

**Sostento Inc.**  
**Financial Statements**  
**December 31, 2023 and 2022**  
**WITH INDEPENDENT AUDITOR'S REPORT**

**Sostento Inc.**  
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**December 31, 2023 and 2022**

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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, 2023 and 2022, 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, 2023 and 2022, 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, 2023, 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 September 13, 2024 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.

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

September 13, 2024

**Sostento Inc.**  
**Statements of Financial Position**  
**December 31, 2023 and 2022**

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	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Cash	\$ 571,210	\$ 620,456
Grants receivable	3,524	665,680
Fee for service receivable	5,000	-
Prepaid expenses	6,533	1,520
	<u>6,533</u>	<u>1,520</u>
<b>Total Assets</b>	<u>\$ 586,267</u>	<u>\$ 1,287,656</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 35,395	\$ 118,744
Deferred grant proceeds	90,806	-
	<u>90,806</u>	<u>-</u>
<b>Total Liabilities</b>	<u>126,201</u>	<u>118,744</u>
<b>Net Assets</b>		
Net assets without donor restrictions	37,179	147,476
Net assets with donor restrictions	422,887	1,021,436
	<u>422,887</u>	<u>1,021,436</u>
<b>Total Net Assets</b>	<u>460,066</u>	<u>1,168,912</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 586,267</u>	<u>\$ 1,287,656</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, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>			
Grants	\$ -	\$ 1,674,004	\$ 1,674,004
Fee for service income	95,000	-	95,000
Donations	31,518	-	31,518
<b>Total Revenue</b>	126,518	1,674,004	1,800,522
Net assets released from restrictions	2,272,553	(2,272,553)	-
<b>Total Support and Revenue</b>	2,399,071	(598,549)	1,800,522
<b>Expenses</b>			
Program services	2,107,078	-	2,107,078
Management and general	383,284	-	383,284
Fundraising	19,006	-	19,006
<b>Total Expenses</b>	2,509,368	-	2,509,368
<b>Changes in Net Assets</b>	(110,297)	(598,549)	(708,846)
<b>Net Assets - Beginning of Year</b>	147,476	1,021,436	1,168,912
<b>Net Assets - End of Year</b>	\$ 37,179	\$ 422,887	\$ 460,066

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
<b>Revenue</b>			
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
<b>Total Revenue</b>	228,598	7,200,295	7,428,893
Net assets released from restrictions	6,357,201	(6,357,201)	-
<b>Total Support and Revenue</b>	6,585,799	843,094	7,428,893
<b>Expenses</b>			
Program services	6,383,747	-	6,383,747
Management and general	202,212	-	202,212
Fundraising	28,014	-	28,014
<b>Total Expenses</b>	6,613,973	-	6,613,973
<b>Changes in Net Assets</b>	(28,174)	843,094	814,920
<b>Net Assets - Beginning of Year</b>	175,650	178,342	353,992
<b>Net Assets - End of Year</b>	<u>\$ 147,476</u>	<u>\$ 1,021,436</u>	<u>\$ 1,168,912</u>

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

**Sostento Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2023**

	Program Services			Support Services			Total Expenses
	RecoveryGPS	Project Finish Line	Total Program Services	Management and General	Fundraising	Total Support Services	
Salaries	\$ -	\$ 1,334,073	\$ 1,334,073	\$ 232,210	\$ 16,009	\$ 248,219	\$ 1,582,292
Payroll taxes	-	108,518	108,518	18,889	1,302	20,191	128,709
Payroll benefits	-	120,915	120,915	21,047	1,451	22,498	143,413
Payroll processing fees	-	4,541	4,541	790	55	845	5,386
Accounting and audit	-	37,200	37,200	37,200	-	37,200	74,400
Consultants	-	206,885	206,885	35,029	-	35,029	241,914
Other professional services	-	-	-	6,447	-	6,447	6,447
Stipends	-	56,577	56,577	-	-	-	56,577
Office expense	150	890	1,040	8,862	-	8,862	9,902
Internet and software	-	15,046	15,046	9,629	-	9,629	24,675
Ride share expense	-	112,234	112,234	-	-	-	112,234
Lease	2,400	-	2,400	-	-	-	2,400
Utilities	620	-	620	1,248	-	1,248	1,868
Other expenses	-	15,650	15,650	4,790	189	4,979	20,629
Insurance	-	-	-	6,920	-	6,920	6,920
Subgrants	-	91,379	91,379	-	-	-	91,379
Travel expenses	-	-	-	223	-	223	223
<b>Total Expenses</b>	<b>\$ 3,170</b>	<b>\$ 2,103,908</b>	<b>\$ 2,107,078</b>	<b>\$ 383,284</b>	<b>\$ 19,006</b>	<b>\$ 402,290</b>	<b>\$ 2,509,368</b>

