



ALIANZA FC MÉXICO, A.C.

Audited financial statements up to

December 31, 2023 and 2022

Independent auditor's report

An Independent Member of the



plante moran
Alliance

www.plantemoran.com

Deza y Ulloa N° 2902, Col. San Felipe
Chihuahua, Chih. C.P. 31203, México
Tel: +52 (614) 4132029 / +52(614) 4130348
chihuahua@mxga.mx
www.mxga.mx

CONTENTS

PAGE

Independent auditor's report

1

Balance sheet

2

Activities statement

3

Cash flow statement

4

Notes to financial statements

5

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Alianza FC México, A.C.

Opinion

We have audited the financial statements of **Alianza FC México, A.C.** ("the Association"), which comprise the balance sheets as of December 31, 2023 and 2022, the activities statements and cash flows for the years then ended and notes that include a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Alianza FC México, AC**, as of December 31, 2023 and 2022, as well as its activities and cash flows for the years ended on those dates, in accordance with Mexican Financial Reporting Standards (NIF).

Basis for opinion

We have conducted our audit in accordance with International Standards on Auditing (NIA). 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 independent of "the Association" in accordance with the ethical requirements that are applicable to our audit of the financial statements in Mexico and we have fulfilled all other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained provides a sufficient and adequate basis for issuing our opinion.

Other matters

The financial statements of 'the Association' for the year ended December 31, 2022, were audited by another auditor, who issued an unqualified opinion on February 23, 2023.

Responsibilities of management and those charged with governance for the financial statements

The Association's management is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with NIF and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as appropriate, matters related to this and using the operating business base, unless management intends to liquidate "the Association" or to cease its operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objective is 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 containing our opinion. Reasonable assurance implies a high level of certainty, but is not a guarantee that an audit conducted in accordance with NIA will always detect a material misstatement when it exists. Deviations may be due to fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with NIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal controls 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 Association's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause "the Association" to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

April 24, 2024



Eduardo Herrera González
Member of MXGA Herrera, García-Chavero y Cía., S.C.

ALIANZA FC MÉXICO, A.C.
Balance sheet
Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Current		
Cash and cash equivalents (Note 3a, 4)		
Unrestricted	1,072,295	649,747
Temporarily restricted	8,854,686	9,263,643
	\$ 9,926,981	\$ 9,913,390
Accounts receivable		
Temporarily restricted		70,000
	\$	\$ 70,000
Taxes to be recovered		
Unrestricted	960	960
Temporarily restricted	6	6
	\$ 966	\$ 966
Total current assets	\$ 9,927,947	\$ 9,984,356
Fixed assets		
Properties and equipment (net) (Note 3b and 6)	29,944	50,421
Unrestricted	\$ 1,103,199	\$ 701,128
Temporarily restricted	8,854,692	9,333,649
TOTAL ASSETS	\$ 9,957,891	\$ 10,034,777

ALIANZA FC MÉXICO, A.C.**Balance sheet****Years ended December 31, 2023 and 2022**

2.1

	<u>2023</u>	<u>2022</u>
LIABILITIES		
Current		
Tax payable (Note 3f)		
Unrestricted	\$ 17,109	\$ 139,102
Temporarily restricted	175,806	46,054
	<u>\$ 192,915</u>	<u>\$ 185,156</u>
Long term		
Employee benefits (Note 3e)	<u>308,709</u>	<u>239,318</u>
Unrestricted	325,818	378,420
Temporarily restricted	175,806	46,054
TOTAL LIABILITIES	<u>\$ 501,624</u>	<u>\$ 424,474</u>
EQUITY		
Equity (Note 3j)		
Unrestricted	\$ 777,381	\$ 322,708
Temporarily restricted	<u>8,678,886</u>	<u>9,287,595</u>
TOTAL EQUITY	<u>\$ 9,456,267</u>	<u>\$ 9,610,303</u>
Unrestricted	\$ 1,103,199	\$ 701,128
Temporarily restricted	8,854,692	9,333,649
TOTAL LIABILITIES AND EQUITY	<u><u>\$ 9,957,891</u></u>	<u><u>\$ 10,034,777</u></u>

See accompanying notes to financial statements

ALIANZA FC MÉXICO, A.C.

