Report to the
Board of Directors
Luis von Ahn Foundation

2021 Audit
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LUIS VON AHN FOUNDATION

AUDITED FINANCIAL STATEMENTS

As of December 31, 2021 and for the period May 14, 2021 (date of inception) through December 31, 2021
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Luis von Ahn Foundation

Opinion

We have audited the accompanying financial statements of Luis von Ahn Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the period May 14, 2021 (date of inception) through December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Luis von Ahn Foundation as of December 31, 2021, and the changes in its net assets and its cash flows for the period May 14, 2021 (date of inception) through December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (“U.S. GAAS”). 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 Luis von Ahn Foundation and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Luis von Ahn Foundation’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.
INDEPENDENT AUDITOR’S REPORT
(continued)

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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, 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 Luis von Ahn Foundation’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 Luis von Ahn Foundation’s ability to continue as a going concern for a reasonable period of time.

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

June 1, 2022
# Statement of Financial Position

**December 31, 2021**

## Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$193,801</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>9,987</td>
</tr>
<tr>
<td>Other assets</td>
<td>573</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$204,361</strong></td>
</tr>
</tbody>
</table>

## Liabilities and Net Assets Without Restrictions

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$1,000</td>
</tr>
<tr>
<td>Discretionary benefits (Note 6)</td>
<td>2,707</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>3,707</strong></td>
</tr>
<tr>
<td>Net assets without restrictions</td>
<td>200,654</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets without restrictions</strong></td>
<td><strong>$204,361</strong></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this financial statement.
LUIS VON AHN FOUNDATION

STATEMENT OF ACTIVITIES

For the period May 14, 2021 (date of inception) through December 31, 2021

<table>
<thead>
<tr>
<th>Income</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions received (Note 3)</td>
<td>$ 933,000</td>
</tr>
<tr>
<td>Interest income</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total income</strong></td>
<td><strong>933,015</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grantmaking</td>
<td>692,558</td>
</tr>
<tr>
<td>General and administrative</td>
<td>39,803</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td><strong>732,361</strong></td>
</tr>
</tbody>
</table>

Increase in net assets without restrictions 200,654

Net assets without restrictions, beginning of period --

Net assets without restrictions, end of period $200,654

The accompanying notes are an integral part of this financial statement.
LUIS VON AHN FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For the period May 14, 2021 (date of inception) through December 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>Grantmaking</th>
<th>General and administrative</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$ 652,750</td>
<td>$ --</td>
<td>$ 652,750</td>
</tr>
<tr>
<td>Consulting services</td>
<td>28,542</td>
<td>28,541</td>
<td>57,083</td>
</tr>
<tr>
<td>Computer expense</td>
<td>3,208</td>
<td>3,207</td>
<td>6,415</td>
</tr>
<tr>
<td>Office supplies</td>
<td>2,119</td>
<td>2,118</td>
<td>4,237</td>
</tr>
<tr>
<td>Other expense</td>
<td>2,007</td>
<td>2,006</td>
<td>4,013</td>
</tr>
<tr>
<td>Professional fees</td>
<td>2,000</td>
<td>2,000</td>
<td>4,000</td>
</tr>
<tr>
<td>Discretionary benefits (Note 6)</td>
<td>1,354</td>
<td>1,353</td>
<td>2,707</td>
</tr>
<tr>
<td>Rent expense (Note 5)</td>
<td>578</td>
<td>578</td>
<td>1,156</td>
</tr>
<tr>
<td></td>
<td>$ 692,558</td>
<td>$ 39,803</td>
<td>$ 732,361</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of this financial statement.
Cash flows from operating activities

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in net assets without restrictions</td>
<td>$ 200,654</td>
</tr>
<tr>
<td>Increase (decrease) in cash from changes in</td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(9,987)</td>
</tr>
<tr>
<td>Other assets</td>
<td>(573)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>1,000</td>
</tr>
<tr>
<td>Discretionary benefits</td>
<td>2,707</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td><strong>193,801</strong></td>
</tr>
</tbody>
</table>

Net increase in cash: 193,801

Cash, beginning of period: --

Cash, end of period: $ 193,801

The accompanying notes are an integral part of this financial statement.
NOTE 1 - ORGANIZATION

Luis von Ahn Foundation (“Foundation”) was incorporated on May 14, 2021 as a private foundation committed to a future where all Guatemalans are equally valued, can thrive, and are able to exercise their human rights. The Foundation’s primary mission is to promote a just, equitable, and sustainable society through programs focused on women and girls’ equality, protection of the environment, and democracy and responsible citizenship within Guatemala. The Foundation awards grants nationally for the purpose of carrying out its mission and core values.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash

Cash maintained at financial institutions may, from time to time, exceed federally insured limits, representing a concentration of credit risk. The Foundation does not believe it is exposed to any significant credit risk on cash.

