



AUDIT REPORT

**FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

AYUDA, INC.

CONTENTS

	PAGE NO.
I. Financial Section	
Financial Statements, for the Year Ended September 30, 2023, with Summarized Financial Information for 2022, Including the Schedule of Expenditures of Federal Awards and Schedule of Findings and Questioned Costs	I-(1 - 22)
II. 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	II-(1 - 2)
III. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	III-(1 - 3)

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2022**

AYUDA, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	I-(3 - 5)
EXHIBIT A - Statement of Financial Position, as of September 30, 2023, with Summarized Financial Information for 2022	I-6
EXHIBIT B - Statement of Activities and Change in Net Assets, for the Year Ended September 30, 2023, with Summarized Financial Information for 2022	I-7
EXHIBIT C - Statement of Functional Expenses, for the Year Ended September 30, 2023, with Summarized Financial Information for 2022	I-8
EXHIBIT D - Statement of Cash Flows, for the Year Ended September 30, 2023, with Summarized Financial Information for 2022	I-9
NOTES TO FINANCIAL STATEMENTS	I-(10 - 18)
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Schedule of Expenditures of Federal Awards, for the Year Ended September 30, 2023	I-(19 - 20)
SCHEDULE 2 - Schedule of Findings and Questioned Costs, for the Year Ended September 30, 2023	I-(21 - 22)



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ayuda, Inc.
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Ayuda, Inc., which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended, 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 Ayuda, Inc. as of September 30, 2023, and the change in its net assets and its cash flows for the year then ended 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 and *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Ayuda, Inc. 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 Ayuda, Inc.'s ability to continue as a going concern within 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists.

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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, including omissions, 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 generally accepted 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 Ayuda, Inc.'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 Ayuda, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Ayuda, Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 25, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on pages I-(19 - 20), as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 January 31, 2024, on our consideration of Ayuda, Inc.'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 Ayuda, Inc.'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 Ayuda, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

January 31, 2024

AYUDA, INC.

STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,070,535	\$ 1,560,357
Investments	609,075	349,795
Grants and contributions receivable	1,762,611	1,791,708
Prepaid expenses	<u>139,583</u>	<u>145,321</u>
Total current assets	<u>4,581,804</u>	<u>3,847,181</u>
FIXED ASSETS		
Furniture, equipment and leasehold improvements	82,247	98,078
Less: Accumulated depreciation and amortization	<u>(69,296)</u>	<u>(77,465)</u>
Net fixed assets	<u>12,951</u>	<u>20,613</u>
OTHER ASSETS		
Deposits	52,937	52,937
Right-of-use asset, net	<u>3,574,575</u>	<u>-</u>
Total other assets	<u>3,627,512</u>	<u>52,937</u>
TOTAL ASSETS	<u>\$ 8,222,267</u>	<u>\$ 3,920,731</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Operating lease liability	\$ 556,280	\$ -
Accounts payable and accrued liabilities	188,309	188,074
Accrued salaries and other payroll liabilities	502,417	414,668
Deferred rent	-	16,452
Refundable advances	<u>391,386</u>	<u>234,547</u>
Total current liabilities	<u>1,638,392</u>	<u>853,741</u>
LONG-TERM LIABILITIES		
Deferred rent, net of current portion	-	162,918
Operating lease liability, net of current portion	<u>3,202,819</u>	<u>-</u>
Total long-term liabilities	<u>3,202,819</u>	<u>162,918</u>
Total liabilities	<u>4,841,211</u>	<u>1,016,659</u>
NET ASSETS		
Without donor restrictions	2,522,867	2,186,866
With donor restrictions	<u>858,189</u>	<u>717,206</u>
Total net assets	<u>3,381,056</u>	<u>2,904,072</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,222,267</u>	<u>\$ 3,920,731</u>

See accompanying notes to financial statements.

