

**ANCOP FOUNDATION (USA), INC.**

Financial Statements  
with Independent Auditor's Report

December 31, 2020

**GALLEROS ROBINSON  
CERTIFIED PUBLIC ACCOUNTANTS, LLP**

**ANCOP FOUNDATION (USA), INC.**

**DECEMBER 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

### To the Board of Directors of ANCOP Foundation (USA), Inc.

We have audited the accompanying financial statements of ANCOP Foundation (USA), Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 judgment, 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 an opinion on the effectiveness of the entity's internal control. Accordingly, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**The Board of Directors  
ANCOP Foundation (USA), Inc.  
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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ANCOP Foundation (USA), Inc. as of December 31, 2020, 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.

**Galleros Robinson CPAs, LLP**

Cream Ridge, New Jersey  
October 4, 2021

**ANCOP FOUNDATION (USA), INC.**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2020**

**ASSETS**

Cash	\$ 1,561,043
Contributions receivable	1,229
Prepaid expenses	<u>1,774</u>
Total Assets	<u>\$ 1,564,046</u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued expenses	\$ 8,934
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**Net Assets**

Without donor restrictions	529,402
With donor restrictions	<u>1,025,710</u>
Total Net Assets	<u>1,555,112</u>

Total Liabilities and Net Assets	<u>\$ 1,564,046</u>
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**ANCOP FOUNDATION (USA), INC.**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2020**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES</b>			
Contributions	\$ 46,338	\$ 651,289	\$ 697,627
Special events	58,850	458,194	517,044
Interest and other income	4,480	-	4,480
Net assets released from restrictions	<u>935,065</u>	<u>(935,065)</u>	<u>-</u>
Total Revenues	<u>1,044,733</u>	<u>174,418</u>	<u>1,219,151</u>
<b>EXPENSES</b>			
Program services	935,065	-	935,065
Supporting services	<u>95,612</u>	<u>-</u>	<u>95,612</u>
Total Expenses	<u>1,030,677</u>	<u>-</u>	<u>1,030,677</u>
Changes in Net Assets	<u>14,056</u>	<u>174,418</u>	<u>188,474</u>
<b>NET ASSETS AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED</b>	501,583	851,292	1,352,875
<b>PRIOR PERIOD ADJUSTMENTS</b>	<u>13,763</u>	<u>-</u>	<u>13,763</u>
<b>NET ASSETS AT BEGINNING OF YEAR, AS RESTATED</b>	<u>515,346</u>	<u>851,292</u>	<u>1,366,638</u>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 529,402</b>	<b>\$ 1,025,710</b>	<b>\$ 1,555,112</b>

ANCOP FOUNDATION (USA), INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services					Supporting Services			Total Expenses	
	Educational Assistance	Community Development	Health	Disaster Relief	Total	General and Administrative	Fundraising	Total		
Grants/subrecipients	\$ 693,873	\$ 76,083	\$ 42,814	\$ 34,579	\$ 847,349	\$ -	\$ -	\$ -	\$ 847,349	
Professional fees	51,275	-	-	-	51,275	14,925	-	14,925	66,200	
Tech infrastructure expenses	24,318	-	-	-	24,318	709	18,358	19,067	43,385	
Fundraising expenses	-	-	-	-	-	-	13,537	13,537	13,537	
Credit card charges	1,087	-	-	-	1,087	-	11,936	11,936	13,023	
Marketing	-	-	-	-	-	-	11,689	11,689	11,689	
Special events expenses	-	-	-	-	-	-	6,803	6,803	6,803	
Insurance - non-employee	-	-	-	-	-	5,418	1,354	6,772	6,772	
Rent, parking and other occupancy	-	-	-	-	-	-	3,000	3,000	3,000	
Office supplies and expenses	823	-	-	-	823	822	-	822	1,645	
Postage, shipping and delivery	-	-	-	-	-	735	655	1,390	1,390	
Travel	-	-	-	-	-	1,303	-	1,303	1,303	
Conference, convention and meetings	200	-	-	-	200	901	-	901	1,101	
Telephone and telecommunications	-	-	-	-	-	760	-	760	760	
Donations	-	-	-	-	-	200	-	200	200	
Advertising expenses	-	-	-	-	-	-	150	150	150	
Miscellaneous expenses	<u>10,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,013</u>	<u>412</u>	<u>1,945</u>	<u>2,357</u>	<u>12,370</u>	
Total Expenses	<u>\$ 781,589</u>	<u>\$ 76,083</u>	<u>\$ 42,814</u>	<u>\$ 34,579</u>	<u>\$ 935,065</u>	<u>\$ 26,185</u>	<u>\$ 69,427</u>	<u>\$ 95,612</u>	<u>\$ 1,030,677</u>	

