



Magis Americas, Inc.

Financial Statements and Independent Auditor's Report

For the Year(s) Ended December 31, 2019 and 2018

MAGIS AMERICAS, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2019 and 2018

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Independent Auditors' Report

To the Board of Directors
Magis Americas, Inc.
Washington, DC

Report on the Financial Statements

We have audited the accompanying financial statements of Magis Americas, Inc (Magis) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Magis Americas, Inc. as of December 31, 2019 and 2018 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hamilton Enterprises LLC

May 14, 2020

MAGIS AMERICAS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019 and 2018

Assets	2019	2018
Cash and cash equivalents	\$ 715,982	\$ 690,943
Accounts receivable	39,448	77,507
Fixed assets, net of accumulated depreciation	-	-
Total assets	\$ 755,430	\$ 768,450
Liabilities and Net Assets		
Accounts payable	\$ 2,251	\$ 48,539
Total liabilities	\$ 2,251	\$ 48,539
Net Assets		
Without donor restrictions	\$ 753,179	\$ 719,911
Total net assets	753,179	719,911
Total liabilities and net assets	\$ 755,430	\$ 768,450

The accompanying notes are an integral part of these financial statements.

MAGIS AMERICAS, INC.
STATEMENT OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2019 and 2018

Changes in Net Assets without Donor Restrictions :

	2019	2018
Support and revenue:		
Contributions	\$1,016,712	\$1,419,190
Total support and revenue	1,016,712	1,419,190
Net assets released from restrictions:		
Satisfaction of program restrictions	702,381	-
Total net assets released from restrictions	702,381	-
Total support and revenue without donor restrictions	1,719,093	-
Expenses:		
Program services	1,487,346	1,091,415
Management and general	147,581	143,857
Fundraising	50,898	147,249
Total expenses	1,685,825	1,382,521
Changes in net assets without donor restrictions	33,268	36,669

Changes in Net Assets with Donor Restrictions:

Contributions	702,381	-
Net assets released from restrictions	(702,381)	-
Changes in net assets with donor restrictions	-	-
Changes in net assets	33,268	36,669
Net assets at beginning of year	719,911	683,242
Net assets at end of year	\$753,179	\$719,911

The accompanying notes are an integral part of these financial statements.

MAGIS AMERICAS, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 and 2018

Cash Flows From Operating Activities:	<u>2019</u>	<u>2018</u>
Change in net assets	\$ 33,268	\$ 36,669
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Change in operating assets and liabilities:		
Accounts receivable	38,059	(77,507)
Accounts payable	<u>(46,288)</u>	<u>16,424</u>
Net cash used in operating activities	<u>25,039</u>	<u>(24,414)</u>
 Cash Flows From Investing Activities:	 <u>-</u>	 <u>-</u>
 Cash Flows From Financing Activities:	 <u>-</u>	 <u>-</u>
 Net increase (decrease) in cash and cash equivalents	 25,039	 (24,414)
Cash and cash equivalents at beginning of year	<u>690,943</u>	<u>715,357</u>
Cash and cash equivalents at end of year	<u>\$ 715,982</u>	<u>\$ 690,943</u>

The accompanying notes are an integral part of these financial statements.

MAGIS AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018

NOTE A - ORGANIZATION AND NATURE OF ACTIVITIES

Magis Americas, Inc. ("Magis") was designated in December 2005 as a 501(c)3 non-profit entity. The mission of Magis is to expand the availability of quality education and vocational training for people living in marginalized and impoverished communities throughout Latin America and the Caribbean.

Program Descriptions

Magis Americas assists the Fe y Alegría network of schools and training centers in Latin America and the Caribbean to prepare and submit applications for funding of its programs to North American donors. Magis Americas serves as an intermediary between the Fe y Alegría grant receiving organizations in 17 countries and the US foundations, private donors, and corporations.

Historically Magis Americas has also initiated and facilitated action partnerships between Fe y Alegría and international agencies and private corporations. The partnerships facilitated by Magis Americas were aimed at introducing better methods of teacher training, curriculum development, school management, performance monitoring and community involvement in both Fe y Alegría schools and in public schools serving poor communities throughout the region.

Magis Americas actively engages agencies and private companies to participate in action partnerships.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

The Organization follows the Not-For-Profit Entities Presentation of Financial Statements Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification which requires it 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. During the year ended December 31, 2019, there were \$702,381 net assets with donor restrictions for the specific projects and were released at the end of year after the purpose restrictions accomplished. During the year ended December 31, 2018 there were no net assets with donor restrictions.

MAGIS AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018
(continued)

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Magis considers demand deposit accounts, money market funds and investments purchased with an original maturity of three months or less to be cash and cash equivalents.

