

NOE INTERNATIONAL, INC

FINANCIAL STATEMENTS
and
INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

December 31, 2020 and 2019

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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Management is responsible for the accompanying financial statements of NOE International, Inc. (a non-profit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Alan M. Lane. CPA

Castle Rock, CO

March 25, 2021

NOE INTERNATIONAL INC.
Statements of Financial Position

	December 31,	
	2020	2019
ASSETS:		
Cash	\$ 254,983	\$ 153,760
Investments	105,414	
Fixed Assets (net, fully depreciated)		
Total Assets	\$ 360,397	\$ 153,760
 LIABILITIES AND NET ASSETS:		
Liabilities		
Accounts Payable & Accrued Expenses	\$ 1,723	\$ 1,231
Total Liabilities	1,723	1,231
 Net assets:		
Without Donor Restrictions	245,941	58,906
With Donor Restrictions	112,733	93,623
Total Net Assets	358,674	152,529
Total Liabilities and Net Assets	\$ 360,397	\$ 153,760

See accompanying notes and independent accountant's compilation report

NOE INTERNATIONAL, INC.
Statements of Activities

	Year Ended December 31,			Year Ended December 31,		
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions (Building Fund)	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 294,203	\$ 84,111	\$ 378,314	\$ 250,004	218,523	\$ 468,527
Net Fundraising Proceeds	68,459		68,459	92,623		92,623
Investment Income	9,719	4,454	14,173	50		50
Net Assets released from restrictions and designations	69,455	(69,455)		124,900	(124,900)	
Total Support and Revenue	441,836	19,110	460,946	467,577	93,623	561,200
EXPENSES:						
Program Services	175,411		175,411	390,625		390,625
Supporting Services						
General & Administrative	59,369		59,369	55,558		55,558
Fundraising	20,021		20,021	72,191		72,191
Total Supporting Services	79,390		79,390	127,749		127,749
Total Expenses	254,801		254,801	518,374		518,374
CHANGE IN NET ASSETS	187,035	19,110	206,145	(50,797)	93,623	42,826
BEGINNING NET ASSETS	58,906	93,623	152,529	109,703		109,703
ENDING NET ASSETS	\$ 245,941	\$ 112,733	\$ 358,674	\$ 58,906	93,623	\$ 152,529

See accompanying notes and independent accountant's compilation report

NOE INTERNATIONAL, INC.
Statements of Functional Expenses

	Year Ended December 31,				Year Ended December 31,			
	2020				2019			
	Program	General & Administrative	Fundraising	Total	Program	General & Administrative	Fundraising	Total
EXPENSES								
Wages & Payroll Taxes	\$ 39,144	\$ 49,912	\$ 12,231	\$ 101,287	\$ 44,738	\$ 44,926	\$ 13,628	\$ 103,292
Employee Benefits	775	988	242	2,005	1,018	1,019	310	2,347
Bank & Payment Processing Fees	1,858	2,368	580	4,806	2,508	2,509	764	5,781
Office Supplies	142	181	44	367	98	99	30	227
Local Transportation	296	376	92	764	409	409	125	943
Postage & Mailing	566	723	177	1,466	798	799	243	1,840
Printing & Copying	381	487	119	987	519	520	158	1,197
Telephone	50	64	16	130	78	78	24	180
Professional Services	622	794	195	1,611	2,261	2,263	688	5,212
Software Services	2,134	2,722	667	5,523	1,394	1,395	424	3,213
Travel	526	670	164	1,360	805	805	245	1,855
Insurance	66	84	22	172	736	736	224	1,696
Fundraising			5,472	5,472			55,328	55,328
Interns				0	12,202			12,202
Support Payments to Mexico	128,851			128,851	323,061			323,061
Total Expenses	\$ 175,411	\$ 59,369	\$ 20,021	\$ 254,801	\$ 390,625	\$ 55,558	\$ 72,191	\$ 518,374

See accompanying notes and independent accountant's compilation report

NOE INTERNATIONAL, INC.
Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 206,145	\$ 42,826
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation		
Decrease (Increase) in Other Current Assets		
Increase (Decrease) in Accounts Payable and Accrued Expenses	492	(931)
NET CASH PROVIDED BY OPERATING ACTIVITIES	206,637	41,895
CASH FLOWS FROM INVESTING ACTIVITIES:		
Change in Investments, net	(105,414)	
Purchases of fixed assets		
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	(105,414)	0
NET CHANGE IN CASH AND CASH EQUIVALENTS	101,223	41,895
BEGINNING CASH AND CASH EQUIVALENTS	153,760	111,865
ENDING CASH AND CASH EQUIVALENTS	\$ 254,983	\$ 153,760

