

**THE FRANCES AND HENRY RIECKEN
FOUNDATION INC.**

**REPORT OF AUDITED FINANCIAL STATEMENTS
FROM JANUARY 1st to DECEMBER 31st 2022**

WITH THE INDEPENDENT AUDITOR'S OPINION

TEGUCIGALPA, M.D.C.

HONDURAS, C.A.

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Opinion of the External Auditor

INDEPENDENT AUDITOR'S OPINION

Tegucigalpa, April 18 2023.

**William Cartwright:
President & CEO
THE FRANCES AND HENRY RIECKEN FOUNDATION INC
His Office**

We have conducted the audit of THE FRANCES AND HENRY RIECKEN FOUNDATION INC the comprising the period from January 1st to December 31st 2022 with funds from institutional resources.

The income and expense reports are the responsibility of the administration of THE FRANCES AND HENRY RIECKEN FOUNDATION INC.

It is to be considered that the responsibility of the audit is to express an opinion about the income and expense reports and budget implementation in the financial/ administrative period being audited. Our analysis was performed in accordance with generally accepted auditing standards and laws in force in Honduras, which require planning with the audited institution in order to obtain reasonable assurance about the financial statements.

The purpose of an audit in accounting is to examine on the basis of tests and evidence that both the administration and the current accounting system have correctly applied generally accepted accounting principles (GAAP) and current legislation in the country in this matter, as well as to evaluate the proper management and destination of the funds.

Thus, our opinion about the Statements of Income, Expenditure, Balance Sheet, Cash Flow and Budget Execution, present all material respects for issuing an independent opinion. And the economic and financial accounting motion under consideration presents welcome all your backups and documents.

THE FRANCES AND HENRY RIECKEN FOUNDATION INC has met the assumptions of a good pre established with donor management and the proper use of institutional resources. I must take into account the observations and recommendations made following the examination subject. It covered the period covered from January 1 to December 31, 2022.

With the assurances of my highest esteem,

Sincerely,



Aida Bustillo Banegas
Associate Manager, I.T.S. S. de R.L.
No. 38538-5

Financial Report

BALANCE SHEET

THE FRANCES AND HENRY RIECKEN FOUNDATION INC

January 1st to December 31st, 2022 (In Lps – Dollar exchange rate: 24.5978)

	<u>Lempiras</u>	<u>Dólares</u>
CURRENT ASSETS		
11104 · BANKS HONDURAS		
1110401 · Checking Account Atlántida Lps.110	4,010.06	163.03
1110402 · Checking Account Atlántida Lps.246	2,784.55	113.20
1110403 · Checking Account Atlántida Lps.625	6,440.68	261.84
1110408 · Checking Account BAC Credomatic Lps.391	4,959.91	201.64
1110482 · Bank Atlántida 1204060295 \$	41,209.19	1,675.32
1110484 · Bank Atlántida 1201768718 \$	5,244.99	213.23
1110488 · BAC Credomatic 748812191 \$	<u>7,617.45</u>	<u>309.68</u>
Total 11104 · BANKS HONDURAS	72,266.83	2,937.94
FIXED ASSETS	72,266.83	2,937.94
12101 · PROPERTY PLANT AND EQUIPMENT		
1210103 · Furniture	9,604.11	390.45
1210104 · Hardware	254,902.61	10,362.82
1210106 · Office Equipment	<u>198,611.63</u>	<u>8,074.37</u>
Total 12101 · PROPERTY PLANT AND EQUIPMENT	<u>463,118.35</u>	<u>18,827.63</u>
TOTAL FIXED ASSETS	535,385.18	21,765.57
LIABILITIES		
CURRENT LIABILITIES		
21101 · DONATIONS TO BE APPLIED		
2110103 · SIAFI Donation	4,010.06	163.03
2110106 · Institutional Donor	<u>62,867.07</u>	<u>2,555.80</u>
Total 21101 · DONATIONS TO BE APPLIED	66,877.13	2,718.83
21104 · LAWUL RETENTION		
2110401 · Social Security Retention	5,389.70	219.11
Total 21104 · LAWUL RETENTION TOTAL	<u>5,389.70</u>	<u>219.11</u>
TOTAL LIABILITIES	72,266.83	2,937.94

