

Sostento Inc.
Financial Statements
December 31, 2022 and 2021
WITH INDEPENDENT AUDITOR'S REPORT

Sostento Inc.
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December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Sostento Inc:

Report on Audit of the Financial Statements

Opinion

We have audited the financial statements of Sostento Inc (the "Organization"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"). 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 the Organization 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 these 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 the Organization's ability to continue as a going concern for 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 GAAS and *Government 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 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 GAAS and *Government 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 the Organization'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 the Organization'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 findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, for the year ended December 31, 2022, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



August 24, 2023

Sostento Inc.
Statements of Financial Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 620,456	\$ 340,065
Grants receivable	665,680	159,674
Fee for service receivable	-	23,756
Prepaid expenses	<u>1,520</u>	<u>1,650</u>
Total Assets	<u>\$ 1,287,656</u>	<u>\$ 525,145</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 118,744	\$ 70,673
Deferred grant proceeds	<u>-</u>	<u>100,480</u>
Total Liabilities	<u>118,744</u>	<u>171,153</u>
Commitment		
Net Assets		
Net assets without donor restrictions	147,476	175,650
Net assets with donor restrictions	<u>1,021,436</u>	<u>178,342</u>
Total Net Assets	<u>1,168,912</u>	<u>353,992</u>
Total Liabilities and Net Assets	<u>\$ 1,287,656</u>	<u>\$ 525,145</u>

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

Sostento Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Grants	\$ -	\$ 7,165,295	\$ 7,165,295
Partnership program income	121,723	-	121,723
Fee for service income	77,500	-	77,500
Donations	29,375	35,000	64,375
	<hr/>	<hr/>	<hr/>
Total Revenue	228,598	7,200,295	7,428,893
Net assets released from restrictions	6,357,201	(6,357,201)	-
	<hr/>	<hr/>	<hr/>
Total Support and Revenue	6,585,799	843,094	7,428,893
	<hr/>	<hr/>	<hr/>
Expenses			
Program services	6,383,747	-	6,383,747
Management and general	202,212	-	202,212
Fundraising	28,014	-	28,014
	<hr/>	<hr/>	<hr/>
Total Expenses	6,613,973	-	6,613,973
Changes in Net Assets	(28,174)	843,094	814,920
Net Assets - Beginning of Year	175,650	178,342	353,992
	<hr/>	<hr/>	<hr/>
Net Assets - End of Year	\$ 147,476	\$ 1,021,436	\$ 1,168,912
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The accompanying notes are an integral part of these financial statements.

Sostento Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue			
Partnership program income	\$ 679,728	\$ -	\$ 679,728
Grants	-	669,935	669,935
Donations	165,787	40,250	206,037
Fee for service income	68,200	-	68,200
	<hr/>	<hr/>	<hr/>
Total Revenue	913,715	710,185	1,623,900
Net assets released from restrictions	602,960	(602,960)	-
	<hr/>	<hr/>	<hr/>
Total Support and Revenue	1,516,675	107,225	1,623,900
	<hr/>	<hr/>	<hr/>
Expenses			
Program services	1,148,900	-	1,148,900
Management and general	96,522	-	96,522
Fundraising	37,481	-	37,481
	<hr/>	<hr/>	<hr/>
Total Expenses	1,282,903	-	1,282,903
	<hr/>	<hr/>	<hr/>
Changes in Net Assets	233,772	107,225	340,997
Net Assets - Beginning of Year	(58,122)	71,117	12,995
	<hr/>	<hr/>	<hr/>
Net Assets - End of Year	<u>\$ 175,650</u>	<u>\$ 178,342</u>	<u>\$ 353,992</u>

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

Sostento Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2022

	Program Services			Support Services			Total Expenses
	RecoveryGPS	Project Finish Line	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	\$ 5,319	\$ 1,271,830	\$ 1,277,149	\$ 48,012	\$ 16,967	\$ 64,979	\$ 1,342,128
Payroll taxes	443	105,881	106,324	3,997	1,412	5,409	111,733
Payroll benefits	-	49,217	49,217	8,546	-	8,546	57,763
Payroll processing fees	-	-	-	5,176	-	5,176	5,176
Accounting and audit	-	-	-	72,900	-	72,900	72,900
Consultants	4,555	669,071	673,626	21,729	-	21,729	695,355
Other professional services	-	39,422	39,422	14,325	-	14,325	53,747
Stipends	-	52,017	52,017	-	-	-	52,017
Office expense	150	3,029	3,179	1,932	140	2,072	5,251
Internet and software	974	12,412	13,386	5,052	9,495	14,547	27,933
Program expenses	-	61,801	61,801	-	-	-	61,801
Rent	14,400	-	14,400	-	-	-	14,400
Utilities	1,527	-	1,527	794	-	794	2,321
Supplies	1,016	-	1,016	-	-	-	1,016
Other expenses	360	178	538	11,604	-	11,604	12,142
Insurance	-	-	-	6,136	-	6,136	6,136
Subgrants	-	4,088,562	4,088,562	-	-	-	4,088,562
Travel expenses	-	1,583	1,583	2,009	-	2,009	3,592
Total Expenses	\$ 28,744	\$ 6,355,003	\$ 6,383,747	\$ 202,212	\$ 28,014	\$ 230,226	\$ 6,613,973

