

ASOCIACIÓN PLANTANDO SEMILLAS

AUDITOR'S REPORT

DECEMBER 31, 2022

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AUDITOR'S REPORT

Board Directors

Asociación Plantando Semillas

Guatemala, Guatemala

We have audited the Statement of Financial Position that is accompanied by Asociación Plantando Semillas as at December 31, 2022, the Statement of Income and Expenses, Cash Flows and the Statement of Change in Net Assets that ended on that date. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on the financial statements based on our audit.

Qualified Opinion

In our opinion, the financial statements present fairly, with respect to all material aspects, except for what is indicated in the paragraph "Basis for Qualified Opinion" and its future effects, the financial position of **Asociación Plantando Semillas**, as at December 31 of 2022, of the results of its operations and its cash flows for the year that ended on that date in accordance with the tax accounting criteria of Decreto 10-2012 Ley de Actualización Tributaria Libro I del Impuesto Sobre la Renta.

Basis for Qualified Opinion

We have conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibility under those standards is further described in the Auditor's Responsibility section for the Audit of the Financial Statements of our report. We are independent of the association in accordance with the ethical requirements applicable to our audit of the financial statements in Guatemala, and we have complied with our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained provides a sufficient and appropriate basis for our qualified opinion, as detailed below:

It was determined that the community expenses account contains a balance of Q 192,085.00, expenses that correspond to the payment of services to various program facilitators, without the corresponding legal support.

Effect on the organization

The economic impact of a review by a government entity could highly affect the liquidity of the institution, which could lead it to a point of insolvency and must close its operations or the loss of resolution as a tax-exempt entity, derived from the following points:

- ✓ There is a legal contingency with La Inspección de Trabajo, due to the lack of contracts, which must be authorized by the entity.
- ✓ Legal contingency in the face of a claim by a person who has been requested to provide their services, in La Inspección de Trabajo, for a claim for inalienable benefits and compensation.
- ✓ It was determined that, within this item, payments to a foreign person are recorded, who lacks a work permit in Guatemala.
- ✓ Penalty and sanctions from Instituto Guatemalteco de Seguridad Social, for determining an employment relationship without a permit from Immigration.
- ✓ Penalty and sanctions by the Superintendencia de Administración Tributaria, for the provision of services without an invoice.

Emphasis of matter paragraphs - Basis of accounting and restriction on distribution

In attention to Note 3 of the financial statements, which describes the accounting basis. Our report is directed solely at the association and its associates and should not be distributed by other parts than the association or its associates. Our opinion is not modified with respect to that matter.

Responsibilities of the Board of directors and Management.

The management is responsible for the preparation of the attached financial statements in accordance with the tax accounting criteria of Decreto 10-2012 Ley de Actualización Tributaria, Libro I del Impuesto Sobre la Renta de la Republica de Guatemala, as well as the internal control that the management deems necessary, to enable the preparation of financial statements that are free from material misstatement, due to fraud or error.

In preparing the financial statements, the association's management is responsible for assessing the entity's ability to continue as a going concern and using the going concern basis of accounting, unless management intends to liquidate the association or cease its operations, or there is no other realistic alternative.

Those responsible for the entity's governance are also responsible for the supervision of the association's financial information.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance that the amounts in the financial statements are free from material misstatement, due to fraud or error, and to issue an audit report containing our opinion.


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During our audit process, we obtain reasonable assurance, which is a high degree of certainty in operations, however, it does not guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Material misstatements may be due to fraud or error and are considered material if, individually or in the aggregate, they can reasonably be expected to influence the economic decisions that users make based on the financial statements.

As part of an audit in accordance with ISAs, we use our professional judgment and maintain an attitude of professional skepticism throughout the audit, which is included within ISA 200. Including:

- ✓ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ✓ Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- ✓ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's.
- ✓ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

We communicated with the government officials of the association regarding, among other issues, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant deficiencies in internal control that we identified during the audit.


Lic. José Mamerto Armas
CONTADOR PÚBLICO Y AUDITOR
COLEGIADO No 4459
NIT 141677-4

La Antigua Guatemala March 17 , 2023

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ASOCIACIÓN PLANTANDO SEMILLAS
STATEMENT OF FINANCIAL POSITION
AS DECEMBER 31, 2022
CURRENCY QUETZALES

