

**WUQU' KAWOQ, S.A. AND ITS
DEPENDENT ASOCIACIÓN WUQU'
KAWOQ**

COMBINED FINANCIAL STATEMENTS

**AS OF DECEMBER 31, 2023 AND 2022
(WITH INDEPENDENT AUDITOR'S
REPORT)**

WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACIÓN WUQU' KAWOQ

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Diagonal 6, 11-10 Zona 10
Edificio Diagoseis, Nivel 8, Oficina 807
Guatemala, C.A.

T: (502) 2372-3378 / 2372-3379
E: garciasc@russellbedford.com.gt
W: www.russellbedford.com.gt

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACIÓN WUQU' KAWOQ

We have audited the accompanying combined balance sheet of **WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACIÓN WUQU' KAWOQ** as of December 31, 2023 and the combined statement of activities and combined statement of cash flows for the year ended on that date. These combined financial statements are the responsibility of the management of **WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACIÓN WUQU' KAWOQ**. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements reasonably present, in all material respects, the financial position of **WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACIÓN WUQU' KAWOQ** as of December 31, 2023 and the results of its operations and its cash flows for the period from January 1 to December 31, 2023, in accordance with accounting principles generally accepted in the United States (US GAAP).

Other matters

The financial statements of **WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACIÓN WUQU' KAWOQ** for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on such financial statements dated August 15, 2023.

Our report is addressed only to the Board of Directors of **WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACIÓN WUQU' KAWOQ**. This restriction is not intended to limit the distribution of this report, which is a matter of public interest.

GARCIA SIERRA Y ASOCIADOS, S.C.
Member of
RUSSELL BEDFORD INTERNATIONAL



Wendy Janeth García Miranda

Guatemala, April 17, 2024.

WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACIÓN WUQU' KAWOQ

Combined Balance Sheets
 As of December 31, 2023 and 2022
 (Expressed in US\$)

Asset	Note	2023	2022
Current assets			
Cash and cash equivalents	4	2,456,865	980,338
Certificates of deposit	5	63,881	-
Investments at fair value	6	19,237	12,073
Medications and supplies	7	42,096	34,969
Accounts receivable	8	27,664	-
Other current assets	9	4,558	4,649
		-----	-----
Total current assets		2,614,301	1,032,029
		-----	-----
Non-current asset			
Property and equipment, net	10	189,498	127,532
		-----	-----
Total non-current assets		189,498	127,532
		-----	-----
Total assets		2,803,799	1,159,561
		=====	=====
Liabilities and net assets			
Liabilities			
Current liabilities			
Accounts payable	11	12,672	13,633
		-----	-----
Total current liabilities		12,672	13,633
		-----	-----
Net assets			
Net assets without donor restrictions	12	756,293	841,164
Net assets with donor restrictions	13	2,034,834	304,764
		-----	-----
Total net assets		2,791,127	1,145,928
		-----	-----
Total liabilities and net assets		2,803,799	1,159,561
		=====	=====

See notes accompanying these combined financial statements.

WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACIÓN WUQU' KAWOQ

Combined Statement of Activities

For the period from January 1 to December 31, 2023 and 2022

(Expressed in US\$)

	Note	Without Donor Restrictions	With Donor Restrictions	2023	2022
Income:					
Income	13	1,905,595	2,090,615	3,996,210	1,916,173
Net assets released from restrictions	13	360,545	(360,545)	-	-
		-----	-----	-----	-----
Total income, profits and other support	14	2,266,141	1,730,069	3,996,210	1,916,173
		-----	-----	-----	-----
Expenses:					
Programs	15	(1,824,945)	-	(1,824,945)	(1,195,048)
Management and administration	15	(298,796)	-	(298,796)	(513,409)
Fundraising	15	(197,232)	-	(197,232)	(175,622)
Currency adjustment exchange rate		(30,038)	-	(30,038)	-
		-----	-----	-----	-----
Total expenses		(2,351,011)	-	(2,351,011)	(1,884,079)
		-----	-----	-----	-----
Change in assets, net		(84,870)	1,730,069	1,645,199	32,094
Net assets at the beginning of the year		841,164	304,764	1,145,928	1,113,834
		-----	-----	-----	-----
Net assets at year-end		756,294	2,034,833	2,791,127	1,145,928
		=====	=====	=====	=====

See notes accompanying these combined financial statements.

WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACIÓN WUQU' KAWOQ**Combined Cash Flow Statements****For the period from January 1 to December 31, 2023 and 2022****(Expressed in US\$)**

	2023	2022
Cash flows from operating activities:		
Changes in net assets	1,631,534	32,094
Depreciation and amortization	38,763	42,503
Unrealized gain (loss)	(7,164)	(6,051)
	-----	-----
	1,676,798	68,546
	-----	-----
Changes in assets and liabilities		
(Increase) decrease in medications and supplies	(7,127)	11,590
(Increase) decrease in accounts receivable	(25,178)	3,627
(Increase) in other current assets	(2,395)	(2,163)
Decrease accounts payable	(961)	(13,176)
	-----	-----
	(35,661)	(122)
	-----	-----
Net cash provided by operating activities	1,641,137	68,424
	-----	-----
Cash flow from investing activities		
(Additions) Bac Credomatic investments	(63,881)	-
Sale (disposal) of equipment	-	34,349
Acquisition of property and equipment	(100,729)	(10,703)
	-----	-----
Net cash provided by investing activities	(164,610)	23,646
	-----	-----
Net increase in cash in the year	1,476,527	92,070
Cash and cash equivalents at the beginning of the year	980,338	888,268
	-----	-----
Cash and cash equivalents at year-end	2,456,865	980,338
	=====	=====

See notes accompanying these combined financial statements.

WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACIÓN WUQU' KAWOQ

Summary of Significant Accounting Policies and Explanatory Notes to the Combined Financial Statements

For the period from January 1 to December 31, 2023 and 2022
(Expressed in US\$)

Note 1 – Reporting entity

WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACIÓN WUQU' KAWOQ, hereinafter referred to as (the organization), is an entity organized under the laws of the United States of America, registered in the State of Vermont in Bethel in 2007 as a non-profit entity, which provides medical care to those who cannot afford traditional services in rural areas of Guatemala. The Organization is dedicated to overcoming barriers to health by bringing together medicine, culture and language. The organization raises funds in the United States to subsidize its various programs in Guatemala. Its main administrative body is the Board of Directors. The accounting year is from January 1 to December 31 of each year.

Note 2 – Monetary unit

The combined financial statements are expressed in Dollars of the United States of America; the official currency of the Republic of Guatemala is the Quetzal.

In Guatemala, the exchange rate is determined according to Resolution No. JM-55-2010 issued by the Monetary Board dated June 4, 2010, section 1 of Resolution No. JM-126-2006 is modified, in which approves the methodology for calculating the Reference Exchange Rate of the Quetzal with respect to the Dollar of the United States of America as follows: The Reference Exchange Rate of the Quetzal with respect to the Dollar of the United States of America will be equal to the weighted average of the exchange rates corresponding to the purchase and sale operations of currencies equal to or greater than US\$20.0 thousand, carried out by the institutions that constitute the Institutional Foreign Exchange Market in the spot or cash market, established at 6:00 p.m. of the same banking business day to which it corresponds. The Central Bank (Banco de Guatemala) will calculate the reference exchange rate, which will be equal to the weighted average of both components. As of December 31, 2023 and 2022, the exchange rate authorized by the Banco de Guatemala was Q7.82702 and Q7.85222 for US\$1.00, respectively.

Note 3 – Accounting policies

The combined financial statements have been prepared in accordance with the accounting policies established by the Organization's Management considering the Generally Accepted Accounting Principles in the United States (US GAAP), detailed below:

a) Combination base

The combined financial statements incorporate the assets, liabilities and net assets and the results of their activities of Wuqu' Kawoq, S.A. and its dependent Asociación Wuqu' Kawoq.