3

Activities statements**For the years ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
Revenue:		
Membership fees	\$ 1,004,210	\$ 945,927
Donations (Note 3h)		
Unrestricted		1,000
Temporarily restricted (Note 3l, 8-l)	6,363,548	5,261,121
	<u>\$ 6,363,548</u>	<u>\$ 5,262,121</u>
Comprehensive financing result (net)		
Unrestricted	87,073	27,284
Temporarily restricted	356,042	(189,615)
	<u>\$ 443,115</u>	<u>\$ (162,331)</u>
Unrestricted equity		
Unrestricted	141,791	
Temporarily restricted	(141,791)	
	<u>\$ -</u>	<u>\$ -</u>
Total revenue:		
Unrestricted	\$ 1,233,074	\$ 974,211
Temporarily restricted	6,577,799	5,071,506
	<u>\$ 7,810,873</u>	<u>\$ 6,045,717</u>
Expenses:		
Program services		
Temporarily restricted (Note 8-l)	4,499,599	5,889,826
Operating expenses		
Unrestricted	742,122	695,842
Temporarily restricted (Note 8-l d))	2,614,619	2,779,684
	<u>\$ 3,356,741</u>	<u>\$ 3,475,526</u>
Administrative expenses	78,500	
Income tax (Note 3f and 10)	30,069	
Operating expenses for transfers		
Unrestricted	(72,290)	
Temporarily restricted	72,290	
	<u>\$ -</u>	<u>\$ -</u>
Total expenses:		
Unrestricted	778,401	695,842
Temporarily restricted	7,186,508	8,669,510
	<u>\$ 7,964,909</u>	<u>\$ 9,365,352</u>

ALIANZA FC MÉXICO, A.C.

3.1

Activities statements**For the years ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
NET CHANGE IN EQUITY		
Unrestricted	454,673	278,369
Temporarily restricted	(608,709)	(3,598,004)
	\$ (154,036)	\$ (3,319,635)
Beginning equity		
Unrestricted	\$ 322,708	\$ 44,339
Temporarily restricted	9,287,595	12,885,599
	\$ 9,610,303	\$ 12,929,938
End of year equity		
Unrestricted	\$ 777,381	\$ 322,708
Temporarily restricted	8,678,886	9,287,595
	<u>9,456,267</u>	<u>9,610,303</u>
TOTAL EQUITY AT THE END OF THE YEAR	<u>\$ 9,456,267</u>	<u>\$ 9,610,303</u>

See accompanying notes to financial statements

ALIANZA FC MÉXICO, A.C.
Cash flow statement
Years ended December 31, 2023 and 2022

4

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Net change in equity	\$ (154,036)	\$ (3,319,635)
Items related to operation activities:		
Employee benefits	69,393	81,037
Items related to investment activities:		
Depreciation	20,475	15,473
Total	\$ (64,168)	\$ (3,223,125)
(Increase) decrease in:		
Accounts receivable and prepaid taxes	70,000	(70,000)
Increase (decrease) in:		
Taxes and contributions payable	7,759	35,740
Net cash flows used in operating activities	\$ 13,591	\$ (3,257,385)
INVESTMENT ACTIVITIES		
Investment in:		
Computer equipment	_____	(52,497)
Net cash flows used in investing activities	\$ -	\$ (52,497)
EXCESS (REQUIRED) CASH TO BE APPLIED IN FINANCING ACTIVITIES	13,591	(3,309,882)
Beginning cash balance		
Unrestricted	649,747	188,263
Temporarily restricted	9,263,643	13,035,009
	\$ 9,913,390	\$ 13,223,272
Ending cash balance		
Unrestricted	1,072,295	649,747
Temporarily restricted	8,854,686	9,263,643
	\$ 9,926,981	\$ 9,913,390

See accompanying notes to financial statements

ALIANZA FC MÉXICO, A.C.
NOTES TO FINANCIAL STATEMENTS
Years ended December 31, 2023 and 2022
(Mexican pesos)

Note 1. Association information

a) Association

Alianza FC México, A.C. ('the Association'), is a non-profit association, established on August 10, 2011, with the purpose of providing financial support to civil organizations and trusts authorized to receive deductible donations under the terms of the Income Tax Law

The Association is authorized to receive tax-deductible donations under the Income Tax Law.

b) Financial statements approval

The attached financial statements and their notes were authorized for issuance on April 23, 2024, by Mr. Carlos Manuel García Miranda, as President of the Board of Directors of 'the Association,' and Mrs. Erika del Carmen Seyffert Ibarra, Treasurer. In accordance with the provisions of the Federal Civil Code and the articles of association of 'the Association', the members have the authority to amend the financial statements after their issuance. The attached financial statements will be submitted for approval at the ordinary general assembly of members of 'the Association'.

