CENTRAL AMERICAN RESOURCE CENTER

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2024 AND 2023

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Independent Auditor's Report

To the Board of Directors
Central American Resource Center
Washington, DC

Opinion

We have audited the accompanying financial statements of Central American Resource Center (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central American Resource Center as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 required to be independent of Central American Resource Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Central American Resource Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Central American Resource Center's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central American Resource Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Washington, DC
July 30, 2025

CENTRAL AMERICAN RESOURCE CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 1,114,277	$ 1,419,819
Government contracts receivable	244,035	338,081
Grants and contributions receivable	109,059	150,643
Accounts receivable	161,687	18,565
Total Current Assets	1,629,058	1,927,108
PROPERTY AND EQUIPMENT, NET	702,563	721,508
OTHER ASSETS		
Investments	995,644	-
Operating leases, right-of-use assets	85,922	11,778
Total Non-Current Assets	1,081,566	11,778
TOTAL ASSETS	$ 3,413,187	$ 2,660,394
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 34,657	$ 29,664
Accrued payroll expenses	52,003	57,007
Loan payable, current portion	41,130	36,223
Lease liabilities - operating leases, current portion	22,231	7,774
Total Current Liabilities	150,021	130,668
NON-CURRENT LIABILITIES		
Loan payable, net of current portion	123,839	165,132
Lease liabilities - operating leases, net of current portion	64,043	4,004
Total Non-Current Liabilities	187,882	169,136
Total Liabilities	337,903	299,804
NET ASSETS		
Net assets without donor restrictions:		
Undesignated	1,991,001	2,340,590
Board designated	995,644	-
Total net assets without donor restrictions	2,986,645	2,340,590
With donor restrictions	88,639	20,000
Total Net Assets	3,075,284	2,360,590
TOTAL LIABILITIES AND NET ASSETS	$ 3,413,187	$ 2,660,394

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

CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	$ 2,006,486	$ 168,639	$ 2,175,125
Government grants	1,678,642	-	1,678,642
Program service fees	261,604	-	261,604
In-kind services	3,650	-	3,650
Investments loss, net	(7,392)	-	(7,392)
Interest income	18,548	-	18,548
Other income	11,971	-	11,971
Net assets released from restrictions	100,000	(100,000)	-
Total Revenue and Support Without Donor Restrictions	4,073,509	68,639	4,142,148
EXPENSES			
Program Services:			
Legal and counseling	1,705,261	-	1,705,261
Housing	1,019,648	-	1,019,648
Total Program Services	2,724,909	-	2,724,909
Support Services:			
Management and general	568,687	-	568,687
Fundraising	133,858	-	133,858
Total Support Services	702,545	-	702,545
Total Expenses	3,427,454	-	3,427,454
CHANGE IN NET ASSETS	646,055	68,639	714,694
NET ASSETS, beginning of year	2,340,590	20,000	2,360,590
NET ASSETS, end of year	$ 2,986,645	$ 88,639	$ 3,075,284

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

CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	$ 1,019,920	$ 20,000	$ 1,039,920
Government grants	1,554,529	-	1,554,529
Program service fees	266,234	-	266,234
Other revenue	4,800	-	4,800
Net assets released from restrictions	143,500	(143,500)	-
Total Revenue and Support Without Donor Restrictions	2,988,983	(123,500)	2,865,483
EXPENSES			
Program Services:			
Legal and counseling	1,061,948	-	1,061,948
Housing	1,110,172	-	1,110,172
Total Program Services	2,172,120	-	2,172,120
Support Services:			
Management and general	428,685	-	428,685
Fundraising	104,469	-	104,469
Total Support Services	533,154	-	533,154
Total Expenses	2,705,274	-	2,705,274
CHANGE IN NET ASSETS	283,709	(123,500)	160,209
NET ASSETS, beginning of year	2,056,881	143,500	2,200,381
NET ASSETS, end of year	$ 2,340,590	$ 20,000	$ 2,360,590