	Note	2,022	2,021
<u>ASSETS</u>			
<u>CURRENT ASSETS</u>			
		704,812.47	638,583.06
Banks	04	700,248.57	627,679.75
Pending deposits		4,563.90	10,903.31
<u>NON CURRENT ASSETS</u>			
		3,436,845.83	1,728,372.38
Land		270,000.00	270,000.00
Fixed Assets	05	20,978.45	15,982.45
Building	05	1,317,538.75	1,317,538.75
-) Cumulated depreciation	05	-365,972.00	-334,774.87
Building in process		2,194,300.63	459,626.05
TOTAL ASSETS		4,141,658.30	2,366,955.44
<u>LIABILITIES</u>			
<u>CURRENT LIABILITIES</u>			
Cuota Laboral IGSS payable		968.41	662.36
Cuota Patronal IGSS payable		2,139.34	1,463.25
ISR payable (taxes)		646.50	-104.37
Severance Reserve	2e	10,377.65	455.54
TOTAL LIABILITIES		14,131.90	2,476.78
<u>EQUITY</u>			
Patrimony		2,364,248.28	1,632,698.52
Cumulated earning		1,763,278.12	731,780.14
Total equity and cumulated earning		4,127,526.40	2,364,478.66
TOTAL LIABILITIES AND EQUITY		4,141,658.30	2,366,955.44

The notes in this report are an integral part of the report.

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ASOCIACIÓN PLANTANDO SEMILLAS
STATEMENT OF INCOME AND EXPENSES
AS DECEMBER 31, 2022
CURRENCY QUETZALES

	Note	2,022	2,021
<u>INCOME</u>			
Donations	06	3,038,278.59	1,776,869.35
Other Income		0.00	0.00
TOTAL INCOME		3,038,278.59	1,776,869.35
<u>OPERATION EXPENSES</u>			
Staff expenses	07	453,104.53	382,373.18
Administrative expenses		260,863.08	152,814.55
Services expenses	08	29,815.00	58,840.00
School expenses	09	33,223.99	39,295.70
Reinforcement expenses	10	32,692.78	21,718.09
Families support	11	39,424.98	47,588.35
Meal and drink	12	34,002.07	4,980.79
utilities	13	4,638.09	2,721.83
Communication services	14	9,490.26	14,326.64
Rent and Security	15	9,790.00	7,987.25
Repair and Maintenance	16	28,172.83	25,128.80
Propertuy, plant and Equipment - menor	17	249.00	0.00
Transport and Vehicle expenses	18	48,287.90	37,467.66
Fundraising activities	19	15,059.23	19,644.34
Organizational Development and Recruitment	20	19,841.32	4,050.00
Office supolies	21	26,660.89	2,931.68
Community programs	22	192,085.00	188,065.88
Other expenses		6,258.22	410.41
Missing petty cash		144.17	407.89
Exchange Rate Variation		0.00	1,891.00
Depreciation and Amortization		31,197.13	32,445.17
Total expenses		1,275,000.47	1,045,089.21
Result		1,763,278.12	731,780.14

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ASOCIACIÓN PLANTANDO SEMILLAS

CASH FLOW

AS DECEMBER 31, 2022

CURRENCY QUETZALES

	2,022	2,021
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Result	1,763,278.12	731,780.14
<u>Reconcile net income to net cash</u>		
Banks	0.00	1,891.00
Advance expenses	0.00	7,500.00
Cuota Patronal IGSS payable	234.26	-24.71
Cuota Laboral IGSS payable	517.50	-54.56
ISR payable (taxes)	750.87	-287.22
Severance reserve	9,922.11	455.54
Cumulated depreciations	31,197.13	32,445.17
Sub-total	<u>42,621.87</u>	<u>41,925.22</u>
Net cash provided by operating activities	1,805,899.99	773,705.36
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Land	0.00	0.00
Fixed assets	-4,996.00	0.00
Building	0.00	0.00
Building in process	<u>-1,734,674.58</u>	<u>-353,613.93</u>
Net cash used for investing activities	-1,739,670.58	-353,613.93
<u>CASH FLOWS FROM financing ACTIVITIES</u>		
Net increase in cash during the year	66,229.41	420,091.43
+) initial balance	<u>638,583.06</u>	<u>218,491.63</u>
Cash at the end of the year	<u>704,812.47</u>	<u>638,583.06</u>

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ASOCIACIÓN PLANTANDO SEMILLAS
CHANGE IN NET ASSETS
AS DECEMBER 31, 2022
CURRENCY QUETZALES

	initial Balance	Increase	Decrease	End Balance
Patrimony account	2,364,478.66			2,364,478.66
Income		1,763,278.12		1,763,278.12
			- 230.38	230.38
Total	2,364,478.66	1,763,278.12	- 230.38	4,127,526.40

DISCLAIMER

The General Accountant must restructure the presentation to Change in Net Assets, to reflect the initial balance in accordance with the Association's articles of incorporation.

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