EQUITY

31101 · EQUITY

3110101 · Previous years adjustments

122,280.28

4,971.19

3110102 · Unrestricted do nated goods

340,838.0713,856.45**Total 31101 · Equity****463,118.35****18,827.63****TOTAL LIABILITIES AND EQUITY****535,385.18****21,765.57**

Sandra Valeria Ordóñez
Financial Officer
FUNDACION RIECKEN



Francisco Alcaide
Regional Director
FUNDACION RIECKEN



Aida Bustillo Banegas
External Auditor
FIRMA AUDITORA ITS S de RL



William Cartwright
President & CEO
FUNDACION RIECKEN

INCOME STATEMENT

THE FRANCES AND HENRY RIECKEN FOUNDATION INC

January 1st to December 31st, 2022 (In Lps. - Dollar Exchange rate: 24.5978)

	<u>Lempiras</u>	<u>Dólares</u>
INCOME		
41101 · RESTRICTED FUNDS		
4110101 · Donations	131,237.28	5,335.33
Total 41101 · RESTRICTED FUNDS	131,237.28	5,335.33
41102 · UNRESTRICTED FUNDS		
4110201 · Donations	4,315,100.26	175,426.27
Total 41102 · UNRESTRICTED FUNDS	4,315,100.26	175,426.27
43101 · FINANCIAL EXPENSES		
4310101 · Bank Interests	7,782.06	316.37
4310102 · Exchange Difference	24,110.52	980.19
Total 43101 · FINANCIAL PRODUCTS	31,892.58	1,296.56
TOTAL INCOME	4,478,230.12	182,058.16
EXPENSES		
51101 · PROGRAMING		
5110102 · Programming Activities	86,419.05	3,513.28
5110103 · Library Materials	134,688.00	5,475.61
5110106 · Internet Installation	86,888.72	3,532.38
5110108 · Library Maintenance	160,989.87	6,544.89
5110109 · Furniture Libraries	9,660.00	392.72
5110199 · Miscellaneous	25,161.87	1,022.93
Total 51101 · PROGRAMING	503,807.51	20,481.81
51201 · LIBRARIANS		
5120101 · Mobilization	55,850.00	2,270.53
5120102 · Food and Lodging	622,713.47	25,315.82
5120104 · Materials	7,991.89	324.90
Total 51201 · LIBRARIANS	686,555.36	27,911.25

51401 · SUPPORT AND MONITORING

5140101 · Food and Lodging	207,684.66	8,443.22
5140102 · Fuels and Lubricants	58,478.75	2,377.40
5140103 · Mobilization Expenses	183,209.89	7,448.22
5140199 · Miscelaneos	38,146.87	1,550.82
Total 51401 · SUPPORT AND MONITORING	487,520.17	19,819.67

51402 · EXCHANGES

5140201 · Food and Lodging	20,432.35	830.66
5140202 · Mobilization Expenses	30,028.21	1,220.77
5140299 · Miscellaneous	4,546.58	184.84
Total 51402 · EXCHANGES	55,007.14	2,236.26

51902 · FINANCIAL EXPENSES

5190201 · Bank Fees	16,735.01	680.35
5190202 · Exchange Difference	45,440.64	1,847.35
Total 51902 · FINANCIAL EXPENSES	62,175.65	2,527.69

52101 · BUILDING EXPENSES

5210101 · Rent	374,173.72	15,211.67
5210104 · Public Services	23,440.06	952.93
5210106 · Security	34,500.00	1,402.56
Total 52101 · BUILDING EXPENSES	432,113.78	17,567.17

52103 · OFFICE EXPENSES

5210303 · Cellular Telephony	163,792.02	6,658.81
5210304 · Internet Service	35,169.40	1,429.78
5210305 · Office Equipment and Accessories	48,195.30	1,959.33
5210399 · Miscellaneous	20,680.85	840.76
Total 52103 · GASTOS DE OFICINA	267,837.57	10,888.68

53101 · PERSONAL SALARIES AND SALARIES

5310101 · Wages and Salaries	1,460,151.87	59,361.08
Total 53101 · PERSONAL SALARIES AND SALARIES	1,460,151.87	59,361.08

53102 · PERSONAL EMPLOYMENT BENEFITS

5310201 · Compensations / Severance	141,959.40	5,771.22
5310202 · Legal Bonuses	121,679.32	4,946.76
5310203 · Bono 14	121,679.70	4,946.77
5310205 · Social Security	47,298.45	1,922.87

