

SARAHUARO, AC.

**FINANCIAL STATEMENTS AT DECEMBER
31st 2021 AND 2020
AND AUDITOR'S OPINION**

SARAHUARO, A.C.

FINANCIAL STATEMENTS AT DECEMBER 31st 2021 AND 2020 AND AUDITOR'S OPINION

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To the Board of Associates of
SARAHUARO, A.C.

We have audited the accompanying financial statements of SARAHUARO, A.C., which comprise the statement of financial position as at December 31, 2021 and 2020, and the statement of comprehensive income and statement of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion the financial statements before mentioned present fairly in all material aspects, the financial situation of SARAHUARO, A.C. at December 31 2021 and 2020, and the result of their operations and the cash flow for the years then ended, in accordance with the Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. 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 independent of the Company within the meaning of Code of Ethics for Public Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

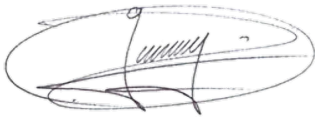
The Association's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either

intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit 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 a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



C.P.C. Israel Ojeda Guluarte
Professional Certificate No. 3856719

La Paz, Baja California Sur, July 22th, 2022.


SARAHUARO, A.C.
FINANCIAL SITUATION STATEMENT
TO DECEMBER 31ST 2021 COMPARATIVE WITH 2020
 AMOUNTS ARE EXPRESSED IN MEXICAN PESOS

	2021	2020		2021	2020
ASSETS			LIABILITIES		
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 2,121,572	\$ 931,897	Taxes and quotas liabilities	\$ 112,070	\$ 60,293
Accounts receivable	13,113	226,817	Sundry creditor	18,542	62,768
			Advances	-	9,150
			Salaries to pay	-	9,266
<i>Total current assets</i>	<u>2,134,685</u>	<u>1,158,714</u>	<i>Total liabilities</i>	<u>130,612</u>	<u>141,477</u>
FIXED ASSETS :			SURPLUS		
Property, plant and equipment	1,298,765	518,647	Permanently restricted	3,302,838	1,535,884
<i>Total fixed assets</i>	<u>1,298,765</u>	<u>518,647</u>	<i>Total net surplus</i>	<u>3,302,838</u>	<u>1,535,884</u>
TOTAL ASSETS	<u>\$ 3,433,450</u>	<u>\$ 1,677,361</u>	TOTAL LIABILITIES AND SURPLUS	<u>\$ 3,433,450</u>	<u>\$ 1,677,361</u>

The explanatory notes are integral part of the financial statements

 Mrs.Nancy Brelos
 Chairwoman

This financial statement is which I refer in the opinion of the financial position at December 31, 2021



 C.P.C. Israel Ojeda Guluarte
 Professional Certificate No. 3856719

SARAHUARO, A.C.
STATEMENT OF ACTIVITIES OF THE PERIOD
JANUARY 1ST TO DECEMBER 31ST 2021 COMPARATIVE WITH 2020
 AMOUNTS ARE EXPRESSED IN MEXICAN PESOS

	2021	2020
Changes in permanently restricted surplus:		
Incomes:		
Cash donations	\$ 4,622,696	\$ 3,516,320
In-kind donations	22,334	110,409
Other incomes		
Exchange gain	28,060	8,387
Total incomes	4,673,090	3,635,116
Expenses:		
Sarahuaro programs	2,552,759	2,708,525
Administrative expenses	87,091	38,735
Center building	5,189	8,899
Vegetable patch	80,726	67,710
Lost exchange	23,604	-
ISR tax	10,638	23,364
Total expenses	2,760,007	2,847,233
Other changes in permanently restricted surplus:		
Prior year adjustments	146,129	3,814
Sum	146,129	3,814
Net surplus of the year	1,766,954	784,069
Net surplus of the year	1,766,954	784,069
Surplus at beginning of year	1,535,884	751,815
Surplus at end of year	\$ 3,302,838	\$ 1,535,884

The explanatory notes are integral part of the financial statements

 Mrs. Nancy Brelos
 Chairwoman

This financial statement is which I refer in the opinion of the statement activities of 2021


 C.P.C. Israel Ojeda Guluarte
 Professional Certificate No. 3856719

SARAHUARO, A.C.
CASH FLOW STATEMENT
OF THE 2021 AND 2020 PERIOD
 AMOUNTS ARE EXPRESSED IN MEXICAN PESOS

	2021	2020
OPERATIONAL ACTIVITIES		
Change in surplus	\$ 1,766,954	\$ 784,069
<i>Operational activities entries</i>		
Depreciation	87,091	38,735
<i>Total</i>	1,854,045	822,804
Receivable account increases	213,704	(4,146)
Trade account payable applications	(10,865)	23,902
<i>Net cash flow from operational activities</i>	2,056,884	842,560
INVESTMENT ACTIVITIES		
Fixed assets acquisitions	(867,209)	(226,936)
<i>Net cash flow from investment activities</i>	(867,209)	(226,936)
CASH		
Net decrease in cash and cash equivalents in the year	1,189,675	615,624
Cash and cash equivalents at the beginning of the year	931,897	316,273
Cash and cash equivalents at the end of the year	\$ 2,121,572	\$ 931,897

The explanatory notes are integral part of the financial statements

 Mrs. Nancy Brelos
 Chairwoman

This financial statement is which I refer in the opinion of the cash flow statement of 2021


 C.P.C. Israel Ojeda Guluarte
 Professional Certificate No. 3856719

SARAHUARO, AC.