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
Ride share expense	-	61,801	61,801	-	-	-	61,801
Lease	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
<b>Total Expenses</b>	<b>\$ 28,744</b>	<b>\$ 6,355,003</b>	<b>\$ 6,383,747</b>	<b>\$ 202,212</b>	<b>\$ 28,014</b>	<b>\$ 230,226</b>	<b>\$ 6,613,973</b>

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

**Sostento Inc.**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Changes in net assets	\$ (708,846)	\$ 814,920
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Changes in operating assets and liabilities		
Grants receivable	662,156	(506,006)
Fee for service receivable	(5,000)	23,756
Prepaid expenses	(5,013)	130
Accounts payable and accrued expenses	(83,349)	48,071
Deferred grant proceeds	90,806	(100,480)
	<u>                    </u>	<u>                    </u>
<b>Net Cash Provided by (Used in) Operating Activities and Net Increase (Decrease) in Cash</b>	(49,246)	280,391
<b>Cash - Beginning of Year</b>	<u>620,456</u>	<u>340,065</u>
<b>Cash - End of Year</b>	<u><u>\$ 571,210</u></u>	<u><u>\$ 620,456</u></u>

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

**Sostento Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**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.

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.

**Recent Accounting Pronouncements**

***Allowance for Credit Losses***

In June 2016, FASB issued an Accounting Standards Update ("ASU") amending the accounting for credit losses on financial instruments. This methodology replaces the incurred loss methodology with the expected credit losses using a wide range of reasonable and supportable information. The amendment affects loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposure, and other financial instruments recorded at amortized cost.

**Note 2      Summary of Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements (Continued)**

***Allowance for Credit Losses (Continued)***

The Organization adopted the new standard effective January 1, 2023, using the modified retrospective approach. The adoption of this ASU did not have a material impact on the financial statements.

**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, 2023, \$288,306 of conditional contributions were not recognized. As of December 31, 2022, there were no conditional contributions.

**Note 2      Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition (Continued)**

***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.

As of December 31, 2023, \$5,000 of receivables related to fee for service income. Receivables related to fee for service income as of January 1, 2023 were \$0. As of December 31, 2022, no receivables relate to fee for service income. Receivables related to fee for service income as of January 1, 2022 were \$23,756.

**Contributions, Grants, and Fee for Service Receivable and Allowance for Credit Losses**

Contributions, grants, and fee for service receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Write-offs are determined on a case-by-case basis. There was no allowance for expected credit losses established as of December 31, 2023 and 2022, since management believes all receivables will be collected in the normal course of operations.

**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.

**Note 2      Summary of Significant Accounting Policies (Continued)**

**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). The prior three years' tax returns as filed remain open for examination by the respective tax authority.

**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 as an expense until the conditions on which they were made have been met.

**Contributions of Nonfinancial Assets**

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, 2023 and 2022.

**Note 2 Summary of Significant Accounting Policies (Continued)**

**Contributions of Nonfinancial Assets**

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.

**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 Grants and Fee for Service Receivables**

Grants and fee for service receivables are stated at their estimated collectible amounts and comprise amounts currently due within one year. Fee for service revenues are continuously monitored and an allowance for credit losses is maintained, based on historical experience adjusted for current conditions and reasonable forecasts taking into account geographical and industry-specific economic factors. There was no allowance for uncollectible accounts established as of December 31, 2023 and 2022, since management believes all receivables will be collected in the normal course of operations. Receivables are expected to be collected in the subsequent fiscal year.