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

CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2024

	Program Services			Support Services			
	Legal and Counseling	Housing	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel Costs:							
Salaries	$ 877,161	$ 656,679	$ 1,533,840	$ 235,546	$ 54,723	$ 290,269	$ 1,824,109
Benefits	99,206	74,404	173,610	26,868	6,201	33,069	206,679
Payroll taxes	79,086	59,314	138,400	21,419	4,944	26,363	164,763
Total Personnel Costs	1,055,453	790,397	1,845,850	283,833	65,868	349,701	2,195,551
General Expenses							
Accounting	-	-	-	15,600	-	15,600	15,600
Bad debt	-	-	-	127,070	-	127,070	127,070
Bank charges	-	-	-	7,455	-	7,455	7,455
Consultants	455,424	50,780	506,204	-	18,000	18,000	524,204
Depreciation and amortization	20,846	11,726	32,572	9,555	1,303	10,858	43,430
Equipment	14,396	8,098	22,494	7,497	-	7,497	29,991
Insurance	12,626	11,030	23,656	8,494	-	8,494	32,150
In-kind consulting services	-	3,650	3,650	-	-	-	3,650
Interest	5,248	4,145	9,393	2,222	-	2,222	11,615
Materials	20,523	61,570	82,093	-	-	-	82,093
Meetings -food, audiovisual	-	-	-	-	44,035	44,035	44,035
Membership and subscription dues	21,828	12,278	34,106	11,369	-	11,369	45,475
Miscellaneous	-	-	-	5,380	-	5,380	5,380
Occupancy	23,093	12,990	36,083	10,584	1,443	12,027	48,110
Office supplies	4,189	3,448	7,637	23,594	-	23,594	31,231
Postage and shipping	9,700	-	9,700	205	357	562	10,262
Payroll services fee	17,545	9,869	27,414	8,041	1,097	9,138	36,552
Printing and publications	6,083	11,605	17,688	15,273	1,695	16,968	34,656
Promotion and outreach	1,208	517	1,725	901	-	901	2,626
Repairs and maintenance	10,690	6,013	16,703	5,568	-	5,568	22,271
Telephone	8,138	8,651	16,789	8,278	-	8,278	25,067
Training and staff development	12,687	11,154	23,841	6,362	-	6,362	30,203
Travel	5,584	1,727	7,311	11,406	60	11,466	18,777
Total Expenses	$ 1,705,261	$ 1,019,648	$ 2,724,909	$ 568,687	$ 133,858	$ 702,545	$ 3,427,454

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

CENTRAL AMERICAN RESOURCE CENTER
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Program Services			Support Services			
	Legal and Counseling	Housing	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Personnel Costs:							
Salaries	$ 714,232	$ 538,999	$ 1,253,231	$ 185,902	$ 37,824	$ 223,726	$ 1,476,957
Benefits	64,718	52,631	117,349	30,478	3,774	34,252	151,601
Payroll taxes	64,145	44,427	108,572	15,075	3,322	18,397	126,969
Total Personnel Costs	843,095	636,057	1,479,152	231,455	44,920	276,375	1,755,527
General Expenses							
Accounting	-	-	-	15,025	-	15,025	15,025
Administration and board meeting	-	-	-	184	-	184	184
Bad debt	-	-	-	23,838	-	23,838	23,838
Bank charges	-	-	-	5,809	-	5,809	5,809
Consultants	52,886	247,271	300,157	-	15,000	15,000	315,157
Depreciation and amortization	15,035	17,256	32,291	9,215	381	9,596	41,887
Donations	-	7,299	7,299	-	-	-	7,299
Equipment	12,682	7,372	20,054	15,801	-	15,801	35,855
Insurance	5,985	2,814	8,799	2,159	-	2,159	10,958
Interest	6,732	5,987	12,719	1,840	-	1,840	14,559
Materials	46,314	137,065	183,379	-	-	-	183,379
Meetings -food, audiovisual	-	-	-	-	42,906	42,906	42,906
Membership and subscription dues	11,026	4,485	15,511	12,410	-	12,410	27,921
Occupancy	18,872	15,966	34,838	13,142	45	13,187	48,025
Office supplies	5,292	4,104	9,396	13,380	66	13,446	22,842
Postage and shipping	6,891	594	7,485	3,594	-	3,594	11,079
Payroll services fee	10,836	7,614	18,450	9,266	64	9,330	27,780
Printing and publications	623	2,000	2,623	13,912	985	14,897	17,520
Promotion and outreach	-	105	105	2,420	-	2,420	2,525
Repairs and maintenance	112	1,900	2,012	7,277	-	7,277	9,289
Telephone	7,874	7,094	14,968	5,003	42	5,045	20,013
Training and staff development	8,364	4,775	13,139	20,268	-	20,268	33,407
Travel	9,329	414	9,743	22,687	60	22,747	32,490
Total Expenses	$ 1,061,948	$ 1,110,172	$ 2,172,120	$ 428,685	$ 104,469	$ 533,154	$ 2,705,274