Note 2. Basis of financial statements presentation

a) Compliance with Financial Reporting Standards

The accompanying financial statements have been prepared in accordance with the Financial Reporting Standards (NIF) issued by the Mexican Council of Financial Reporting Standards, A.C., applicable to non-profit entities.

b) Basis of preparation and measurement

The financial statements of 'the Association' have been prepared on the basis of historical cost.

Historical cost - Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

c) Going concern

The financial statements of 'the Association' have been prepared using the going concern accounting basis. The use of these accounting bases is appropriate unless management intends to liquidate or cease operations, or has no other realistic alternative but to do so. Management has not identified any material uncertainty that may give rise to significant doubt about the ability to continue as a going concern.

Note 3. Significant accounting policies and practices

The accounting policies and practices adopted in the preparation of the financial statements are consistent with those of the previous year and are described below:

a) Cash and cash equivalents

They are primarily represented by bank deposits in national and foreign currency and investments in cash surpluses with immediate availability subject to insignificant risks of value changes. Cash is presented at nominal value and equivalents are valued at fair value; fluctuations in their value are recognized in the statement of changes in the period. Restricted cash is for a specific purpose, and is presented separately as restricted cash in current assets

b) Investments in fixed assets and depreciation

They are recorded at acquisition cost. The acquisition cost includes costs initially incurred to be acquired.

Depreciation of these assets is carried out using the straight-line method based on historical acquisition values, considering the following depreciation rate:

Concept	%
Computer equipment	30%

c) Lease

The Association recognizes lease payments as a straight-line expense, due to their low value.

d) Provisions

Liabilities for provisions are recognized when all of the following conditions are met:

- (i) There is a present obligation (legal or constructive) as a result of a past event,
- (ii) It is probable that an outflow of economic resources will be required to settle the obligation, and
- (iii) The obligation can be reliably estimated

e) Employee benefits

(i) Short-term

Short-term employee benefit obligations are charged to the statement of activities based on services rendered according to the salaries and wages that the Association expects to pay, including related contributions payable by the Association. Paid absences for

vacations and vacation premiums are recognized to the extent that employees render services that entitle them to such benefits. Additionally, if the Association has a present legal or constructive obligation to pay, arising from an employee service in the past and the obligation can be estimated, a liability is recognized.

(ii) *Long term*

Termination benefits to which employees are entitled for causes other than restructuring and retirement are recognized in the results of operations for each year, based on actuarial computations using the projected unit credit method, using nominal interest rates.

f) *Income tax*

Since it is a non-profit association in accordance with the provisions contained in Article 79-VI of the Income Tax Law ("LISR"), "the Association" is not a taxpayer of such tax, as long as it complies with the requirements established in the Law, which considers as distributable surplus, omissions of income, purchases not made and improperly recorded, and non-deductible expenditures made, as well as income derived from activities not related to the purpose for which it obtained the authorization as an authorized donee.

g) *Foreign currency transactions*

Foreign currency transactions are recorded using the exchange rates prevailing on the transaction date. Assets and liabilities denominated in foreign currencies are converted into pesos using the exchange rates prevailing on the transaction date or their valuation date at the financial position statement date.