See accompanying notes and independent accountant's compilation report

NOE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

Note 1-Organization and Summary of Significant Accounting Policies

NOE International, Inc. (NOE) (Nuevas Oportunidades Educativas) is a not-for-profit organization that was originally incorporated in 1988 under the laws of the State of Oregon. NOE's mission is to provide support to the NOE Centers, non-denominational Christian community centers in Mexico. The mission of the NOE Centers is to transform the lives of young people by integrating Christ's love and teaching through community center based educational programs located in low income neighborhoods. The NOE Centers encourage a positive self-concept, academic excellence, creative expression, recreational skills, and social responsibility in the young people of Mexico. NOE is supported by donations from various individuals and foundations.

Basis of Presentation

The financial statements have been prepared using the accrual basis of accounting. In addition, the financial statement presentation follows the requirements of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions

Net assets without donor restrictions are neither perpetually nor temporarily restricted by donor-imposed stipulations and include revenue from fees, certain investment income, and all gifts, grants, and contributions that are free of donor restrictions. These amounts are currently available at the discretion of the Organization's Board for use in its operations.

Net Assets with Donor Restrictions

Net assets with donor restrictions account for unspent contributions that are restricted by the donor to use for specific purposes or during specific time periods.

NOE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

Note 1-Organization and Summary of Significant Accounting Policies (continued)

Revenues and Expenses

Contributions without donor restrictions are recognized as income when cash or ownership of donated assets is unconditionally promised to the organization. Contributions with donor restrictions are recognized as income in the statement of activities when cash or the ownership of assets is unconditionally promised to the organization, and they are subsequently released to net assets without donor restrictions when conditions have occurred in satisfaction of those designations. Other income is recognized when earned. Expenses are recognized when incurred in accordance with the accrual basis of accounting.

Cash

Highly liquid investments with initial maturities of three months or less are considered to be cash equivalents. The Organization's cash and cash equivalents are on deposit with major domestic financial institutions. Accounts at each bank are insured by the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2020 and 2019, the FDIC insurance coverage for bank deposits is up to \$250,000 per account holder. Cash equivalents, other securities, and limited amounts of cash held in brokerage accounts are protected by the Securities Investor Protection Corporation (SIPC) in the event of broker-dealer failure, up to \$500,000 of protection for each brokerage account with a limit of \$250,000 for claims of uninvested cash balances. The SIPC insurance does not protect against market losses on investments.

Property and Equipment

Property and equipment are stated at cost net of depreciation, which is computed using the straight-line method over the estimated useful service life of the assets (furniture, equipment and software are depreciated over 3 to 10 years). Additions and betterments of \$500 or more are capitalized, while repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed currently.

NOE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

Note 1-Organization and Summary of Significant Accounting Policies (continued)

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support increasing net assets without donor restrictions unless the donor has restricted the donated assets for a specific purpose or period of time. Assets with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization decreases net assets with donor restrictions and increases net assets without donor restrictions at that time (net assets released from restrictions).

Donated Other Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Donated Services

No amounts have been reflected in the financial statements for donated services as the criteria for recognition has not been met under FASB ASC. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific ministry programs, campaign solicitations, and various committee assignments.

NOE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

Note 1-Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Functional Expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses requiring allocation include bank charges and payment processing fees, office supplies, postage, mailing, printing, telephone, professional services, software services, travel, and other expenses. All were allocated based on estimates of time and effort.

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from the estimates.

COVID-19

The full impact of the COVID-19 pandemic continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the pandemic and the global response to curb its spread, the organization is not able to estimate the pandemic's effects on its future results of operations, financial condition, or liquidity.

Subsequent Events

Management has evaluated all subsequent events and transactions through March 25, 2021, the date the financial statements were available to be issued.

NOE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

Note 1-Organization and Summary of Significant Accounting Policies (continued)

Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment return in the statements of activities. Investment return/(loss) is reported net in the statements of activities and consists of realized and unrealized gains and losses, less external and direct internal investment expenses. Interest and dividends and investment return are reflected in the statements of activities as income without donor restrictions or income with donor restrictions based upon the existence and nature of any donor restrictions. Interest and dividends and investment return that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the interest and dividends and investment return are recognized. Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statements of activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date. **Fair value** is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). NOE International, Inc. groups assets at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
- Quoted prices for similar assets in active markets
 - Quoted prices for identical or similar assets in non-active markets
 - Inputs other than quoted prices that are observable for the asset; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

NOE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

Note 1-Organization and Summary of Significant Accounting Policies (continued)

Investments (continued)

Equity funds, stock index funds, bond funds, bond index funds and foreign currency accounts are valued at the closing quoted price in an active market. Cash and cash equivalents held within the investment portfolio are carried at cost.