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

CENTRAL AMERICAN RESOURCE CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 714,694	$ 160,209
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Depreciation and amortization	43,430	41,887
Investment loss, net	7,392	-
Operating leases right-of- use asset	(84,788)	-
Amortization of operating leases, right-of-use asset	10,644	7,833
Operating leases liabilities	84,788	-
(Increase) decrease in:		
Government contracts receivable	94,046	(27,665)
Grants and contributions receivable	41,584	140,415
Accounts receivable	(143,122)	(18,565)
Increase (decrease) in:		
Accounts payable	4,993	29,664
Accrued payroll expenses	(5,004)	21,192
Operating leases liabilities	(10,292)	(7,833)
Net Cash Provided by Operating Activities	758,365	347,137
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,003,036)	-
Purchases of property and equipment	(24,485)	(5,466)
Net Cash Used for Investing Activities	(1,027,521)	(5,466)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on loan payable	(36,386)	(33,440)
Net Cash Used for Financing Activities	(36,386)	(33,440)
NET CHANGE IN CASH	(305,542)	308,231
CASH, beginning of year	1,419,819	1,111,588
CASH, end of year	$ 1,114,277	$ 1,419,819
SUPPLEMENTAL DISCLOSURE		
Interest paid	$ 11,615	$ 14,559

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

NOTE A – ORGANIZATION AND PURPOSE

Central American Resource Center ("CARECEN") is a non-profit organization incorporated in the District of Columbia in 1982, for the purpose of providing direct services in the areas of immigration, housing, and citizenship; while also promoting empowerment, civil rights advocacy, and civic training for the Latino community in the Washington metropolitan region. The activities of CARECEN are funded primarily by government and private grants.

CARECEN has the following two programs:

Legal and Counseling – This program provides assistance to immigrants in completing a variety of applications, including family petitions, adjustment of legal status, work permits, consulate processing, asylum and citizenship.

Housing – This program provides technical assistance to residents in forming tenant associations; as well as comprehensive housing counseling, financial literacy and credit counseling, pre-purchase and foreclosure prevention counseling, as well as paralegal assistance in tenant/landlord issues.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Basis of Presentation

Financial statement presentation follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 958, *Not-for-Profit-Entities*. In accordance with the Topic 958, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, the net assets of CARECEN and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met either by actions of CARECEN and/or the passage of time or that must be maintained in perpetuity by CARECEN. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statements of activities as net assets released from restrictions. As of the years ended, December 31, 2024 and 2023, assets with donor restrictions totaled $88,639 and $20,000, respectively, and were all restricted for time.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

CARECEN maintains its cash balances in bank deposit accounts, which are insured by the Federal Deposit Insurance Corporation for up to $250,000 per institution. At times, the accounts may exceed this limit. Management believes it is not exposed to any significant credit risk on cash.

Government Contracts, Grants and Contributions, and Accounts Receivable

Government contracts, grants and contributions, and accounts 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 information, and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes that all receivables are collectible. Therefore, no allowance for doubtful accounts has been established as of December 31, 2024 or 2023. As of beginning of the year ended December 31, 2023, accounts receivable totaled $0.

Investments

Investments include money market funds and certificates of deposit. Certificates of deposit are recorded at cost plus accrued interest, which approximates fair value. Interest income is reported when earned. These investments have fixed maturity dates. Interest income on certificates of deposit is recognized on an accrual basis.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation. CARECEN capitalizes all expenditures for property and equipment in excess of $500. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are generally five years for furniture, equipment and software, and up to 39 years for buildings. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Right-of-Use ("ROU") Assets (Operating Leases)

ROU assets are measured at the commencement date at the amount of the initially measured liability; plus any lease payments made to the lessor before or after commencement date; minus any lease incentives received; and plus any initial direct costs. Unless impaired, ROU assets are subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments); plus unamortized initial direct costs; and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received). Operating lease payments are recognized on a straight-line basis over the lease term.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Leases Liabilities

CARECEN accounts for leases in accordance with FASB ASC Topic 842. CARECEN is a lessee in an operating lease for a copier. Lease liabilities are increased by interest, and reduced by payments each period, and the right-of-use assets are amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line occupancy expense over the lease term. Variable lease expenses, if any, are recognized when incurred.

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date.

Revenue Recognition

Grants and Contributions

CARECEN recognizes grants and contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor stipulations are recorded as contributions with donor restrictions based on the donor's intent. Unless otherwise stated by the donor, individual donations are recorded as contributions without donor restrictions. Contributions with donor restrictions that are met in the same reporting period as the contribution is received are reported as contributions without donor restrictions support.