The resulting exchange differences are recognized as gains or losses on exchange in the statement of activities.

h) *Donation revenues*

The Association records cash donations at the time they are earned and become due. Donations received in kind, in goods, and intangible services are recorded upon receipt. Cash, in-kind donations, and other assets received with sponsor-imposed stipulations limiting the use of donated assets are recorded in temporarily or permanently restricted equity. When temporary restrictions end, restricted amounts are transferred to unrestricted equity.

i) *Contingencies*

Significant obligations or losses related to contingencies are recognized when it is probable that their effects will materialize and there are reasonable grounds for quantification; otherwise, appropriate disclosures are made in the financial statements. Contingent assets are recognized when there is reasonable certainty of their realization

j) *Equity*

The equity comprises, among others, the ordinary and extraordinary contributions in cash or in kind that the associates make to "the Association" in the manner determined by the General Assembly; by donations, support, and interests.

k) Cash Flow statements

The Association has decided to present cash flows statements using the indirect method, which involves presenting changes in equity first, followed by changes in working capital, investment activities, and finally, financing activities

l) Business concentration

Donations received from the Charles Stewart Mott Foundation and the Inter-American Foundation represented 78% and 77% of the total donations received in the years 2023 and 2022, respectively, which are comprised as follows:

Donor	2023	2022
Inter-American Foundation	\$ 2,894,123	\$ 3,055,624
Charles Stewart Mott Foundation	<u>2,082,636</u>	<u>986,265</u>
Total	\$ <u>4,976,759</u>	\$ <u>4,041,889</u>
Total	6,384,648	5,261,121
Percentage	78%	77%

Note 4. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2023 and 2022 are comprised as follows:

	2023			2022		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Banks	\$ 21,022	\$ 1,759,380	\$ 1,780,402	\$ 20,958	\$ 1,548,399	\$ 1,569,357
Investments in securities	<u>1,051,273</u>	<u>7,095,306</u>	<u>8,146,579</u>	<u>628,790</u>	<u>7,715,243</u>	<u>8,344,033</u>
Suma	\$ <u>1,072,295</u>	\$ <u>8,854,686</u>	\$ <u>9,926,981</u>	\$ <u>649,748</u>	\$ <u>9,263,642</u>	\$ <u>9,913,390</u>

Note 5. Investments in securities

The balance is comprised as follows:

Institution	Type	2023		
		Unrestricted	Temporarily restricted	Total
BBV Bancomer	Investment funds	\$ 1,051,273	\$	\$ 1,051,273
Vector Casa de Bolsa (Contract No. 175353)	Debt instrument		1,719,169	1,719,169
Vector Casa de Bolsa (Contract No. 175695)	Debt instrument		5,376,138	5,376,138
Vector Casa de Bolsa (Contract No. 175263)	Debt instrument			
Total		\$ 1,051,273	\$ 7,095,307	\$ 8,146,580

Institution	Type	2022		
		Unrestricted	Temporarily restricted	Total
BBV Bancomer	Investment funds	\$ 628,790	\$	\$ 628,790
Vector Casa de Bolsa (Contract No. 175353)	Debt instrument		1,411,315	1,411,315
Vector Casa de Bolsa (Contract No. 175695)	Debt instrument		6,258,218	6,258,218
Vector Casa de Bolsa (Contract No. 175263)	Debt instrument		45,710	45,710
Total		\$ 628,790	\$ 7,715,243	\$ 8,344,033

Note 6. Properties and equipment

The investments in fixed assets as of December 31, 2023 and 2022 are comprised as follows:

Concept	December 31,	
	2023	2022
Computer equipment (cost)	\$ 99,322	\$ 99,322
Accumulated depreciation	<u>(69,378)</u>	<u>(48,901)</u>
Computer equipment (net)	<u>\$ 29,944</u>	<u>\$ 50,421</u>

Note 7. Employee benefits

Labor obligations (employee liabilities) and their costs are actuarially determined through a study conducted by an independent actuary, considering the bases established in the plans. This involves applying the projected unit cost method to determine the present values of these obligations, using financial assumption rates (nominal values), and the cost for the period is as follows:

a) Financial assumptions

Rate %	%
Discount	10.33%
Salary increase	4.00%
Minimum wage increase	6.00%
Asset yields	N/A
Inflation	4.00%

b) Net period cost

	Post-employment benefits		
	Seniority premium	Legal indemnity	Total
Net defined benefit liability as of December 31, 2022	\$ 10,732	\$ 228,586	\$ 239,318
Net period cost(2023)	9,534	59,858	69,392
Payments charged to the reserve	<u>0</u>	<u>0</u>	<u>0</u>
Net defined benefit liability as of December 31, 2023	<u>\$ 20,266</u>	<u>\$ 288,444</u>	<u>\$ 308,710</u>

Note 8. Programs services

I) Agreement

- a) Inter-American Foundation: Donation Agreement No. ME-559 by the amount of \$ 653,900 USD the donation period began on February 28, 2020 and will end on February 28, 2025.

