with local and international organizations, foundations, businesses, and individuals that share a common vision to assist the poor.
- Facilitate forums to exchange information, coordinate activities, and create a concerted action among and between church leaders, community members, and other agents of development.

As a not-for-profit organization, EUSA is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). As such, it is also exempt from state income taxes, and contributions by the public are deductible for income tax purposes. EUSA has been classified as a publicly supported organization, which is not a private foundation under Section 509(a) of the Internal Revenue Code. Income for EUSA primarily consists of contributions from individuals, churches, and other organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of EUSA have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The significant accounting policies adopted by EUSA are described below.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

EUSA considers cash on hand and cash on deposit to be cash equivalents. Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of December 31, 2024 and 2023, EUSA's cash balances exceeded the balance insured by the FDIC by approximately \$0 and \$117,000 respectively.

INVESTMENTS

Investments consist of a certificate of deposit with original maturity dates greater than 90 days. Certificates of deposit are carried at amortized cost. Furthermore, EUSA's internal policy is to liquidate donated securities immediately upon receipt.

ENLACE USA

Notes to Financial Statements

December 31, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The financial statements report amounts by class of net assets:

Net assets without donor restrictions are those currently available at the discretion of the board for use in EUSA's operations.

Net assets with donor restrictions are those which are stipulated by donors for specific programs.

SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when cash or pledges have been received, or ownership of donated assets is transferred to EUSA. EUSA receives gifts-in-kind, which are recorded as support at the estimated fair market value on the date of the gift. Contributions are recorded as with donor restrictions if they are received with donor stipulations that limit their use through purpose and/or time restrictions. When the purpose restriction is fulfilled or the time restriction expires, the net assets are reclassified from temporarily restricted to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. For contributions restricted by donors for the acquisition of long-lived assets, the restriction is considered to be met when the funds are expended on the intended purpose. EUSA assesses a processing fee on contributions with donor restrictions for the administrative costs. EUSA adopted the simultaneous release option for processing fees that are recognized and released within the same reporting period, therefore, these amounts are reported as contributions without donor restrictions. The total amount of processings fees for the years ended December 31, 2024 and 2023, were approximately \$210,000 and \$221,000, respectively.

Other income primarily consists of interest income from cash and certificates of deposit and are reported when earned. Expenses are recorded when incurred in accordance with the accrual basis of accounting.

For the years ended December 31, 2024 and 2023, the top five donors gave 34% and 32% of the total contributions received by EUSA, respectively with three donors in the concentration for both years. Management recognizes the risk with this concentration.

ENLACE USA

Notes to Financial Statements

December 31, 2024 and 2023

3. NOTES PAYABLE:

Notes payable consist of:

	December 31,	
	2024	2023
In June 2020, EUSA obtained an unsecured Economic Injury Disaster Loan (EIDL) from the Small Business Administration (SBA) for \$150,000. The effective interest rate is fixed at 2.75%. Monthly principal and interest of \$641 began June 2021. The balance of principal and interest will mature in June 2050.	\$ 141,562	\$ 145,028
In November 2020, EUSA obtained an unsecured loan from a donor. The effective interest rate is fixed at 3% accruing monthly. No monthly principal or interest payments are required. A balloon payment of the principal and interest was due in November 2024 and was forgiven in March 2025.	40,977	40,977
In September 2020, EUSA obtained an unsecured loan from a donor. The effective interest rate is fixed at 3% accruing monthly. No monthly principal or interest payments are required, but EUSA is making interest only payments. A balloon payment of the principal and interest will be due in September 2026.	10,927	10,927
	<u>\$ 193,466</u>	<u>\$ 196,932</u>

The future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2025	\$ 44,798
2026	14,854
2027	4,036
2028	4,036
2029	4,148
Thereafter	<u>121,594</u>
	<u>\$ 193,466</u>

FINANCIAL COVENANTS

EUSA has no financial or reporting covenants associated with any of its notes payable.

ENLACE USA

Notes to Financial Statements

December 31, 2024 and 2023

4. NET ASSETS:

Net assets consist of:

	December 31,	
	2024	2023
Without donor restrictions:		
Undesignated deficit	\$ (90,296)	\$ 145,228
With donor restrictions:		
Enlace El Salvador	74,404	88,758
Nepal	54,262	44,073
Missionaries	18,759	17,049
Housing	10,711	20,877
Time restrictions	900	900
Other	-	1,100
	159,036	172,757
	\$ 68,740	\$ 317,985

ENLACE USA

Notes to Financial Statements

December 31, 2024 and 2023

5. FUNCTIONAL ALLOCATION OF EXPENSES:

The financial statements report certain categories of expenses that are attributable to a more reasonable basis that is consistently applied. The expenses that are allocated include professional fees and other expenses, which are both allocated on a square footage basis, as well as travel expenses and compensation and benefits, which are allocated on the basis of estimates of time and effort.