Accounts and Grants Receivable

Accounts and grants receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes all receivables are fully collectible within one year and no provision for allowance for doubtful is deemed necessary.

Property and Equipment

Property and equipment acquisitions over \$500 are capitalized and are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

Revenue Recognition

Grants and contributions received are recorded as net assets without donor restrictions or net asset with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Grants and 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 grants and contributions are recognized. All other donor-restricted grants and contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the 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 and change in net assets as net assets released from restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities and detailed in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

MAGIS AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018
(continued)

NOTE B - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of revenue and expenses during the reporting periods and reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

New accounting pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958)-Presentation of Financial Statements of Not-for-Profit Entities. ASU 2016-14 addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

NOTE C – AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 715,982	\$ 690,943
Account receivable - net	<u>39,448</u>	<u>77,507</u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>755,430</u>	\$ <u>768,450</u>

As part of Organization’s liquidity plan, excess cash is kept in the bank which can be used as needed.

MAGIS AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018
(continued)

NOTE D – INCOME TAXES

Magis is a 501(c)(3) organization exempt from Federal income tax under Section 501(a) of the Internal Revenue Code. Magis is, however, subject to tax on business income unrelated to their exempt purpose.

Magis believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

Magis' income tax returns are subject to examination by the Internal Revenue Service ("IRS") for a period of three years from the date they were filed, except under certain circumstances. The Form 990 tax returns for the year 2019 and 2018 are open for a tax examination by the IRS, although no request has been made as of the date of these financial statements.

NOTE E - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Company to concentrations of credit risk consist of demand deposits with a financial institution. At December 31, 2019, there are \$465,982 balances exceeding FDIC insurance of \$250,000. The Company believes there is minimal credit risk relative to its cash and investment accounts.

NOTE F – FIXED ASSETS

A summary of property and equipment at December 31, 2019 and 2018 is as follows:

	Estimated Useful Lives	2019	2018
Furniture and equipment	5/7 years	\$ 5,856	\$ 5,856
Web development	3 years	17,000	17,000
Total fixed assets		<u>\$ 22,856</u>	<u>\$ 22,856</u>
Less accumulated depreciation		<u>(22,586)</u>	<u>(22,586)</u>
Total fixed assets, net of accumulated depreciation		<u>\$ -</u>	<u>\$ -</u>

Property and equipment for Magis is fully depreciated. As such, depreciation expense was \$-0- for the year ended December 31, 2019 and 2018.

The accompanying notes are an integral part of these financial statements.

MAGIS AMERICAS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 and 2018
(continued)

NOTE G – RELEASE OF NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes.

Purpose restrictions accomplished:	<u>2019</u>	<u>2018</u>
Proyecto Ayacycho	\$ 18,600	\$ -
Fe Y Alegria	<u>683,781</u>	<u>-</u>
Total restrictions released	<u>\$ 702,381</u>	<u>\$ -</u>

NOTE H – SUBSEQUENT EVENTS

In preparing these financial statements, Magis' management has evaluated events and transactions for potential recognition or disclosure through May 14, 2020, the date the financial statements were available to be issued. There were no additional events or transactions discovered during the evaluation that required review.

MAGIS AMERICAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2019 and 2018

	Program Services	Support Services		2019 Total	2018 Total
		Management and General	Fundraising		
Personnel, salary and benefits	\$ -	\$ 97,926	\$ -	\$ 97,926	\$ 83,401
Grants to other organizations	\$ 1,469,804	\$ -	\$ -	\$ 1,469,804	\$ 1,111,520
Travel	\$ -	\$ 8,639	\$ -	\$ 8,639	\$ 8,639
Fundraising Event	\$ -	\$ -	\$ 46,573	\$ 46,573	\$ 125,706
Professional fees	\$ -	\$ 20,430	\$ -	\$ 20,430	\$ 13,750
Rent and utilities	\$ -	\$ 18,006	\$ -	\$ 18,006	\$ 15,011
Conference and meetings	\$ 9,811	\$ 3,433	\$ -	\$ 13,244	\$ -
Marketing & Communication	\$ 7,732	\$ 647	\$ -	\$ 8,379	\$ -
Office expenses	\$ -	\$ 6,479	\$ -	\$ 6,479	\$ 2,951
Miscellaneous exepnses	\$ -	\$ 661	\$ 4,325	\$ 4,986	\$ 21,543
Total expenses	\$ 1,487,346	\$ 147,581	\$ 50,898	\$ 1,685,825	\$ 1,382,521

The accompanying notes are an integral part of these financial statements.