All significant balances and transactions between the combined financial statements of the associations have been eliminated for the preparation of the combined financial statements, such as: Accounts receivable and payable, income and expenses.

b) Conversion of financial statements

The mandatory legal records in Guatemala for the Wuqu' Kawoq Association (Entity legally constituted in Guatemala in 2010 for the operation of Wuqu' Kawoq, S.A. in Guatemala, are kept in Quetzales, which is the legal currency in the country. These accounting records are combined in Dollars, with the financial statements of Wuqu' Kawoq, S.A. (The Organization). For the purposes of converting the financial statements of Asociación Wuqu' Kawoq from Quetzales to Dollars, the average exchange rate of the transfers received used for the balance sheet accounts. Income and expenses are recorded at the average monthly exchange rate of the transfers received.

For the year 2023, Wuqu' Kawoq's balance sheet accounts have been re-expressed at the reference exchange rate of the central bank of Guatemala (Banco de Guatemala). (See note 2)

c) Cash and cash equivalents

Cash and cash equivalents include cash and bank balances, bank balances are available on demand and there is no restriction on them that limits their use, except for cash corresponding to net assets with donor restrictions.

d) Certificates of deposit

Certificates of deposit are valued at acquisition cost.

Certificates of deposit may be divested early with prior authorization from the Board of Directors.

e) Other investments

Other investments are recorded at the value of the grant received and are measured at market value (fair value) at the date of the financial statements, restricted shares. Changes in market value are recognized in income and expenses.

f) Property and equipment

Property and equipment acquired by Asociación Wuqu' Kawoq are recorded at their acquisition cost. Depreciation is charged to distribute the cost of assets over the estimated useful life, applying the straight-line method according to the following rates:

<u>Asset</u>	<u>Years</u>	<u>Percentage</u>
Computer equipment	3	33.33
Furniture and equipment	5	20.00
Vehicles	5	20.00

Items of property and equipment are not assigned any residual value to be depreciated, they are depreciated in their entirety, and the cost and accumulated depreciation remain in the respective accounts until these assets are sold or retired.

g) Revenue recognition

Income from donations is recognized using the accrual method, when bank transfers are received or cash is received directly.

h) Recognition of expenses

Expenditures are recognized at the time they are incurred.

Note 4 – Cash and cash equivalents

Cash and cash equivalents as of December 31 are integrated as follows:

	2023	2022
Bank of America (a)	2,323,340	698,399
Banco de América Central, SA –Wuqu' (b)	99,773	202,086
Banco Industrial, SA – Wuqu'	29,803	37,437
PayPal	2,118	785
Rural Development Bank, SA –Wuqu'	1,831	3,524
SALSA (c)	-	38,107
	-----	-----
Total cash and cash equivalents	2,456,865	980,338
	=====	=====

- (a) As of December 31, 2023 and 2022, the funds in the Bank of America account are committed and restricted for the execution of specific programs, in the amount of US\$2,034,834 and US\$304,764, respectively (See Note 13).
- (b) As of December 31, 2022, term deposit certificate No. 530675 for Q500,001 with an annual interest rate of 4.55% maturing on August 24, 2023 was included as part of cash and equivalents.
- (c) Balances at December 31, 2023 for US\$12, were reclassified by presentation to accounts receivable, as of December 31, 2022, the balances of accounting accounts 1090 Salsa for US\$29,837 and 1070 Provisional accounts receivable for US\$8,595, were included as cash and equivalents.

Note 5 – Certificates of deposit

Certificates of deposit as of December 31 are integrated as follows:

Bank of Central America, S.A. (BAC CREDOMATIC)

Number	Interest	2023		2023
		Time	Maturity	
539591	5.30%	365	08/24/2024	63,881

			Total Bank of Central America, SA	63,881
				=====

/a/ Investments in Certificates of Deposit are denominated in Quetzales (functional currency in Guatemala). As of December 31, 2023, the invested amounts to Q500,001, which were re-expressed to US dollar currency using the exchange rate of GTQ 7.82702 per US\$ 1.00.