Grants and fee for service receivables comprised of the following:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Fee for service receivable	\$ 5,000	\$ -
Grants receivable	<u>3,524</u>	<u>665,680</u>
Total Grants and fee for service receivables	<u>\$ 8,524</u>	<u>\$ 665,680</u>

**Sostento Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**Note 4      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>2023</u>	<u>2022</u>
Cash	\$ 571,210	\$ 620,456
Fee for service receivable	5,000	-
Grants receivable	<u>3,524</u>	<u>665,680</u>
 Total Financial Assets	 579,734	 1,286,136
 Less: amounts not available to be used within one year		
 Net assets with donor restrictions	 <u>(422,887)</u>	 <u>(1,021,436)</u>
 Financial Assets Available to Meet General Expenditures over the Next Twelve Months	 <u>\$ 156,847</u>	 <u>\$ 264,700</u>

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 5      Net Assets with Donor Restrictions**

Net assets with donor restrictions as of December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
Project Finish Line	\$ 422,887	\$ 994,174
RecoveryGPS	<u>-</u>	<u>27,262</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 422,887</u>	 <u>\$ 1,021,436</u>

**Sostento Inc.**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

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**Note 5 Net Assets with Donor Restrictions (Continued)**

Net assets that were released from donor restrictions for the years ended December 31, 2023 and 2022, by incurring expenses satisfying the restrictions are as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions:		
Project Finish Line	\$ 2,245,291	\$ 6,225,710
RecoveryGPS	27,262	127,632
Satisfaction of passage of time restrictions:		
RecoveryGPS	<u>-</u>	<u>3,859</u>
Total Net Assets Released	<u>\$ 2,272,553</u>	<u>\$ 6,357,201</u>

**Note 6 Lease**

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 lease payments of \$1,200 per month, expired April 1, 2023. The agreement required the Organization pay a \$1,200 security deposit. No additional leases have been signed.

Total lease expense for the years ended December 31, 2023 and December 31, 2022 was \$2,400 and \$14,400, respectively.

**Note 7 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% from one customer and one donor as of December 31, 2023. The Organization had receivables of 100% from three specific donors as of December 31, 2022.

For the year ended December 31, 2023, 90% of the Organization's revenue was from two funding sources. 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.

**Note 8      Retirement Benefit Plan**

Effective January 1, 2023, the Organization entered into a participate-directed 403(b) defined contribution plan ("the plan") covering employees who meet certain eligibility requirements. The plan is advised and managed by a third-party company. Participants may defer a portion of their salary, and the Organization may, at its discretion, match employee contributions up to a percentage of their salary as per the plan documents. For the year ended December 31, 2023, Organization contributions to the plan totaled approximately \$23,500.

## SUPPLEMENTARY INFORMATION

**Sostento Inc.**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended December 31, 2023**

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN Number	Pass-Through Entity Identifying Number	Project Period	Subrecipient	Current Year Federal Expenditures
<b>United States Department of Health and Human Services</b>					
COVID-19 - Community-Based Workforce to Increase COVID-19 Vaccinations in Underserved Communities	93.011	N/A	November 1, 2021 through June 30, 2023	\$ -	\$ 1,121,333
<b>United States Department of Health and Human Services Passed through National Foundation for the Centers for Disease Control and Prevention, Inc.</b>					
Supporting Community Organizations to Strengthen Vaccine Confidence	93.421	N/A	September 15, 2022 through May 17, 2023	\$ -	\$ 47,453
Supporting Community Organizations to Strengthen Vaccine Confidence	93.421	N/A	December 15, 2023 through June 30, 2024	\$ -	<u>\$ 3,524</u>
<b>Subtotal</b>					<u>\$ 50,977</u>
<b>United States Department of Housing and Urban Development</b>					
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>\$ 1,200</u>
<b>Total Federal Expenditures</b>					<u><u>\$ 1,173,510</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

**Sostento Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**December 31, 2023**

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**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 years ended December 31, 2023. The information on 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 schedules 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 on these schedules 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, 2023. 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, 2023.

#### **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.

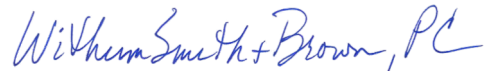
### Report on Internal Control Over Compliance

*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.

September 13, 2024

## **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, 2023, 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 September 13, 2024.

### **Report on 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.

### **Report on 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.

*William Smith + Brown, PC*

September 13, 2024

**Sostento Inc**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2023**

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**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 were no prior year audit findings.