5310207 · Rap Retention	1,540.71	62.64
5310208 · Neighborhood Tax	<u>6,783.19</u>	<u>275.76</u>
Total 53102 · PERSONAL EMPLOYMENT BENEFITS	440,940.77	17,926.02
53301 · PROFESSIONAL SERVICES		
5330101 · Accounting Services	34,075.30	1,385.30
5330103 · Computer Support	5,520.00	224.41
5330104 · Legal Expenses	<u>42,525.00</u>	<u>1,728.81</u>
Total 53301 · PROFESSIONAL SERVICES	82,120.30	3,338.52
TOTAL EXPENSES	4,478,230.12	182,058.16
YEAR END DEFICIT OR SURPLUS	0.00	0.00

Sandra Valeria Ordóñez
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Regional Director
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Aida Bustillo Banegas
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FIRMA AUDITORA ITS S de R L

William Cartwright
President & CEO
FUNDACION RIECKEN

CASH FLOW STATEMENT
THE FRANCES AND HENRY RIECKEN FOUNDATION INC
JANUARY 1ST TO DECEMBER 31ST, 2022 (In Lps. - Dollar Exchange Rate: 24.5978)

	<u>Lempiras</u>	<u>Dólares</u>
DONATIONS TO BE APPLIED	90,004.79	3,659.06
VARIUOS ACCOUNTS PAYABLE	1,107.32	45.02
CASH SURPLUS OR REDUCTION	91,112.11	3,704.08
CASH AT THE BEGINNING OF THE PERIOD	163,378.94	6,642.01
RESULTS OF CASH OPERATED	72,266.83	2,937.94
ASSET ADQUISITIONS	15,795.30	642.14
CHANGES IN EQUITY	15,795.30	642.14
NET CASH FLOW	72,266.83	2,937.94
CASH INTEGRATION	72,266.83	2,937.94

INSTITUTION AL PROFILE.

THE FRANCES AND HENRY RIECKEN FOUNDATION INC

INSTITUTIONAL PROFILE. In today's world based on knowledge, Riecken Community Libraries Foundation promotes democracy and property in Central American communities through social and educational institutions to arouse a discovery spirit and social participation. Since its foundation, work has been steady, gaining respect and credibility with the people of Honduras.

THE FRANCES AND HENRY RIECKEN FOUNDATION INC. in Honduras provides access to information and culture through the opening of community libraries in remote parts of the country; thus, achieving a special impact on children and youth. Public libraries exist only in large cities, preventing access to them of the general population. With this project the Honduran population achieves access to culture and the promotion of reading in alliance with local actors and authorities. Since its beginning, community libraries have been the benchmark project in this topic in Honduras. The sustainability of the intervention is guaranteed with the empowerment of community users, of employees and of the Foundation's management. Therefore, a follow-up and monitoring system has been designed to identify the level of use and the continuous improvement thanks to the projects with which it has worked and its own funds based on an active and well-involved Board of Directors; based on strategic planning and annual operational planning. Always seeking the sustainability of this timely initiative in support of the education in Honduras.

NOTES ON THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

NOTES ACCORDING TO APPLICABLE ACCOUNTING POLICIES AND STANDARDS.

In strict compliance with the accounting standards in force at the national and international level as well as the regulatory aspects and other provisions in force, directly related to accounting in Honduras, we detail the following points that are considered the most relevant and significant in the preparation of the Financial Statements of THE FRANCES AND HENRY RIECKEN FOUNDATION INC; Provisions of the Secretary of Human Rights, Justice and Decentralization, the Directorate of Registration and Monitoring of Civil Associations, DIRRSAC, the Superior Court of Accounts and the Revenue Administration Service (SAR), etc.

NOTE 1: LEGAL ASPECTS OF THE FOUNDATION

Legal Representation At present the person who performs the functions of legal representative in Honduras according to the Special Power of Administration and Representation granted by Allen Arvid, dated August 29, 2014. Proof of Legal Representative according to The Directorate of Regulation, Registration and Monitoring of Civil Associations (DIRRSAC) states that THE FRANCES AND HENRY RIECKEN FOUNDATION, INC under registration number 2003001894 registered and submitted application for the registration of its elected Legal Representative for the period effective from 20-07-2017, to INDEFINITE, which is REGISTERED as follows: FRANCISCO JOSE ALCAIDE CANATA. The DIRRSAC according to Executive Decree Number PCM-055-2017, Ministerial Agreement 307-2017 and Ministerial Agreement 441-2016, on the 8th day of the month of March 2023.