Note 6 – Other investments at fair value

The other investments as of December 31, are integrated as follows:

No. of Shares	Entity	Value per share	Value as of December 31, 2023	Value as of December 31, 2022
Unrealized gain (loss)			16,745	9,581
33	Eli Lilly	75.51	2,492	2,492

Total other investments	----- 19,237 =====	----- 12,073 =====
--------------------------------	--------------------------	--------------------------

As of December 31, 2023 and 2022; the shares reflect a market value (fair value) of US\$582.92 and US\$365.84 with unrealized gains of US\$16,745 and US\$9,581, respectively.

Note 7 – Medications and supplies

Medicines and supplies as of December 31 are integrated as follows:

	2023	2022
Medicines	38,547	34,467
Supplies	3,549	502
	-----	-----
Total medications and supplies	42,096 =====	34,969 =====

Note 8 – Accounts receivable

The accounts receivable as of December 31 are integrated as follows:

	2023	2022
WUQU' KAWOQ, S.A. (purchases and donations)	22,577	-
Accounts receivable	5,075	-
Dip	12	-
	-----	-----
Total accounts receivable	27,664 =====	----- =====

Note 9 – Others current assets

Other current assets as of December 31 are integrated as follows:

	2023	2022
Prepaid expenses	2,486	2,486
Rent deposit	2,072	2,163
	-----	-----
Total other current assets	4,558 =====	4,649 =====

Note 10 – Property, plant and equipment - net

Property, plant and equipment as of December 31 are integrated as follows:

<u>Asset</u>	2023				<u>Balances as of 12/31/2023</u>
	<u>Balance as of 12/31/2022</u>	<u>Debits</u>	<u>Credits</u>	<u>Re-expression effect</u>	
Land and buildings	29,304	-	-	720	30,024

Computer equipment	16,543	10,041	-	(691)	25,893
Furniture and equipment	77,467	18,154	-	(3,238)	92,383
Vehicles	99,804	74,915	-	(4,171)	170,548
	-----	-----	-----	-----	-----
Property and equipment at cost	223,118	103,110	-	(7,380)	318,848
Accumulated depreciation	(95,586)	-	(38,763)	4,999	(129,350)
	-----	-----	-----	-----	-----
Net book value	127,532	103,110	(38,763)	(2,381)	189,498
	=====	=====	=====	=====	=====

Note 11 – Accounts payable

The accounts payable as of December 31 are included below:

	2023	2022
Social security payable	9,435	7,224
Accounts payable	2,062	5,828
Income tax withholdings - employees	1,175	581
	-----	-----
Total accounts payable	12,672	13,633
	=====	=====

Note 12 – Unrestricted net assets of donors

The unrestricted net assets of the donors as of December 31 are made up of:

	2023	2022
Invested in property, plant and equipment	189,498	127,532
Undesignated excess of income over expenses	566,795	713,632
	-----	-----
Total net assets without donor restrictions	756,293	841.1646
	=====	=====

Note 13 – Net assets release from restrictions

Net assets releases from donor restrictions as of December 31 are integrated as follows:

		2023			
	<u>Donors</u>	<u>December 2023</u>	<u>New Donations</u>	<u>Released from Restriction</u>	<u>Total</u>
	Friends of San Lucas	29,142	10,913	(16,775)	23,280
	San Lucas Tolimán Fund				
	Focusing Philanthropy	26,810	-	(26,810)	-
	Cervical Cancer Program				
	Eurofins Foundation	27,055	-	(27,055)	-
	Women's Health				
	Academy of Nutrition and Dietetics	97,786	-	(75,209)	22,577
	Egg Research Program				
	Academy of Nutrition and Dietetics	8,108	34,695	(6,086)	36,717
	MicroBiome Program				