AYUDA, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	<u>2023</u>			<u>2022</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
REVENUE AND SUPPORT				
In-kind contributions	\$ 6,544,171	\$ -	\$ 6,544,171	\$ 2,881,332
Foundation and state grants	3,931,992	1,790,448	5,722,440	4,087,151
Government grants	4,122,486	-	4,122,486	4,081,237
Contributions	466,157	-	466,157	657,411
Events	350,818	-	350,818	225,151
Program service fees	93,195	-	93,195	75,611
Indirect contributions	66,714	-	66,714	83,903
Investment income (loss), net	58,523	-	58,523	(50,204)
Other revenue	58,172	-	58,172	7,278
Net assets released from donor imposed restrictions	<u>1,649,465</u>	<u>(1,649,465)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>17,341,693</u>	<u>140,983</u>	<u>17,482,676</u>	<u>12,048,870</u>
EXPENSES				
Program Services	<u>15,075,114</u>	<u>-</u>	<u>15,075,114</u>	<u>10,000,398</u>
Supporting Services:				
General and Administrative	1,457,310	-	1,457,310	1,304,803
Fundraising	<u>473,268</u>	<u>-</u>	<u>473,268</u>	<u>249,144</u>
Total supporting services	<u>1,930,578</u>	<u>-</u>	<u>1,930,578</u>	<u>1,553,947</u>
Total expenses	<u>17,005,692</u>	<u>-</u>	<u>17,005,692</u>	<u>11,554,345</u>
Change in net assets	336,001	140,983	476,984	494,525
Net assets at beginning of year	<u>2,186,866</u>	<u>717,206</u>	<u>2,904,072</u>	<u>2,409,547</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,522,867</u>	<u>\$ 858,189</u>	<u>\$ 3,381,056</u>	<u>\$ 2,904,072</u>

AYUDA, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023				2022	
	Supporting Services			Total Supporting Services	Total Expenses	Total Expenses
	Program Services	General and Administrative	Fundraising			
Salaries and related benefits and taxes	\$ 6,458,663	\$ 981,295	\$ 283,164	\$ 1,264,459	\$ 7,723,122	\$ 6,026,632
In-kind expenses	6,449,864	83,656	10,651	94,307	6,544,171	2,881,332
Professional fees	712,833	115,073	65,980	181,053	893,886	854,923
Occupancy	553,950	156,955	-	156,955	710,905	769,212
Emergency client support	397,694	624	2,834	3,458	401,152	558,287
Licenses and fees	78,524	45,999	28,884	74,883	153,407	69,807
Travel expenses	103,648	16,945	1,054	17,999	121,647	39,671
Office supplies	84,550	16,700	6,702	23,402	107,952	94,005
Computers IT and small equipment	68,865	20,339	1,777	22,116	90,981	93,031
Litigation	79,455	-	-	-	79,455	32,542
Insurance	46,451	10,460	-	10,460	56,911	51,534
Catering and food	2,677	1,602	34,251	35,853	38,530	17,000
Event expenses	-	-	37,971	37,971	37,971	14,081
Bad debt expenses	37,940	-	-	-	37,940	38,323
Depreciation and amortization	-	7,662	-	7,662	7,662	13,965
TOTAL	\$ 15,075,114	\$ 1,457,310	\$ 473,268	\$ 1,930,578	\$ 17,005,692	\$ 11,554,345

See accompanying notes to financial statements.