NOTE 2: FROM THE FINANCIAL STATEMENTS.

In compliance with dispositions issued in the accounting norms and internal laws of Honduras, the non-governmental organizations are obliged to keep their accounting in order to report to the directive organs and donors, the movement of funds delivered, and being able to certify with the adequate information its legality. The financial documents of obligatory submittal, where the economical – financial information can be determined are the following:

Balance Sheet.
Statement of Financial Position,
Notes to the Financial Statements.
Annexes to the Financial Statements.

Verified: The preparation of the Financial Statements for the 2022 period in accordance with generally accepted accounting principles and validated for tax purposes and in accordance with the provisions of the Directorate for Regulation, Registration and Monitoring of Civil Associations (DIRRSAC), the entity responsible for compliance with the objectives of the Law for the Promotion of NGDOs.

NOTE 3: REQUIREMENTS AND RECORD.

With respect to compliance with legal requirements and tax information required by the tax collecting, controlling and auditing entity in Honduras, known as the Revenue Administration Services (SAR), the administrative personnel of THE FRANCES AND HENRY RIECKEN FOUNDATION INC is obliged to keep the accounting books specified in the Code of Commerce and to withhold income tax from employees and consultants and to comply with annual obligations with the Municipal Mayor's Office of the Central District (A. M.D.C) and other State entities linked to the tax imposition activity.

It was verified:

1. The compliance of tax aspects of the Foundation in all its aspects.
2. All aspects with the Municipality of Distrito Central.
3. Employee and Neighborhood Tax proof of payment.
4. Review of rental contract and of security services contract of the main office for this period.
5. The administration complies with the Commerce Code in relation to the printing of accounting books, books, balances, journal and inventories.
6. Compliance with Foundation's staff, in relation to its annual settlement with employees.
7. The Foundation pays its contributions to IHSS (Social Security) and complies with national laws.
8. The foundation pays its contributions to the Regimen de Aportaciones Privadas, RAP (Private Contribution Scheme for Employees).

RECEIPTS

Proof of Registration: It was verified that the documentation provided by THE FRANCES AND HENRY RIECKEN FOUNDATION, INC. The same is registered in the Directorate of Regulation, Registration and Monitoring of Civil Associations (DIRRSAC). Registered 2003001894. Given in the city of Tegucigalpa, Municipality Central District on date 09032023. Signature and seal of the Office of the Directorate of Governance and Justice. Director Attorney Flor Idalma Salgado Cruz.

Certificate of Receipt: Compliance with annual requirements for NGOs in Honduras complying in form and dates with The Directorate of Regulation, Registration and Monitoring of Civil Associations (DIRRSAC) notes that THE FRANCES AND HENRY RIECKEN FOUNDATION , INC under registration number 2003001894 has timely submitted the financial information of established in the delivery dates and periods with initial and final date since its incorporation in the registry January 1 to December 31 of the years 2006 to 2021 Giving compliance with the provisions of the Ministerial agreement No. 037-2017 given in the city of Tegucigalpa, municipality of the Central District on the 7th day of March 2023. Signature and seal of the Office of the Directorate of Governance and Justice. Director Attorney Flor Idalma Salgado Cruz.

Fiscal Solvency Certificate: Fulfillment of annual requirements for NGOs in Honduras complying in form and dates with The Revenue Administration Service (SAR) states the fiscal solvency of THE FRANCES AND HENRY RIECKEN FOUNDATION , INC under the RTN number 08019004002469 presented punctually the corresponding information in the fiscal aspects with their respective calculations, preparation of declarations, presentation, payment of tax withholdings on fees, withholding at source employees and the annual presentation of income tax return. In compliance with the provisions of the agreement, the Fiscal Solvency Certificate issued by the SAR is provided to the Foundation based on the review of the National Tax Information System certifies that there is no record of omissions in the filing of returns and there is no record of debt according to Article No. 213 and Decree 170-2016 and Article 18 of Decree 113-2011. Given in the city of Tegucigalpa, municipality of the Central District on the 9th day of the month of February 2023. With signature and seal of Jony Porfirio Jiménez, Current Account Coordination of the SAR Directorate.