EXPLANATORY NOTES TO FINANCIAL STATEMENT TO DECEMBER 31ST 2021

NOTE 1

DESCRIPTION OF THE ENTITY

SARAHUARO, A.C. was constituted as a non-lucrative Association in December 7th 2005, with the objective of granting, providing, supporting, in any lawful way to people with few economic resources, whether in education, health, and basic needs.

NOTE 2

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Association are in accordance with financial reporting standards in Mexico (NIF), which require the Management to make certain estimates and assumptions used to determine the valuation of some items included in the Financial Statements and related disclosures required to submit to them. Even as they come to differ from its final effect, the Management believes that the estimates and assumptions used are adequate under the circumstances.

The main accounting policies and practices, which are observed by the company for the development of its financial statements, are described below:

A) Accounting basis

The Association adopted the accounting policy to recognize their income at the moment when they are accrued and the expenses are paid respectively.

B) Formulation basis

The attached financial statements were prepared on the basis of the original historical value. These do not incorporate the effects of inflation on financial information in accordance with the NIF B-10 Financial Reporting Standards issued by the CINIF.

C) Investments in fixed assets

The goods that integrate the fixed assets are expressed to their historic value.

D) Depreciation.

Accounting depreciation is determined by straight line depreciation method to the maximum rates authorized by Income Tax Law:

Computer Equipment	25%
Kitchen and Equipment	10%
Furniture and office equipment	10%

E) Cash flow statement (NIF B-2).

The Association decided to present the Cash Flow statement under the indirect method, this method departs from the net income before taxes, adjusted by the effects of items associated with investing and financial activities, as well as changes during the period in accounts receivable or accounts payable arising from operating activities.

NOTE 3 RECEIVABLE ACCOUNTS

To December 31 2021 and 2020 the main receivable accounts of the association are integrated as it follows.

	2021	2020
Sundry debtors	\$ 9,658	\$ 21,172
Donators		163,027
Advances to suppliers	1,954	41,623
Employment subsidy	1,142	636
Taxes paid in advance	359	359
TOTAL	\$ 13,113	\$ 226,817

NOTE 4 PROPERTIES AND EQUIPMENT

To December 31 2021 and 2020 the main properties and equipment of the association are integrated as it follows:

	2021	2020
Land	\$ 58,670	\$ 58,670
Furniture and office equipment	54,361	54,361
Computer Equipment	38,913	4,430
Kitchen Equipment	233,443	174,224
Service Equipment	289,195	239,621
Transport Equipment	337,758	
Workshop Equipment	10,341	
Warehouse Equipment	12,930	
Constructions in progress	121,584	121,584
Leasehold improvements	433,503	70,598
Total	\$ 1,590,698	\$ 723,488
Accrued depreciation	291,933	204,841
FIXED ASSETS NET	\$ 1,298,765	\$ 518,647

NOTE 5

PERMANENTLY RESTRICTED EQUITY

The permanently restricted equity of the Association is integrated by ordinary and extraordinary contributions of its members, donations received and the funds raised by events held for the benefit of the association.

The assets of the association shall be used exclusively for purposes relating to his Corporate Purpose, unable to achieve profits of the remaining distributable to any physical person or its members.

NOTE 6

FISCAL SURROUNDINGS

By the nature of its operations, in accordance with the Mexican Tax provisions, the Association is not subject to pay income tax, nor the add valued tax, provided that they do not dispose of other property than the operative assets or provides services to different persons to its associates or members.

NOTE 7
NORMS OF FINANCIAL INFORMATION.

The Mexican Council for Research and Development of Financial Reporting Standards (CINIF), an independent body in charge of the development of the Mexican Accounting Standards, has made public the submission of the following FRS (Financial Reporting Standards) listed below:

Financial Reporting Standards for 2021

- NIF C-15 Impairment of long-lived assets
- NIF A-1 Conceptual framework for financial reporting standards
- Improvements to NIF 2022

These FRS, will become effective on January 1°, 2022, allowing its advanced application in the terms established in each FRS. NIF A-1 will become effective on January 1°, 2023.

Is important to note, the use of FRS increases the quality of the financial information contained in the financial statements, thus ensuring their greater acceptance, not only nationally, but also internationally.

The present notes are integral part of the financial statements that are shown, to December 31 2021.

Mrs. Nancy Brelos
Chairwoman.