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

Sostento Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services				Support Services			Total Expenses
	HelplineSOS	RecoveryGPS	Project Finish Line	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	\$ 16,871	\$ 85,488	\$ 182,232	\$ 284,591	\$ 38,478	\$ 27,630	\$ 66,108	\$ 350,699
Payroll taxes	1,513	7,264	15,740	24,517	3,331	2,421	5,752	30,269
Payroll processing fees	-	-	-	-	3,376	-	3,376	3,376
Legal and accounting	-	-	800	800	8,200	-	8,200	9,000
Consultants	21,875	71,486	504,458	597,819	34,858	4,574	39,432	637,251
Other professional services	-	2,000	32,174	34,174	-	-	-	34,174
Stipends	-	-	27,500	27,500	-	-	-	27,500
Office expense	-	4,802	151	4,953	1,110	-	1,110	6,063
Internet and software	757	1,255	3,483	5,495	4,044	2,856	6,900	12,395
Program expenses	-	2,122	4,574	6,696	-	-	-	6,696
Rent	-	12,000	-	12,000	-	-	-	12,000
Utilities	-	911	-	911	177	-	177	1,088
Supplies	1,203	11,265	-	12,468	-	-	-	12,468
Other expenses	-	2,477	7,014	9,491	427	-	427	9,918
Insurance	-	-	-	-	2,521	-	2,521	2,521
Subgrants	-	24,400	95,000	119,400	-	-	-	119,400
Travel expenses	-	-	8,085	8,085	-	-	-	8,085
Total Expenses	\$ 42,219	\$ 225,470	\$ 881,211	\$ 1,148,900	\$ 96,522	\$ 37,481	\$ 134,003	\$ 1,282,903

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

Sostento Inc.
Statements of Cash Flows
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Changes in net assets	\$ 814,920	\$ 340,997
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Changes in operating assets and liabilities		
Grants receivable	(506,006)	(118,626)
Fee for service receivable	23,756	(23,756)
Prepaid expenses	130	(1,650)
Accounts payable and accrued expenses	48,071	17,870
Deferred grant proceeds	<u>(100,480)</u>	<u>39,216</u>
 Net Cash Provided by Operating Activities and Net Increase in Cash	 280,391	 254,051
 Cash - Beginning of Year	 <u>340,065</u>	 <u>86,014</u>
 Cash - End of Year	 <u><u>\$ 620,456</u></u>	 <u><u>\$ 340,065</u></u>

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

Sostento Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 1 Nature of Organization

Sostento Inc. (the "Organization"), a not-for-profit health and social service organization, was founded in October 2019 and is headquartered in New Jersey. The purpose of the Organization is to support the healthcare industry through collaborative networks and resources at the free and charitable clinic level. The Organization conducts its operations remotely, as well as from a rented facility in West Virginia. The Organization's major programs include the following:

Project Finish Line – A national network initiative to support over 100 Free and Charitable Clinics during the COVID-19 pandemic by raising funds, with a goal to vaccinate hard-to-reach Americans.

HelplineSOS – A technology tool that helped Free and Charitable Clinics increase their ability to answer surges of phone calls from patients seeking COVID-19 information, testing, and vaccines by utilizing their volunteer base who was able to field incoming clinic calls from their own homes. HelplineSOS' program became part of Project Finish Line in late 2021.

RecoveryGPS - A data collection tool that allows street outreach workers in rural Southwest West Virginia to serve individuals struggling with opioid use disorder by meeting individuals where they are, providing them with resources they need, and giving them a warm handoff to wraparound and patient services.

Note 2 Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization presents information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein may be classified, if applicable, and reported as follows:

- Net assets without donor restrictions – Net assets that are available for use in general operations and not subject to donor-imposed restrictions.
- Net assets with donor restrictions – Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Note 2 Summary of Significant Accounting Policies (Continued)

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 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 could differ from those estimates.

Cash

Cash is held in bank deposit accounts which, at times, may exceed federally insured limits.