Certificate of Registration of Exonerations

General Directorate of Customs Franchise Control, dependency of the Secretary of State in the Office of Finance, hereby informs that the organization THE FRANCES AND HENRY RIECKEN FOUNDATION INC with RTN 08019004002469, created by resolution number 2888-2003 dated October 15, 2003. Since it is a non-profit civil association that carries out projects with international funds, it enjoys the ISV tax incentives, said benefit will be effective. According to agreement 462-214 that contains the regulations of the Public Bonds Law. This exonerations is valid for one year. Given in the city of Tegucigalpa, municipality of the Central District on the first day of November 2022. With signature and seal of Marcela Ayala Rosales.

NOTE 4: INCOME.

THE FRANCES AND HENRY RIECKEN FOUNDATION INC's income for the year 2022 is derived from the following sources: The contributions by transfer from the foundation's Board of Directors and the USAID project. The amounts of the different transfers made by the donors have been verified, they are described in the according to transfers received in the institutional aspect of the Foundation THE FRANCES AND HENRY RIECKEN FOUNDATION INC.

Verified: The Institutional Funds related to transfers according to the approved budget for the period 2022.

NOTE 5: EXPENSES.

Expenditures were made in dollars and Lempiras, for the purpose of responding to the different state institutions, donors and this audit will use national currency (Lempiras) and foreign currency (dollars); its classification is done on a monthly basis by project. They have been executed based on an accounting system and the

institutional accounting of THE FRANCES AND HENRY RIECKEN FOUNDATION INC. is carried out.

The Riecken Foundation works in rural communities with little access to information and cultural activities that complement human formation along with the formal education system for children and youth.

The Riecken Foundation immediately activated the participative elaboration of a protocol for the reopening of these centers in accordance with the most relevant national and international regulations to achieve safe spaces. The Foundation achieved compliance with the norms of the National System of Prevention and Attention to Emergencies of Honduras (SINAGER). The guidelines established in the protocol cover the minimum guidelines and in some respects exceed the regulations issued by the Government of Honduras.

In the review of internal controls for the audited period, a review of the executed institutional budget was carried out, both for technical and financial activities related to contracts, purchases, advances, disbursements, withholdings, etc. It is considered that the procedures of use are correct.

1. Civil Works Improvements Libraries:

The Foundation received requests for support from four libraries for infrastructure improvements, these are the following: Duyure Library, Choluteca, Hoya Grande Library, Moroceli, El Paraiso, Dulce Nombre de Copan Library. The San Jeronimo Library requested the replacement of the entire electrical structure.

The Library, the work included a joint work agreement with the Board of Directors and the Municipal Government, personal volunteers would support with the labor and the foundation would support with the total amount of materials, requested based on a budget of materials and taking into account the activities of dismantling, installation of the new laminate, general cleaning.

Technical Comments of Audit Obras Civilian Infrastructure Improvement Audit.

1-. On the scope of the works:

It was found that the works performed for infrastructure improvements comply with the scopes and requirements necessary to meet the needs identified in the libraries of the benefited communities.

2-. On the quality of materials:

It was verified through the purchase reports that the specifications and quality of the materials purchased are adequate for the works executed.

3-. On the quality of the works performed:

It was verified through the available execution reports that the works performed are of adequate constructive quality according to the identified need.

4-. On the unit prices of the project:

According to the review of the scopes and material quotations it was verified that the prices are within market costs.

5-. Regarding the improvement of the electrical structure:

According to the improvement report and changes made in the electrical installations, verification repair of components of the facilities for the care of IT equipment. All these activities will be developed in compliance with the rules and regulations that regulate the professional practice and applying the safety and hygiene measures in force.

2. Computer Equipment and Furniture for the Libraries.

The foundation made purchases to provide material, equipment, technology and furniture. Technology and furniture, which complied with the procurement processes and met the requirements for acquisition and decision making by an Acquisition Plan Committee. The headquarters was inspected according to the report in accordance with the reception minutes.

Product	Intertek S. de R.L	
	Price per unit	Total
3 Computers	L 21,188.75	L 63,566.25
3 UPS	L 1,465.10	L 4,395.30
3 OFFICE License	L 6,152.50	L 18,457.50
Total	L 28,806.35	L 86,419.05

Product	Escritorios y Más	
	Precio per unit	Total
3 Fixed computer desktops	L 2,047.00	L 6,141.00
3 chairs without armrests	L 1,173.00	L 3,519.00
Total	L 3,220.00	L 9,660.00

The letters of receipt for the delivery of computer equipment and donated furniture and equipment were reviewed.