The purpose of the donation is to strengthen the Association to promote its members and the community organization it supports and to provide them with technical services and training in a way that reflects the philosophy and purpose of the development of similar organizations.

- b) Inter-American Foundation: Donation Agreement No. ME-563 by the amount of \$ 237,750. USD . Donation period is from July 17, 2020 to January 17, 2023.

The purpose of the donation is to support initiatives in response to the COVID-19 pandemic, as well as sub-donations to community initiatives and to promote the Foundation's activities such as training, technical assistance, building relationships with similar organizations, among others.

- c) Charles Stewart Mott Foundation: Grant Agreement No. 2020-07775 for the amount of \$ 110,000. USD for the period August 1, 2021 to December 31, 2023.

Its objective is to deepen the understanding and application of the 2030 Agenda for Sustainable Development by the Association and the organizations that it groups.

- d) Charles Stewart Mott Foundation: Grant Agreement No. 2018-02818 for the amount of \$ 480,000. USD the period from January 1, 2022 to December 31, 2024.

This general funding grant will strengthen "Association", its members and new community foundations through institutional strengthening services and training, technical advice and funding.

- e) PULSO OSC: Agreement number CONV-0152/2020, whose purpose is to create a collaborative Alliance among various donor organizations to carry out the program called " PULSO OSC", which may be expanded through subsequent addendums, which will be part of this agreement.

The objective of the program is to design and apply several surveys that will serve as an observatory to obtain situational diagnoses that reflect different moments of civil society organizations, networks, collectives and groups.

- f) Global Fund for Community Foundations (GFCF) Donation Agreement Grant Number 03/22-LAC-60 for the amount of \$ 10,000. USD for the period April 1, 2022 to December 31, 2022.

The objective of the program is to conduct research that explores the value of Mexican civil society organizations and social movements, and citizens' perceptions of these groups.

- g) Charles Stewart Mott Foundation: Grant Agreement No. 2020-07776 for the amount of \$ 95,000. USD for the period January 1, 2024 to September 30, 2025.

The objective of this agreement is to construct a narrative of the progress and impact of the work of the Community Foundations and the Alliance to advance local sustainable development strategies.

- h) Monex Bank, S.A. Multiple Banking Institution, Monex Financial Group: Donation Agreement No., for the amount of \$330,000 MXN, for the period from January 1, 2024, to February 28, 2025, received on December 21, 2023.

The purpose of this program is to promote economic development with a community development focus, through various projects executed directly by the Community Foundations (FC) or their local partners, with the aim of comprehensively and sustainably supporting the local economic development of the communities where the associated community foundations affiliated with "the Association" are present.

II) Balance integration

The balance of program service expenses is comprised as follows:

Programs	<u>2023</u>	<u>2022</u>
IAF ME-559	\$ 2,683,394	\$ 2,122,195
IAF ME-563	18,826	1,099,490
Pulso OSC No. CONV-0152/2020	1,192,983	
Mott ODS No. 2020-07775	513,567	
GFCF Grant Number 03/22-LAC-60	90,829	
Various		2,668,141
Total	\$ <u>4,499,599</u>	\$ <u>5,889,826</u>

Note 9. Foreign currency position

The foreign currency position as of December 31, 2023 and 2022:

	<u>2023</u>		<u>2022</u>	
	US Dollars	National currency	US Dollars	National currency
Assets:				
Banks	\$ <u>81,059</u>	\$ <u>1,369,369</u>	\$ <u>41,428</u>	\$ <u>802,116</u>
Net active position:	\$ <u>81,059</u>	\$ <u>1,369,369</u>	\$ <u>41,428</u>	\$ <u>802,116</u>
Exchange rate	\$ 16.8935		\$ 19.3615	

Note 10. Tax environment

a) Income tax

Pursuant to the provisions of Articles 79-VI of the Income Tax Law, the Association is not subject to income tax