Government Grants

Revenues are primarily received either directly or indirectly from federal government agencies. These revenues are considered conditional grants with a measurable performance or other barrier and a right of return, and are not recognized until the conditions on which they depend have been substantially met. These grants are also subject to audit by the grantor agencies, which could result in a request for reimbursement by the agency for expenditures disallowed under the terms and conditions of the appropriate grantor. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position.

Program Service Fees

Program service fees are revenue primarily derived from legal services, counseling, and class registrations provided by CARECEN, which are recognized at a point of time when the services are provided.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Other Income

Other income is revenue primarily derived from speaker fees or rental facilities provided by CARECEN, which is recognized at a point of time when the services are provided.

In-Kind Services

In-kind services consist of donated services, which are utilized for CARECEN's program and related management and general activities. Donated time and services are recognized as contributions if the services (a) create or enhance on financial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Contributed services that do not meet the above criteria are not recognized. Donated services are recognized at their fair value in the geographical area where those services are performed. In-kind goods are recorded at fair market value at the date of the donation.

Method Used for Allocation of 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 that are allocated include depreciation and amortization, occupancy, and other applicable expenditures, which are allocated on the basis of salaries and related costs determined by estimates of time and effort expended**.**

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 the reported amounts of assets and liabilities, 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 could differ from those estimates.

NOTE C – INCOME TAXES

CARECEN is recognized as a 501(c)(3) organization exempt from federal income tax under the provisions of Section 501(a) of the Internal Revenue Code, except on unrelated business activities.

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

NOTE C – INCOME TAXES (continued)

CARECEN's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances.

CARECEN's Form 990 information returns for the years ended December 31, 2021 through 2023, are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D – AVAILABLE RESOURCES AND LIQUIDITY

CARECEN's management regularly monitors liquidity requirements to ensure that ongoing operating needs and other contractual commitments are met. Timing of revenue receipts also ensures the availability of necessary operational funds. Sources of liquidity available to CARECEN include financial assets consisting of cash, and government contracts, grants and contributions, and accounts receivable; and investments.

Although CARECEN does not intend to spend from its board designated reserves, other than amounts appropriated for expenditure, funds could be made available through board resolution, if necessary.

In determining the adequacy of liquidity sources to cover general operating expenditures over a 12-month period, CARECEN considers all expenditures related to its ongoing program activities as well as services undertaken to support those programs, to be general operating expenditures.

The following reflects CARECEN's financial assets as of December 31:

	2024	2023
Cash	$ 1,114,277	$ 1,419,819
Government contracts receivable	244,035	338,081
Grants and contributions receivable	109,059	150,643
Accounts receivable	161,687	18,565
Investments	995,644	-
Total Financial Assets	2,624,702	1,927,108
Less: Board designated funds	(995,644)	-
Less: Net assets with donor restrictions	(88,639)	(20,000)
Total Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,540,419	$ 1,907,108

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as December 31:

	2024	2023
Land	$ 250,769	$ 250,769
Building	659,597	659,597
Building renovations	98,671	96,261
Furniture and equipment	165,850	143,775
Software	3,976	3,976
Total Property and Equipment	1,178,863	1,154,378
Less: Accumulated depreciation and amortization	(476,300)	(432,870)
Property and Equipment, Net	$ 702,563	$ 721,508

Depreciation and amortization expense for the years ended December 31, 2024 and 2023, totaled $43,430 and $41,887, respectively.

NOTE F – INVESTMENTS AND FAIR VALUE MEASUREMENT

FASB ASC 820, *Fair Value Measurement*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs are based on unadjusted quoted prices for identical assets traded in active markets that CARECEN has the ability to access.

Level 2 Inputs are based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

Level 3 Inputs are unobservable and significant to the fair value measurement.

The following valuation methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE F – INVESTMENTS AND FAIR VALUE MEASUREMENT (continued)

CARECEN's investments in certificates of deposit are recorded at cost plus accrued interest, which approximates fair value. When observable price quotations are not available, fair value is determined based on the present value of the stream of cash flows it is expected to generate. The fair value of cash and money market funds are valued by carrying amount, which approximates fair value.

The following presents CARECEN's fair value hierarchy for assets measured at fair value on a recurring basis as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Money market funds	$ 36	$ -	$ -	$ 36
Certificates of deposit	-	995,608	-	995,608
Total Investments	$ 36	$ 995,608	$ -	$ 995,644

CARECEN did not have any investments as of the year ended December 31, 2023.