AYUDA, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 476,984	\$ 494,525
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	7,662	13,965
Loss on disposal of fixed assets	-	372
Unrealized (gain) loss on investments	(44,626)	51,706
Amortization of right-of-use asset	516,849	-
Decrease (increase) in:		
Grants and contributions receivable	29,097	(255,867)
Prepaid expenses	5,738	(13,637)
Deposits	-	39,472
Increase (decrease) in:		
Accounts payable and accrued liabilities	235	(99,212)
Accrued salaries and other payroll liabilities	87,749	79,025
Deferred rent	-	73,248
Refundable advances	156,839	93,312
Operating lease liability	(511,695)	-
Net cash provided by operating activities	<u>724,832</u>	<u>476,909</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	<u>(214,654)</u>	<u>(401,501)</u>
Net cash used by investing activities	<u>(214,654)</u>	<u>(401,501)</u>
Net increase in cash and cash equivalents	510,178	75,408
Cash and cash equivalents at beginning of year	<u>1,560,357</u>	<u>1,484,949</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,070,535</u>	<u>\$ 1,560,357</u>
SUPPLEMENTAL INFORMATION:		
Right-of-Use Asset	<u>\$ 4,091,424</u>	<u>\$ -</u>
Operating Lease Liability for Right-of-Use Asset	<u>\$ 4,270,794</u>	<u>\$ -</u>

AYUDA, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Ayuda, Inc. is a not-for-profit organization, incorporated under the laws of the District of Columbia, providing legal, advocacy, empowerment and educational services that benefit low-income Latino and foreign-born families in the Washington, D.C. metropolitan area. These activities are funded primarily through foundation grants and public contributions.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

The financial statements include certain prior year summarized comparative information in total but not by net asset class; such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Ayuda, Inc.'s financial statements for the year ended September 30, 2022, from which the summarized information was derived.

New accounting pronouncement adopted -

During 2023, Ayuda, Inc. adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

New accounting pronouncement adopted (continued) -

Ayuda, Inc. applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 6 for further details.

Cash and cash equivalents -

Ayuda, Inc. considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents, and excluding money market funds held by investment managers in the amount of \$18,271 as of September 30, 2023.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Ayuda, Inc. maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income (loss), which is presented net of investment expenses paid to external investment advisors, in the accompanying Statement of Activities and Change in Net Assets.

Grants and contributions receivable -

Grants and contributions receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectable within one year. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Furniture, equipment and leasehold improvements are stated at cost. Furniture and equipment are depreciated on a straight-line basis over the estimated useful life of the related assets, generally five years. Leasehold improvements are amortized over the remaining life of the lease.

Depreciation and amortization expense for the year ended September 30, 2023 totaled \$7,662. Ayuda, Inc. capitalizes all items over \$5,000. The cost of maintenance and repairs is recorded as expenses are incurred.

Income taxes -

Ayuda, Inc. is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is only subject to tax on unrelated business income. Ayuda, Inc. is not a private foundation.

AYUDA, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Uncertain tax positions -

For the year ended September 30, 2023, Ayuda, Inc. has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Revenue and support -

Grants and contributions -

Ayuda, Inc. receives contributions, including unconditional promises to give, from many sources as well as grants from the U.S. Government, organizations and other entities. Grants and contributions are recognized in the appropriate category of net assets in the period received. Ayuda, Inc. performs an analysis of the individual grant and contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For grants and contributions qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grants and contributions qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Grants and contributions qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional. Ayuda, Inc. recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. As of September 30, 2023, Ayuda, Inc. had approximately \$1,950,000 in unrecognized conditional awards.

In-kind contributions -

Ayuda, Inc. receives donated services from attorneys, undergraduate and graduate students as well as volunteers. Donated services are recorded at their fair market value as of the date of the contribution. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Ayuda, Inc.. The total amount of donated services received for the year ended September 30, 2023 totaled \$6,544,171.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Revenue and support (continued) -

In-kind contributions (continued) -

There were no donor-imposed restrictions associated with the in-kind contributions during the year ended September 30, 2023.

Events and program service fees -

Events and program service fees revenue are classified as exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers*, and revenue is recognized when the performance obligations are met. Ayuda, Inc. has elected to opt out of all (or certain) disclosures not required for nonpublic entities.