3. Installation of Internet Libraries.

As these libraries are located in rural areas of Honduras, it is not very easy to provide the best service. The following are the libraries that benefited:

No	Libraries names	Internet start and end date	Total Paid in \$
1	Cableado Fibra Optica Santa Maria, La Paz	Connection to computers through fiber optic cable	\$ 86.78
2	Biblioteca Minerva Naranjito	May 2022 a April 2023	\$ 782.57
3	Biblioteca San José del Potrero	05/01/2022 al 04/30/2023	\$ 1,159.09
4	Biblioteca Riecken El Tular	08/08/2022 al 08/08/2023	\$ 492.95
5	Biblioteca San Luis Conexión por cable	Conexión a computadoras por medio de cable de fibra optica	\$ 80.40
6	Internet biblioteca Santa Ana	09/27/2022 al 09/27/2023	\$ 488.36
7	Internet biblioteca Lejamani	November 2022 a October 2023	\$ 471.23

NOTE 6: MANAGEMENT BUDGET.

Periodic budget analysis should be part of the Foundation's plan to report, based on the joint work of the technical and administrative management staff, the results of activities with accounting controls and procedures designed to ensure the efficient use of funds.

Monthly and quarterly reports are issued as part of the monitoring and evaluation system, which are presented to the staff and the Board of Directors.

The Execution Status of Institutional funds; carrying out its operational execution, with guidelines and use of best practices for the correct execution of the budget and of each of the approved items. It was constantly monitored to verify the correct use of resources.

The dates of execution of the Foundation's funds comply with the execution of the institutional budget; this responds to the operational plan and strategic plan of THE FRANCES AND HENRY RIECKEN FOUNDATION INC.

The Foundation has an independent international monitoring system, through periodic visits and monthly technical and administrative reports, as well as institutional audits. This reinforces the Foundation's internal control systems in a more professional and independent manner.

Maintenance of the International Financial Reporting Standards (IFRS), the Foundation was able to measure an effective implementation with a planned effort and as of this date, based on the application of national and international regulations in Honduras, of the behavior to the use of best practices in a system, using self-analytical methods by the team of the financial area and the due authorization. The Financial Statements were prepared following the bases of recognition, measurement, fair presentation and achievement of the purpose to unify an accounting language in its disclosure established as mandatory in Honduras and internationally.

OBSERVATIONS AND RECOMMENDATIONS.

OBSERVATIONS Y RECOMMENDATIONS

Institution responsible:	THE FRANCES AND HENRY RIECKEN FOUNDATION INC
Period:	January 1 st to December 31 st 2022
Dates of Audit:	From 22 th march to april 18 th 2022.

BANK.

- The review of Banks internal controls, it is estimated that the procedures for use are correct. In review of bank reports and books. The initial and final balance amount is correctly reflected.
- It was observed that the Foundation changed its banking institution, Banco Atlantida, because the institution changed all its IT systems structures and its product was not the best result, creating instability in its credibility with its clients. The management and administration of the Foundation conducted analysis and carried out internal and external processes, requested in compliance with requirements for the change of banking institution. Complying with all national and international regulations to open accounts with the new banking institution Bac Credomatic, a solid and recognized institution.

PROPERTY AND EQUIPMENT

Property Plant and Equipment of the Foundation are kept within adequate standards of internal control. Strict compliance with the IFRS should be taken advantage of, by using at this time the International Financial Information Standards for the improvement of controls; specifically, within the following observations: Property Plant and Equipment of the Foundation are kept within adequate

IMPLEMENTATION OF INTERNATIONAL STANDARDS ON FINANCIAL INFORMATION

The Foundation complied with the adoption and implementation methodology, the Foundation adapted to the policies in the context, according to the diagnosis and recommendations of the adoption of IFRS and also to respond to external monitoring and evaluation factors such as the suggestion of the last external audit, also in compliance with the notes to the Financial Statements.

AUDIT METHODOLOGY

AUDIT METHODOLOGY**I. JUSTIFICATION.**

The appropriate use of internal controls is a fundamental instrument for any institution that plans and optimizes resources. Additionally, it constitutes a tool that is used to compile and submit reports to donor entities or any others that require it. Through this report, the auditing firm will give some recommendations that allow the administration to continue the improvement of the existing internal controls.