Revenue Recognition

Contributions

Contributions, including unconditional promises to give (donations), are recognized in the period received. Conditional promises (grants) to give are those with a measurable performance or other barrier and a right of return or release which are not recognized until the conditions on which they spend have been met. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When a restriction by the donor expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

A portion of the Organization's revenue is derived from cost-reimbursable grants and contracts, which are conditioned upon certain performance requirements and/or the occurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred grant proceeds in the statements of financial position. Partnership program income is generally recognized when services are provided. Revenue is recognized as earned. As of December 31, 2022, there are no conditional contributions. As of December 31, 2021, \$100,480 of contributions were not recognized.

Fee for Service

The Organization has a service contract with an organization to provide personnel support for a project. The Organization bills the client on a monthly basis based on payroll and other costs incurred plus an agreed-upon profit margin. Revenue is recognized using the right to invoice practical expedient which allows the Organization to recognize revenue as the customer is invoiced since the amount invoiced corresponds directly to the value to the customer for the performance to date. There are no contract assets or liabilities with respect to this revenue.

Note 2 Summary of Significant Accounting Policies (Continued)

Revenue Recognition (Continued)

Fee for Service (Continued)

As of December 31, 2022, no receivables relate to fee for service income. Included in receivables as of December 31, 2021 are \$23,756 of receivables related to fee for service income. Receivables related to fee for service income as of January 1, 2021 were \$0.

Grants Receivable

Grants receivable represent current and collectible balances due from grantors and are expected to be received within one year. The Organization analyzed receivables for collectability, and management determined there are no uncollectible receivables.

Leases

ROU assets would represent our right to use an underlying asset for the lease term, and lease liabilities represent our obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization would use the rate stated in the lease, risk free rate, or incremental borrowing rate based on the information available at lease commencement, as applicable. Operating lease ROU assets may also include any lease payments made and excludes any lease incentives. Lease expense for operating lease payments would be recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate a lease when it is reasonably certain that we will exercise the option.

Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from filing federal and state income tax returns on its exempt activities. The Organization did not conduct any unrelated business activities and, therefore, has made no provision for income taxes. The Organization evaluates its tax provisions and believes that they are appropriate, and there are no uncertain tax positions based on current facts and circumstances. The Organization is required to file form 990 (Return of Organization Exempt from Income Tax) and the (New Jersey Charitable Registration).

Note 2 Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited, based on analysis of personnel time, usage, or other basis established by management if there is not a direct association to one of the functional expense categories. Expenses charged to restricted funds have been specifically charged to the grants/contracts in accordance with their terms and conditions. Expenses are allocated based on the Organization's knowledge of the trends of the Organization's expenditures. Such allocations are determined by management on an equitable basis. The expenses that are allocated include salaries, benefits, and consultants which have been allocated based on time and effort.

Grants Made

Grants made, including unconditional promises to give, subgrants, and stipends, are recognized in the period made. Conditional promises to give are those with a measurable performance or other barrier and a right of return or release which are not recognized to expense until the conditions on which they were made have been met.

Contributed Items and Services

Donated services and facilities are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The value of these services would be recorded at fair value. There were no contributed items or services during the years ended December 31, 2022 and 2021.

The Organization has not recorded amounts for donated services or in-kind donations, such as volunteered time, received by the Organization as they do not meet the criteria to be recorded in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Recent Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-02, *Leases* (Topic 842), which requires lessees to recognize lease assets and lease liabilities on the statement of financial position and disclose key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. Adoption of this standard did not have an impact on the Organization's financial statements.

Note 2 Summary of Significant Accounting Policies (Continued)
Recent Accounting Pronouncements (Continued)

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958), which requires nonprofit entities to expand their financial statement presentation and disclosure of contributed nonfinancial assets, including in-kind contributions. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021. Adoption of a new standard did not have a significant impact on the Organization's financial statements as they currently do not have any in-kind transactions.

Reclassifications

Certain amounts in the December 31, 2021 financial statements have been reclassified to conform to the December 31, 2022 financial statement presentation. These reclassifications had no effect on the previously reported results of activities or net asset balances.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure through the date of the auditor's report, which is the date the financial statements were available to be issued, and has determined that no events have occurred that require adjustment to or disclosure in the financial statements.

Note 3 Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>December 31,</u>	
	<u>2022</u>	<u>2021</u>
Cash	\$ 620,456	\$ 340,065
Grants receivable	665,680	159,674
Fee for service receivable	<u>-</u>	<u>23,756</u>
Total Financial Assets	1,286,136	523,495
Less: amounts not available to be used within one year		
Net assets with donor restrictions	<u>(1,021,436)</u>	<u>(178,342)</u>
Financial Assets Available to Meet General Expenditures over the Next Twelve Months	<u>\$ 264,700</u>	<u>\$ 345,153</u>

Sostento Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 3 Liquidity and Availability (Continued)

The Organization manages its financial assets to be available as its operating expenditures, liabilities, and other obligations come due. The Organization's cash flows have fluctuations during the year attributable to the timing of program operations and collection of funds from donors and grantors.