Ayuda, Inc. receives sponsorship income for events held throughout the year. This income is recognized when the associated event has occurred. Ayuda, Inc. receives client fees for legal services provided. Client fees are recognized as program service fees as the associated work is completed. Transaction price is determined based on cost and/or sales price. Any amounts received in advance are recorded as deferred revenue within the Statement of Financial Position.

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Ayuda, Inc. are reported as direct expenses to the programmatic area, and those expenses that benefit more than one function are allocated on the basis of estimated time and effort or other reasonable basis.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

Investment risks and uncertainties -

Ayuda, Inc. invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

AYUDA, INC.

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Investment risks and uncertainties (continued) -

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

Ayuda, Inc. adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. Ayuda, Inc. accounts for a significant portion of their financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncement not yet adopted -

ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for Ayuda, Inc. for the year ending September 30, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach. Ayuda, Inc. plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. **INVESTMENTS AND FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, Ayuda, Inc. has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market Ayuda, Inc. has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

2. INVESTMENTS AND FAIR VALUE MEASUREMENT (Continued)

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the year ended September 30, 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by Ayuda, Inc. are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by Ayuda, Inc. are deemed to be actively traded.

The table below summarizes, by level within the fair value hierarchy, Ayuda, Inc.'s investments as of September 30, 2023.

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ <u>18,271</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>18,271</u>
Mutual funds:				
Fixed income mutual funds	226,281	-	-	226,281
Equity mutual funds	<u>364,523</u>	<u>-</u>	<u>-</u>	<u>364,523</u>
Total mutual funds	<u>590,804</u>	<u>-</u>	<u>-</u>	<u>590,804</u>
TOTAL	\$ <u>609,075</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>609,075</u>

Included in investment income, net are the following:

Interest and dividends	\$ 18,258
Unrealized gain on investments	44,626
Investment expenses provided by external investment advisors	<u>(4,361)</u>
TOTAL INVESTMENT INCOME, NET	\$ <u>58,523</u>

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at September 30, 2023:

Program Services	\$ 668,606
General Support - Time Restricted	<u>189,583</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ <u>858,189</u>

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

4. NET ASSETS RELEASED FROM RESTRICTIONS

The following net assets with donor restrictions were released from donor-imposed restrictions by incurring expenses or by the passage of time, which satisfied the restricted purposes specified by the donors:

Program Services	\$ 1,334,882
General Support - Passage of Time	<u>314,583</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 1,649,465</u>

5. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 2,070,535
Investments	609,075
Grants and contributions receivable	<u>1,762,611</u>
Subtotal financial assets available within one year	4,442,221
Less: Donor restricted funds	<u>(668,606)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 3,773,615</u>

Ayuda, Inc. has a policy to structure its financial assets to be available and liquid as its obligations become due.

6. LEASE COMMITMENTS

During 2021, Ayuda, Inc. entered into a ten-year lease agreement, commencing February 2021, for office space in Washington, D.C. Rent under this ten-year lease agreement was abated for seven months. Base rent starts with monthly installments of \$29,892, plus its share of operating expenses, and increases by 4.5% each anniversary date.

During 2018, Ayuda, Inc. entered into a seven-year lease agreement, commencing May 2018, for office space in Fairfax, Virginia. Base rent starts with monthly installments of \$5,892, plus its share of operating expenses, and increases by 4% each anniversary date. Ayuda, Inc. received nine months of a 50% rent abatement at the beginning of the lease.

During 2019, Ayuda, Inc. entered into a 89-month lease agreement, commencing February 2019, for office space in Silver Spring, Maryland. Base rent starts with monthly installments of \$8,798, plus its share of operating expenses, and increases by 4% each anniversary date. Ayuda, Inc. received an allowance for improvements to the new space.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. Ayuda, Inc. elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

6. LEASE COMMITMENTS (Continued)

Ayuda, Inc. adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, Ayuda, Inc. recorded a right-of-use asset in the amount of \$4,091,424. Ayuda, Inc. recorded an operating lease liability in the amount of \$4,270,794 by calculating the present value using the discount rates of 3.79% and 3.67%.