- a) Legal Representation: The person that performs the legal representation of the foundation the Dirección de Regulación, Registro y Seguimiento de Asociaciones Civiles, DIRRSAC (Office for the regulation, Registration and Monitoring of Civil Associations) it is stated that THE FRANCES AND HENRY RIECKEN FOUNDATION, INC is registered under number 2003001894 with FRANCISCO JOSE ALCAIDE CANATA.
- b) Objectives.
- Analysis and evaluation of the methodology and accounting application used in the elaboration of the account reports and other accounting reports with the objective. If they are being made in a proper manner complying with the accounting norms and principles as well as what is planned in the operations program and the budget.
 - Analysis and evaluation of the methodology and administration application used in the planning, organization, execution, direction and control of different projects as well as the operations part with the objective of determining if they are being made in an adequate manner complying with the administrative norms and principles as well as the institutional objectives.
 - Discover errors and irregularities through the evaluation of the accounting internal control systems. Perform accounting and administrative advice to all staff, searching at all times for the most effective, efficient and economical way to work.

II. SCOPE.

The period under review corresponds to the accounting management from January 1 to December 31, 2022, having randomly reviewed the electronic documents, scanned and permanent files provided by the foundation's administration.

III. METHODOLOGY.

During the exam, audit procedures have been applied according to the circumstances and based on the dispositions emitted by the Generally Accepted Audit Standards (GAAS), Statements of Auditing Standards (SAS), Accounting Principles (AC) and the rest of technical, legal and accounting provisions in force as well as the Generally Accepted Accounting Principles (GAAP). A Work Plan has been established respecting its sequential development.

IV.- PERIOD OF TIME.

The audit work was carried out in person, taking into account the biosecurity measures for the COVID 19 health emergency and complying with the Foundation's protocol. The audit was carried out based on the work plan, analyzed with the mutual consent of the Management and Administration, this activity was performed within the required time, 15 working days for its preparation

ACCOUNTING AREA.

1. Having revised one hundred percent of all documents that support the statements of the institution with their respective liquidations reflecting the financial economic movements of the project, we have been able to determine that they portray the same balances as those of the audit.
2. In the months corresponding from January 1st to December 31st 2022, it was determined that the transactions and banking movements are properly registered in the banking books of the dollar savings account and the local currency checking account.
3. As a mechanism of internal control there is a Banking Book that registers in a chronological manner all the operations performed in the local currency checking account as well as the dollar account.
4. Applying Audit Norms, the cross of operations with the amounts in the banking accounts was performed, both on the checking and savings accounts which show no alterations.
5. Evaluating the assigned budget for the period audited, it was determined that there has been compliance with what was planned and according to instructions given by the consultants, small variations of small relevance in the budgetary execution were found, all of which have been amended or justified.
6. Complying with the Audit plan, the different income of the institution was reviewed, verifying once more that it proceeds from remittances transferred

and interest earned. The registry of the corresponding values of such amounts was evidenced through the crossing of information with the documents of the administration of the project and banking letters.

7. Having performed the revision and calculation of the interests earned in the banking accounts, it was determined that they all are correct.

CONCLUSIONS OF THE FINANCIAL AND ACCOUNTING AREA.

1. The Institution has the legal existence properly authorized by the Republic of Honduras and has the Agreement
2. Accounting basis exist for the audit intervention.
3. In the execution of the projects, the general principles for accounting financial controls were respected.

For this, we affirm that THE FRANCES AND HENRY RIECKEN FOUNDATION INC. and its accounting financial personnel, during the performance of this audit, have cooperated fully with the facilitation of all information required giving with this reasonable base to be able to emit an opinion on the financial situation of the present project.

Therefore, this financial accounting intervention is of the opinion that THE FRANCES AND HENRY RIECKEN FOUNDATION INC. has complied to satisfaction with the description of the obligations in the Agreement Letters and has complied with the use of the financial resources provided and the basic controls of accountability that allow this audit opinion.

Due to the above described, it was determined that there has been satisfactory compliment with the corresponding dispositions for the elaboration and presentation of Institutional Financial Statements which have all adhered with the general norms of good administration and project management subject to international development cooperation.