Contributions

Unconditional contributions are recorded at fair value, on the date of donation, as net assets without restrictions unless use of the related assets is limited by donor-imposed restrictions. There were no net assets with restrictions as of December 31, 2021.

Grants

The Foundation recognizes a liability and corresponding expense for grants in the amount expected to be paid when grants are approved by the Board of Directors. During 2021, all approved grants were paid in full by December 31, 2021.

Taxes

The Foundation is qualified as a private, non-operating foundation under Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income tax under the provisions of Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes is recorded in the financial statements.

The Financial Accounting Standards Board Accounting Standards Codification topic on Income Taxes clarifies recognition, measurement, presentation and disclosure relating to uncertain tax positions. The Foundation evaluates tax positions for recognition by determining whether evidence indicates that it is more likely than not that a position will be sustained if examined by taxing authorities. As of December 31, 2021, the Foundation is unaware of any unrecognized tax benefits or uncertain tax positions. The Foundation’s tax return for 2021 remains subject to examination by the Internal Revenue Service.
NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses

The Foundation’s expenses have been allocated among the functional classifications of grantmaking and general and administrative. Expenses which are specifically identifiable are charged directly to their respective function, while expenses that benefit more than one function are allocated based on management estimates of time or other rational means.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent events

The Foundation evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through June 1, 2022, the date on which the financial statements were available to be issued.

NOTE 3 - RELATED PARTY TRANSACTIONS

For the period ended December 31, 2021, the Foundation received contributions totaling $933,000 from a member of the Board of Directors. These contributions are included in the statement of activities as contributions received.
NOTE 4 - LIQUIDITY AND AVAILABILITY

The Foundation’s financial assets available for general expenditure, within one year of the statement of financial position date, are as follows as of December 31:

<table>
<thead>
<tr>
<th>Financial assets at year end:</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 193,801</td>
</tr>
</tbody>
</table>

| Less amounts unavailable for use within one year: | -- |

| Total financial assets available to meet cash needs for general expenditures within one year | $ 193,801 |

None of the Foundation’s financial assets are subject to donor restrictions or Board designations that make them unavailable for general expenditures within one year of the statement of financial position date.

The Foundation regularly monitors liquidity required to meet its operating needs and grantmaking commitments. The Foundation anticipates collecting sufficient income to cover general operating expenditures.

NOTE 5 - OPERATING LEASE

As of December 31, 2021, the Foundation holds a lease agreement for office space which is set to expire in November 2022. The Foundation recognized rent expense of $1,156 related to this lease agreement for the period ended December 31, 2021. Future minimum rental payments for 2022 are approximately $7,000.

NOTE 6 - DISCRETIONARY BENEFITS

The Foundation provides a retirement benefit of one month’s salary for every year of service to any employee that leaves, regardless of whether it is voluntary or not. The amount to be paid is calculated based on the beginning and end date of employment at a monthly rate of 8.33% of the employee’s last paid salary. Expenses incurred and accrued for retirement benefits was $2,707 as of and for the period ended December 31, 2021.

Beginning January 1, 2022, the Foundation will also provide monthly stipends for health insurance (up to $200 per employee), mental health activities (up to $50 per employee), and term life insurance (up to $100 per employee) for its employees.
To the Board of Directors of
Luis von Ahn Foundation

We have audited the financial statements of Luis von Ahn Foundation (“Foundation”) as of December 31, 2021 and for the period May 14, 2021 (date of inception) through December 31, 2021, and we will issue our report thereon dated June 1, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter about planning matters dated January 11, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2021. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. Based on the auditing procedures performed, all significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements is management’s allocation of expenses to their respective functions. Expenses which are specifically identifiable are charged directly to their respective function, while expenses that benefit more than one function are allocated based on management estimates of time or other rational means.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was for related party transactions. The financial statements include disclosure of a certain related party transaction and relationship.