**ANCOP FOUNDATION (USA), INC.**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 188,474
Prior period adjustments	13,763
Adjustments to reconcile change in net assets to net cash from operating activities	
Decrease in assets	
Contributions receivable	15,232
Prepaid expenses	359
Decrease in liabilities	
Accounts payable and accrued expenses	(29,593)
Net cash from operating activities	<u>188,235</u>
Net change in cash	188,235
<b>CASH, BEGINNING OF YEAR</b>	<u>1,372,808</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,561,043</u>

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:**

No taxes or interest were paid during the year.

**ANCOP FOUNDATION (USA), INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**1. ORGANIZATION AND NATURE OF ACTIVITIES**

ANCOP Foundation (USA), Inc. (the “Organization”) was incorporated on November 27, 2000 as a nonprofit public benefit corporation in the State of California. The term “ANCOP” is an acronym for “Answering the Cry of the Poor.” The Organization provides assistance to the needy and the poor by supplying money, goods and services in targeted depressed areas of the world. The Organization provides funding for the construction of low-cost housing donated to eligible poorest of the poor families in the world. The Organization is active in twelve major regional areas in the United States.

From inception until 2010, the Organization had an agency agreement with GK CDFI to carry out programs in the Philippines.

***Agreement with CFC ANCOP – Global Foundation Inc (formerly CFC ANCOP-TEKTON FOUNDATION INC)***

In 2010, the Organization entered into an agency agreement with CFC ANCOP – Global Foundation Inc (the “Agency”), a non-profit organization incorporated under the laws of the Philippines to carry out programs intended to alleviate poverty through education and community development, e.g., building of ANCOP houses.

**Educational Assistance Programs**

a. Elementary Level (for children aged 6 to 13)

Program for children, aged 6 to 13, which is either school or community based educational curriculum in depressed and marginalized communities which aims to rebuild hope and allow opportunities for growth and development, and provides assistance in keeping indigent, deserving elementary children in school or provide an out-of-school child non-formal or alternative education program and other basic social services.

b. High School Level (for youth aged 14 to 18)

Program for youth, aged 14 to 18, that empowers them to become active agents of change in their social environment through their access in a formal school or non-formal education program. This program aims to give indigent high school, out-of-school youth, juvenile delinquents, drug addicts and gang members a second chance in life through opportunities for a formal, non-formal or alternative education and access to social services.

c. Vocational/College Level or Degree or Non-degree courses (for youth aged 18 and above)

The program helps the poor who are gifted or deserving youth to pursue their dreams of obtaining further education through a vocational, college, degree or non-degree educational program through a scholarship.

## **ANCOP FOUNDATION (USA), INC.**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

#### **1. ORGANIZATION AND NATURE OF ACTIVITIES - CONTINUED**

##### Community Development Programs

###### a. Shelter

Homes are built or improved into housing structures that are fit for human habitation, approximately 20 square meters in floor area, with working toilet and kitchen, concrete walls and flooring, galvanized iron roof, sturdy wall frame, exterior and interior finish and based on engineered certified plans and drawings and technical specifications of a typical ANCOP house or according to the type of house agreed upon between the Organization and the Agency.

###### b. Community Facilities

Programs that improve overall landscape of the community and provide common facilities and infrastructures such as multi-purpose centers, communal water systems, drainage, pathways, parks or playground.

##### Health Programs

This program includes surgical, dental and medical missions to areas that were devastated by calamities and depressed areas.

##### Disaster Relief Programs

Under this Program, ANCOP USA provides assistance to victims of natural disasters and humanitarian crises. This includes the immediate provision of the basic needs of affected families including clothes, mats and blankets, non-perishable food, drinkable water, hygienic supplies, and medicines. Volunteer doctors and other medical practitioners may also be dispatched to affected areas to address the medical needs of calamity victims.

##### Economic and Livelihood Programs

The Agency shall be paid the amount of approved budget based on accepted proposals for economic and livelihood programs.

Aside from program expenses, the Organization agrees to remunerate the Agency the cost of personnel, office utilities and other incidental expenses equivalent to ten percent (10%) of all payments to Agency.

## **ANCOP FOUNDATION (USA), INC.**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting and Presentation***

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

***Net Assets without donor restrictions.*** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

***Net Assets with donor restrictions.*** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

#### ***Use of Estimates***

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Revenue Recognition***

The Organization is supported primarily through contributions. In accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. As permitted by Topic 958, donor-restricted contributions whose restrictions are met in the same year may be reported as unrestricted support.