NOTE G – OPERATING LEASE COMMITMENTS

In October 2015, CARECEN entered into a copier lease agreement for a period of five years. After the term expired in August 2020, the copier lease was renewed for an additional five years, with an expiration date of August 1, 2025. The monthly lease payments on the current copier lease are $503.

In November 2019, CARECEN entered into a telephone system lease agreement for a period of five years. After the term of this agreement expired in November 2024, CARECEN entered into a new agreement for the telephone system for an additional period of five years with an expiration date of December 2029. The lease requires a monthly payment of $509.

CARECEN entered into an agreement to lease additional office space in Bladensburg, MD, for five years with an effective date of October 1, 2024. This lease term expires on September 30, 2029. As per the lease term, monthly base rent is $1,005, for the first year, and will increase by 2% at the beginning of each subsequent year. The implicit rate of CARECEN's lease was not readily determinable, therefore, CARECEN elected to use the risk-free rate, which was 3.51% as of October 1, 2024.

The balance of the ROU operating assets as of December 31:

	2024	2023
Operating leases ROU assets	$ 106,358	$ 27,337
Less: amortization of ROU operating assets	(20,436)	(15,559)
Operating Leases ROU Assets, Net	$ 85,922	$ 11,778

NOTE G – OPERATING LEASE COMMITMENTS (continued)

Average lease term and discount rate as of December 31:

	2024	2023
Weighted average remaining leases term (years)	4.9	2.39
Weighted average discount rate	4.28%	1.37%

The following is a schedule of future minimum lease payments required under the three operating leases as of December 31:

	Copier	Telephone	Office lease	Total
2025	$ 4,003	$ 6,108	$ 12,120	$ 22,231
2026	-	6,108	12,364	18,472
2027	-	6,108	12,610	18,718
2028	-	6,108	12,862	18,970
2029	-	6,108	9,791	15,899
Total	4,003	30,540	59,747	94,290
Less: interest	-	(3,157)	(4,859)	(8,016)
Future Minimum Payments	$ 4,003	$ 27,383	$ 54,888	$ 86,274

NOTE H – RETIREMENT PLAN

CARECEN established the CARECEN DC 403(b) Plan (the "Plan") for all employees that meet the eligibility requirement. The Plan allows pre-tax salary deferrals based on Internal Revenue Service imposed limits each year. There is no minimum age or service requirement to make salary deferral contributions to this Plan. However, an employee must work a minimum of 1,000 hours of services during an eligibility computation period in order receive employer matching contributions. Employer contributions to the Plan are discretionary. For the years ended December 31, 2024 and 2023, retirement benefits expense totaled $11,056 and $12,614, respectively.

NOTE I – VOLUNTEER SERVICES

CARECEN receives volunteer services from various interns and other community members to help with paralegal work and to conduct English as a Second Language ("ESL") classes. The value of these services is not readily determinable, and therefore, has not been recognized in these financial statements.

NOTE J – DEBT OBLIGATION

In 2015, CARECEN secured a term loan from Raza Development Fund (the "Lender") in the amount of $300,000. The loan is secured by a lien on CARECEN's office space, and required principal and interest of monthly payments totaling $2,500. In 2021, CARECEN renegotiated the terms of its agreement with the Lender, resulting in a new loan of $275,000. The loan bears an interest of 5.75% and matures on January 31, 2030.

The following is the schedule of future minimum payments related to the loan payable as of December 31:

2025	$	41,130
2026		36,224
2027		36,224
2028		36,224
2029		36,224
Therafter		3,392
Total	$	189,418
Less: interest		(24,449)
Future Minimum Payments	$	164,969

NOTE K – IN-KIND CONTRIBUTIONS

CARECEN received in-kind consulting services that totaled $3,650, for the year ended December 31, 2024. Consulting services are valued at the hourly rate of individuals performing the services. The donated consulting services were allocated to the program services on the statement of functional expenses; and were not restricted by the donor.

NOTE L – BOARD DESIGNATED FUNDS

The Board has designated a portion of net assets without donor restrictions to cover any capital and operating expenses. Board designated funds totaled $995,644 and $0, as of December 31, 2024 and 2023, respectively.

NOTE M – SUBSEQUENT EVENTS

In preparing these financial statements, CARECEN's management has evaluated events and transactions for potential recognition or disclosure through July 30, 2025, the date the financial statements were available to be issued. There were no new additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.