Note 2-Investments Held

The Organization's investments are recorded at fair value and have been categorized based on the fair value hierarchy mentioned in Note 1. Investments at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Foreign Currency (MXN), Cost	\$91,244	-0-
Level 1 FMV	\$105,414	
Level 2		
Level 3		

Note 3-Income Tax Status

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income, which is taxable. As a result, no income tax provision or liability has been provided in the accompanying financial statements. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) of the Internal Revenue Code and qualifies for deductible contributions as provided in Section 170(c)(2) of the Internal Revenue Code.

As of December 31, 2020 and 2019, the Organization does not believe it has any uncertain tax positions that would result in the Organization having a liability to a taxing authority. The Organization is subject to federal and state tax examinations for fiscal years 2018, 2019 and 2020-- generally three years from the date the returns are filed. However, the Organization is not aware of any ongoing examinations.

NOE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

Note 4-Concentration of Risk

Financial instruments that potentially expose the Organization to concentrations of credit risk consist primarily of contributions receivable. The Organization does not recognize or record contributions receivable based on pledges received or any other basis. Contributions are generally recognized and recorded when the contribution is received. The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization invests with financial institutions of sound reputation and evaluates credit risk on an ongoing basis. NOE has not experienced any losses

Donor Concentrations

	December 31,			
	2020		2019	
Top Donor	53,600	14.17%	150,000	32.02%
Top 2-9 Donors	97,851	25.87%	90,155	19.24%

Note 5-Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the Statement of Financial Position date, December 31, 2020 and 2019 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position dates.

NOE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

Note 5-Liquidity and Availability of Financial Assets (continued)

<u>Financial Assets</u>	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents	\$254,983	\$153,760
Investments	105,414	
Total Financial Asset Available	360,397	153,760
Less assets unavailable for general expenditures because of donor-imposed purpose restrictions	(112,733)	(93,623)
Financial Assets Available for General Expenditures	<u>\$247,664</u>	<u>\$60,137</u>

Note 6-Fixed Assets

Expenditures for equipment are capitalized at cost. Donated assets are capitalized at their fair market value on the date of the gift if such value is readily ascertainable. Expenditures for repairs and maintenance are charged to expense. It is the Organization's policy to carry capitalized items at cost, with depreciation provided on a straight-line basis over the estimated useful lives of the assets. Fixed Assets at December 31, 2020 and 2019 were as follows:

	<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>
Automobiles, Furniture and Equipment	\$33,391	\$33,391
Less Accumulated Depreciation	(33,391)	(33,391)
Fixed Assets, Net of Depreciation	<u>\$0</u>	<u>\$0</u>

NOE INTERNATIONAL, INC.
Notes to the Financial Statements
December 31, 2020 and 2019

Note 7-Discretion and Sole Control of Contributions

NOE International, Inc. (“the Organization”) is a charitable, nonprofit entity as described in §501(c)(3) of the Internal Revenue Code. The Organization’s EIN number is 93-0983604 and it is registered in the state of Oregon. In Accordance with the Internal Revenue Service guidelines, the Organization maintains discretion and sole control over the use of all donated funds. All donations are non-refundable. In practice, the Organization honors a donor’s request on how monies are spent. An example of that is the Building Fund. In rare cases when that is not possible, gifts will be used where needed. Therefore, donors explicitly release NOE International Inc. from any restrictions on how those funds are spent. No goods or services were provided in return for any contribution. Contributions are tax-deductible to the extent allowed by law.

Note 8-Net Fundraising Proceeds

NOE International, Inc. holds two major fundraisers each year. Details of those fundraising events in 2020 and 2019 are as follows:

	<u>2020</u>			<u>2019</u>		
	<u>Banquet</u>	<u>Marathan</u>	<u>Total</u>	<u>Banquet</u>	<u>Marathan</u>	<u>Total</u>
Gross Proceeds	\$34,299	\$50,801	\$85,100	\$85,743	\$28,780	\$114,523
Less: Direct Costs	(14,099)	(2,542)	(16,641)	(19,070)	(2,830)	(21,900)
Net Proceeds	<u>\$20,200</u>	<u>\$48,259</u>	<u>\$68,459</u>	<u>\$66,673</u>	<u>\$25,950</u>	<u>\$92,623</u>

Note 9-Leases

There were no leases of real, personal, or intangible property during the years ended December 31, 2020 and 2019.