## **ANCOP FOUNDATION (USA), INC.**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

##### ***Contributions Receivable***

Contributions receivable at December 31, 2020 consists of pledges receivable. Management has determined no allowance for doubtful accounts is necessary.

##### ***Donated Services and Supplies***

Donations of services and supplies are recorded as contributions at their fair value at the date of donation. The Organization reports the donations of goods as unrestricted support, unless explicit donor stipulations specify how the donated assets must be used. Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets, would have been purchased if not provided by contribution, require specialized skills and are provided by individuals possessing such specialized skills.

The financial statements do not reflect the value of the services for volunteers in the Organization's various programs because, although substantial, no reliable basis exists for determining the appropriate amount.

##### ***Functional Allocation of Expenses***

The costs of providing various programs and activities 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.

##### ***Accounting for Uncertainty in Income Taxes***

The Organization recognizes the effect of income tax positions only if those positions are more-likely-than-not be sustained upon examination by taxing authorities. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition. The Organization is no longer subject to audits by the applicable taxing jurisdictions for periods prior to 2017. Currently, there are no audits in progress.

##### ***Income Taxes***

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code.

##### ***Subsequent Events***

The Organization has evaluated subsequent events through October 4, 2021, which is the date the financial statements were available to be issued.

## **ANCOP FOUNDATION (USA), INC.**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

#### **3. CASH**

Cash maintained in bank accounts consist of the following at December 31, 2020:

Operating accounts	\$ 569,204
Savings accounts	<u>991,839</u>
Total Cash	<u>\$ 1,561,043</u>

All cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk related to cash.

#### **4. LIQUIDITY AND AVAILABILITY**

Management has evaluated whether it is probable that the Organization will not be able to meet its obligation as they become due within one year after the date the financial statements are issued or available to be issued. The Organization has \$1,562,272 in cash and contributions receivable available within one year of the statement of financial position date to meet cash needs for general expenditures. None of this amount is subject to donor or contractual restrictions that make it unavailable for general expenditures within one year of the statement of financial position date.

#### **5. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes as of December 31, 2020:

Restricted Purpose	Beginning Balance	Revenues	Released from Restrictions	Ending Balance
Educational Assistance	\$ 702,150	\$ 1,046,528	\$ (781,589)	\$ 967,089
Community Development	115,510	8,020	(76,083)	47,447
Health	29,514	21,415	(42,814)	8,115
Disaster Relief	4,118	33,520	(34,579)	3,059
Total	<u>\$ 851,292</u>	<u>\$ 1,109,483</u>	<u>\$ (935,065)</u>	<u>\$ 1,025,710</u>

## **ANCOP FOUNDATION (USA), INC.**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

#### **6. GRANTS/SUBRECIPIENTS**

During the year, \$847,349 was granted to the Agency to benefit various programs, as follows:

Educational assistance program	\$ 693,873
Community development program	76,083
Health program	42,814
Disaster relief program	<u>34,579</u>
 Total	 <u>\$ 847,349</u>

#### **7. SPECIAL EVENTS**

The Organization held several special events during the year, which included the ANCOP Virtual Walk held in the month of September 2020. Income from the various special events are as follows:

	ANCOP Virtual Walk	Love & Mercy	Calamity Fund	Total
Special events revenues	\$ 463,170	\$ 20,414	\$ 33,460	\$ 517,044
Special events expenses	<u>(69,427)</u>	<u>-</u>	<u>-</u>	<u>(69,427)</u>
Special events income	<u>\$ 393,743</u>	<u>\$ 20,414</u>	<u>\$ 33,460</u>	<u>\$ 447,617</u>

#### **8. PRIOR PERIOD ADJUSTMENTS**

Net assets at the beginning of 2020 has been adjusted to reflect the following:

Increase in Cash	\$ 6,180
Decrease in Contributions receivable	(16,591)
Decrease in Accounts payable and accrued expenses	4,982
Decrease in Loans and exchanges	<u>19,192</u>
	<u>\$ 13,763</u>

The correction has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning net assets for 2020 by \$13,763.

**ANCOP FOUNDATION (USA), INC.****NOTES TO FINANCIAL STATEMENTS - CONTINUED****9. COVID-19 FINANCIAL STATEMENTS IMPACTS**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's board of directors, management, donors and funding sources, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position, changes in net assets and cash flows is uncertain and the financial statements include no adjustments relating to the effects of this pandemic.