Note 4 Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose:		
Project Finish Line	\$ 994,174	\$ 30,862
RecoveryGPS	27,262	143,620
Subject to expenditure for passage of time:		
RecoveryGPS	<u>-</u>	<u>3,860</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,021,436</u>	<u>\$ 178,342</u>

Net assets that were released from donor restrictions for the years ended December 31, 2022 and 2021, by incurring expenses satisfying the restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions:		
Project Finish Line	\$ 6,225,710	\$ 325,341
RecoveryGPS	127,632	247,978
HelplineSOS	-	8,500
Satisfaction of passage of time restrictions:		
RecoveryGPS	<u>3,859</u>	<u>21,141</u>
Total Net Assets Released	<u>\$ 6,357,201</u>	<u>\$ 602,960</u>

Note 5 Commitment

During the year ended December 31, 2021, the Organization signed a lease for a facility in Charleston, West Virginia. The two-year lease, requiring monthly rent payments of \$1,200 per month, expired April 1, 2023. The agreement required the Organization pay a \$1,200 security deposit. The aggregate future minimum annual rental payments for 2023 is \$3,600.

Sostento Inc.
Notes to Financial Statements
December 31, 2022 and 2021

Note 5 Commitment (Continued)

Total rent expense for the years ended December 31, 2022 and December 31, 2021 was \$14,400 and \$12,000, respectively. Rent is recorded on a straight-line basis over the life of the lease.

Note 6 Risks and Uncertainties

Credit Risk

The Organization maintains that its cash held is in a bank deposit account, which, at times, may exceed federally insured limits. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Organization's financial condition, changes in net assets, and cash flows.

The Organization had receivables of 100% and 55% from three and one specific donor as of December 31, 2022 and 2021, respectively.

For the year ended December 31, 2022, 83% of the Organization's revenue was from one funding source.

The Organization receives money from government agencies that are subject to audit. There's a risk in the future that the Organization can be audited and need to repay funds.

Sostento Inc.
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	Pass-Through Entity Identifying Number	Project Period	Subrecipient	Current Year Federal Expenditures
United States Department of Health and Human Services					
COVID-19 - Community-Based Workforce to Increase COVID-19 Vaccinations in Underserved Communities	93.011	N/A	November 1, 2021 through June 30, 2023	\$ 3,998,562	\$ 6,154,021
United States Department of Housing and Urban Development					
Passed through State of West Virginia					
COVID-19 - Community Advancement and Development Office - Emergency Solutions Grant	14.231	CVESG20SOS	February 1, 2021 through January 1, 2022	\$ -	<u>\$ 10,132</u>
Total Federal Expenditures					<u><u>\$ 6,164,153</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

Sostento Inc.
Notes to Schedule of Expenditures of Federal Awards
December 31, 2022

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards present the activity of all federal awards of Sostento received directly from federal agencies as well as passed through other government agencies for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of Sostento, it is not intended to and does not present the financial position, changes in net assets or cash flows of Sostento.

Note 2 Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The amounts reported in this schedule as expenditures may differ from certain financial reports submitted to federal funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

Note 3 Indirect Cost Rate

Sostento has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH UNIFORM GUIDANCE

To the Board of Directors of
Sostento Inc:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sostento Inc's (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2022. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

August 24, 2023

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Sostento Inc:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Sostento Inc (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to financial statements, and have issued our report thereon dated August 24, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

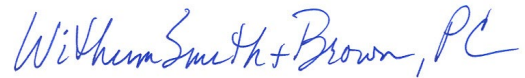
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that were required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Withum Smith + Brown, PC". The signature is written in a cursive, flowing style.

August 24, 2023

Sostento Inc
Schedule of Findings and Questioned Costs
Year Ended December 31, 2022

Section I – Summary of Auditor’s Results

Financial Statements:

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major program:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor’s report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Part 200.516(a)?	No

Identification of major program:

Assistance

Listing Number

Name of Federal Program or Cluster

93.011

U.S. Department of Health and Human Services:
 COVID-19 Community-Based Workforce to Increase
 COVID-19 Vaccinations in Underserved Communities

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	No

Section II – Financial Statement Findings

There are no financial statement findings reported.

Section III – Federal Award Findings and Questioned Costs

There are no federal award findings and questioned costs reported.

Section IV – Prior Year Audit Findings

There was no prior year audit in accordance with *Government Auditing Standards* or Uniform Guidance.