An allocation of the EUSA's expenses by natural classification for the year ended December 31, 2024 is:

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 1,442,504	\$ -	\$ -	\$ 1,442,504
Compensation and benefits	252,553	115,313	252,261	620,127
Professional fees	45,000	111,080	3,996	160,076
Development and events	-	-	72,822	72,822
Other expenses	1,872	15,860	24,141	41,873
Travel expenses	8,767	1,037	7,262	17,066
	<u>\$ 1,750,696</u>	<u>\$ 243,290</u>	<u>\$ 360,482</u>	<u>\$ 2,354,468</u>

An allocation of the EUSA's expenses by natural classification for the year ended December 31, 2023 is:

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Grants	\$ 1,525,540	\$ -	\$ -	\$ 1,525,540
Compensation and benefits	248,789	114,782	318,192	681,763
Professional fees	35,000	35,523	-	70,523
Development and events	-	-	64,528	64,528
Other expenses	24,731	41,968	19,262	85,961
Travel expenses	11,243	1,015	7,103	19,361
	<u>\$ 1,845,303</u>	<u>\$ 193,288</u>	<u>\$ 409,085</u>	<u>\$ 2,447,676</u>

6. LIQUIDITY AND AVAILABILITY OF RESOURCES:

EUSA has approximately \$261,000 and \$503,000 of financial assets available at December 31, 2024 and 2023, respectively. The financial assets consist of cash and cash equivalents, investments, and the current portion of pledges receivable. EUSA attempts to maintain financial assets of at least 30 days of operating expenses.

ENLACE USA

Notes to Financial Statements

December 31, 2024 and 2023

7. RELATED PARTY TRANSACTIONS:

EUSA raises funds on behalf of Enlace El Salvador and Enlace Nepal, but does not have direct control or financial interest in either entity. Additionally, a member of management of EUSA is a board member of Enlace El Salvador. Grant disbursements were made directly to Enlace El Salvador and Enlace Nepal, under grant agreements. For the years ended December 31, 2024 and 2023, EUSA disbursed approximately \$1,388,000 and \$1,425,000 to Enlace El Salvador, respectively. For the years ended December 31, 2024 and 2023, EUSA disbursed approximately \$55,000 and \$54,000 to Enlace Nepal, respectively. There were no payables or receivables between EUSA and Enlace El Salvador or Enlace Nepal as of December 31, 2024 and 2023.

An officer of EUSA owns 96.4% of a financial institution that held approximately \$71,000 and \$68,000 of investments for years ended December 31, 2024 and 2023, respectively.

EUSA paid \$22,244 and \$2,823 respectively, for marketing services provided by two family members of the Executive Director for years ended December 31, 2024 and 2023, respectively.

EUSA paid approximately \$40,000 and \$26,000, respectively, for attorney fees provided by a board member for years ended December 31, 2024 and 2023, respectively.

Donations of approximately \$49,000 and \$211,000 were contributed by board members for the years ended December 31, 2024 and 2023, respectively.

8. FINANCIAL CONDITION:

During the past two years, EUSA has incurred approximately \$471,000 in losses resulting in a deficit of undesignated net assets of approximately \$90,000 at December 31, 2024. During this time, EUSA made an intentional decision to continue to fund partner organizations at a rate that spent down restricted net assets from approximately \$303,000 down to \$159,000 as well as continuing operational projects. Subsequent to year-end, management reduced the grants to partner entities and operational projects, which has reduced expenses by approximately \$75,000 through July 31, 2025. Additionally, management has been working on returning undesignated net assets to a positive balance by increasing fundraising efforts. As of July 31, 2025, EUSA has a positive change in net assets of approximately \$156,000, which is approximately \$247,000 ahead through the same period in the prior year. EUSA currently has approximately \$285,000 of cash and cash equivalents as of July 31, 2025, which is approximately \$96,000 more than cash and cash equivalents at December 31, 2025. Therefore, as of the date the financial statements were available to be issued, management believes EUSA will continue as a going concern for a reasonable period of time.

9. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date that the financial statements were available to be issued, October 9, 2025. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

In March 2025, an unsecured loan from a donor of approximately \$41,000 was forgiven. The loan was reported as a note payable in Note 3 as of December 31, 2024.