Izumi Foundation	Nutrition	-	25,000	-	25,000
Bergstrom Foundation	Women's Health	-	24,246	(24,246)	-
DAD Foundation	Women's Health	-	45,076	(20,550)	24,526
Daniel Agostino Derossi Foundation	New Concepcion Nutrition	25,844	-	(25,844)	-
Collective Project	Together Women	30,000	-	(30,000)	-
Canadian Embassy	Women's Health	12,994	-	(12,994)	-
IOM UN Migration	Women's Health	44,364	-	(44,364)	-
FAUNDAUNA - Cure Saltra	USAC	2,662	36,900	(39,562)	-
University of Manitoba - COVID Res		-	113,785	(2,437)	111,348
Emory University - Google - Mobile Health	Mobile Health Program	-	1,800,000	(8,614)	1,791,386
		-----	-----	-----	-----
Total Net assets with donor restrictions		304,765	2,090,615	(360,546)	2,034,834
		=====	=====	=====	=====

Note 14 – Income

Income as of December 31 is made up of:

	2023	2022
Foundation contributions	1,782,030	1,809,914
Individual contributions	417,552	-
Corporate contributions	26,954	72,708
Contributions from non-profit organizations	22,575	
Investment income	16,920	6,639
Cryptocurrency contribution	110	-
Other contributed non-financial income/assets	-	17,859
Exchange gain (loss)	-	9,053
	-----	-----
Total income	2,266,141	1,916,173
	=====	=====

Note 15 - Expenses

The expenses as of December 31 are detailed below:

	<u>Medical services and education</u>	<u>General and administrative</u>	<u>Fundraising</u>	2023	2022
Salaries and related expenses	930,190	107,151	138,571	1,175,912	916,238
Professional fees	319,404	74,099	8,499	402,002	282,977
Non-personal expenses	79,414	37,588	34,049	151,051	128,577
Facility expenses	83,820	21,554	2,333	107,707	61,863
Travel and meeting expenses	112,360	25,123	9,701	147,184	87,633
Patient support	250,134	1,366	86	251,586	217,685

expenses					
Other expenses	49,623	31,915	3,993	85,531	189,106
	-----	-----	-----	-----	-----
Total 2023	1,824,945	298,796	197,232	2,320,973	1,884,079
	-----	-----	-----	-----	-----
Total 2022	1,195,048	513,409	175,622	-	1,884,079
	-----	-----	-----	-----	-----

Note 16 – Financial liquidity cash flow

The organization's available assets within one year from the balance sheet date for general expenses are as follows:

	2023	2022
Cash and cash equivalents	2,456,865	980,338
Investments	83,118	12,073
	-----	-----
Total financial assets available within one year	2,539,983	992,411
(Less): Donor-restricted donations	(2,034,834)	(304,764)
	-----	-----
Financial funds available to cover cash needs for general expenses within one year	505,149	687,647
	=====	=====

Note 17 – Income tax

WUQU' KAWOQ, S.A. AND ITS DEPENDENT ASOCIACION WUQU' KAWOQ has been registered with the United States Internal Revenue Service (IRS) since 2007 and was recognized as an entity exempt from federal tax under Section 501 (c) 3 of the Internal Revenue Code. Wuqu' Kawoq, S.A. presents its annual return with form 990.

For legal and tax compliance purposes in Guatemala, Wuqu' Kawoq, S.A. has been established as Wuqu' Kawoq, an entity registered as a civil association in Guatemala, through which the main tax and legal obligations of the entity are carried out. In accordance with Book I of the Income Tax Decree 10-2012 Tax Update Law, the entity is required to present the Income Tax Affidavit. The accounting years ended December 31, 2020, 2021, 2022 and 2023 are pending review by the tax authorities. The State's right to make reviews expires within four years.

Note 18 – Contingencies

On March 20, 2024, we received a communication from attorney and notary, Manuela María Rosales Diéguez, in which she states that: For Wuqu' Kawoq, as of December 31, 2023, there are no lawsuits or litigation pending resolution, there are no imminent litigation, there are no important claims pending resolution for taxes or other concepts in which the entity was involved or that could eventually affect it, there is no list of uninitiated claims and liens, there are no accounts in favor of the Organization that are in procuration before my offices or through my services, there are no lawsuits or litigation resolved in the period nor obligations or rights generated for this reason, there are no significant contingent liability or potential issues that could affect the entity.

Note 19 – Special events

As of December 31, 2023, it was not known that there were any special situations that had an impact on the results.