The disclosures in the financial statements are neutral, consistent, and clear.
**Difficulties Encountered in Performing the Audit**

We received excellent cooperation from all Foundation personnel and encountered no difficulties in dealing with management in performing and completing our audit.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected the only misstatement noted during the audit, which related to the reduction of a prepaid expense in the amount of $1,500. There were no unrecorded misstatements.

**Disagreements with Management**

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

**Management Representations**

We have requested certain representations from management that are included in a management representation letter dated June 1, 2022.

**Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Foundation’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

**Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

**Peer Review Results**

Every three years, Sisterson is subject to a peer review of the system of quality control in place for the accounting and auditing practice of the Firm. The most recent peer review was conducted in November 2019, and resulted in an opinion that the system of quality control for the accounting and auditing practice of the Firm has been suitably designed and complied with. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Sisterson & Co. LLP has consistently received a peer review rating of *pass*. 
Independence

Sisterson's quality control policies and procedures are established to provide reasonable assurance that all Sisterson personnel maintain independence in all required circumstances, perform all professional responsibilities with integrity, and maintain objectivity in discharging professional responsibilities. As defined by the profession, independence is the ability to act with integrity and objectivity. On an annual basis, all professional personnel must disclose any circumstances and relationships that create a threat to independence. During the planning phase of the audit, we must also evaluate whether there are any changes to the Firm's independence with the Foundation. Based on these procedures, we believe that there are no independence issues between Sisterson and the Foundation.

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This information is intended solely for the use of the Board of Directors and management of the Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties.

June 1, 2022
To the Board of Directors of
Luis von Ahn Foundation

In planning and performing our audit of the financial statements of Luis von Ahn Foundation ("Foundation") as of December 31, 2021 and for the period May 14, 2021 (date of inception) through December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation’s internal control over financial reporting ("internal control") as a basis for designing audit 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 Foundation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation’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 organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

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This communication is intended solely for the information and use of the Board of Directors and management of the Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties.

June 1, 2022
To the Board of Directors of
Luis von Ahn Foundation

In planning and performing our audit of the financial statements of Luis von Ahn Foundation ("Foundation") as of December 31, 2021 and for the period May 14, 2021 (date of inception) through December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting ("internal control") as a basis for designing audit 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 Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comment and suggestion concerning this matter. This letter does not affect our report dated June 1, 2022, on the financial statements of the Foundation.

We will review the status of this comment during our next audit engagement. We have already discussed this comment and suggestion with Foundation personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of this matter, or to assist you in implementing the recommendation.

The Foundation’s written response noted below has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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This communication is intended solely for the information and use of the Board of Directors and management of the Foundation, and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the assistance and courtesy extended to us during the audit and the opportunity to be of service to you and the Foundation.

Sisterson & Co. LLP

June 1, 2022
Controls over cash disbursements

During our observation of the Foundation’s accounting and control processes, we noted a situation whereby the Executive Director’s reimbursable expenses were approved and reimbursed by the Executive Director. Presently, the Executive Director is responsible for approving purchases, as well as generating, signing, and sending payments. These circumstances present a lack of segregation of incompatible control responsibilities. This control deficiency is somewhat mitigated by the fact that 1) the monthly financial statements are reviewed by the Treasurer, 2) quarterly financial statements are reviewed at each Board meeting, and 3) monthly bank reconciliations are performed by the external bookkeeper. While lack of segregation of duties over cash disbursements is a common problem for many organizations with limited personnel and accounting resources, we believe management should consider further mitigating control risks posed by limited segregation of duties. We recommend that management establish a review and approval process of the Executive Director’s monthly reimbursable expenses by the Treasurer or other Board member or member of management.

Management Response

Management will submit for Board approval on June 1, 2022, a process in which a senior member of the staff, namely Sonia Solis, review and approve the Executive Director’s monthly reimbursable expenses. Ms. Solis is the Director of Nature Conservation and is fully trusted by both the Executive Director and the Board. If approved, the Executive Director will follow this procedure beginning in June 2022.