The following is a schedule of the future minimum lease payments:

<u>Year Ending September 30,</u>	
2024	\$ 685,662
2025	713,014
2026	522,282
2027	450,362
2028	470,653
Thereafter	<u>1,449,975</u>
	4,291,948
Less: Discount to present value	<u>(532,849)</u>
	3,759,099
Less: Current portion	<u>(556,280)</u>
LONG-TERM PORTION	<u>\$ 3,202,819</u>

Lease expense for the year ended September 30, 2023 totaled \$703,649 and is included in occupancy expense in the accompanying Statement of Functional Expenses.

7. CONTINGENCY

Ayuda, Inc. receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits.

Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2023. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

8. RETIREMENT PLAN

Ayuda, Inc. offers a retirement benefit plan through a qualified 403(b) tax-deferred annuity plan covering all eligible employees. Under the Plan, Ayuda, Inc. deducts a percentage or specific amount from the employees income each pay period, up to the legally allowed limit per the employee's election.

AYUDA, INC.

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

8. RETIREMENT PLAN (Continued)

Starting in 2017, the Plan permits contributions by the employer. Ayuda, Inc. contributed a 3% match. Contributions to the Plan during the year ended September 30, 2023 totaled \$170,931, and is included in salaries and related benefits and taxes in the accompanying Statement of Functional Expenses.

9. IN-KIND CONTRIBUTIONS

During the year ended September 30, 2023, Ayuda, Inc. was the beneficiary of donated services from attorneys, undergraduate and graduate students as well as volunteers which allowed Ayuda, Inc. to provide greater resources to the community. The in-kind contributions have been included as revenue and expenses in the accompanying financial statements for the year ended September 30, 2023, as follows:

Legal Services	\$ 6,360,199
Other Services	<u>183,972</u>
TOTAL	<u>\$ 6,544,171</u>

The following programs and supporting services have benefited from these donated services:

Program Services	\$ 6,449,864
General and Administrative	83,656
Fundraising	<u>10,651</u>
TOTAL BENEFITS FROM DONATED SERVICES	<u>\$ 6,544,171</u>

10. SUBSEQUENT EVENTS

In preparing these financial statements, Ayuda, Inc. has evaluated events and transactions for potential recognition or disclosure through January 31, 2024, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

AYUDA, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

<u>Federal Grantor/Pass-Through Grantor / Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed-Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Justice				
Virginia Department of Criminal Justice Services - Crime Victim Assistance	16.575	2019-V2-GX-0054, 2020-V2-GX-0048	\$ -	\$ 307,437
Government of District of Columbia - Office of Victims Services and Justice - Crime Victim Assistance	16.575	15POVC-22-GG-00718-ASSI	-	392,495
Virginia Department of Criminal Justice Services - Crime Victim Assistance	16.575	15JOVW-22-GG-00389-SASP	-	19,969
State of Maryland, Maryland Governor's Office of Crime Control and Prevention - Crime Victim Assistance	16.575	15POVC-22-GG-00758	-	946,469
Subtotal 16.575			-	1,666,370
Government of the District of Columbia, Office of Victims Services and Justice - Violence Against Women Formula Grants	16.588	15JOVW-22-GG-00414-STOP	-	223,607
Commonwealth of Virginia - Violence Against Women Formula Grants	16.588	2020-WF-AX-0011	-	10,526
Commonwealth of Virginia - Violence Against Women Formula Grants	16.588	15JOVW-21-GG-00568-STOP, 15JOVW-22-GG-00455-STOP	-	28,283
Subtotal 16.588			-	262,416
Services for Trafficking Victims	16.320	N/A	-	838,201
Commonwealth of Virginia - Services for Trafficking Victims	16.320	2020-VM-BX-008	-	1,371
Subtotal 16.320			-	839,572
Culturally and Linguistically Specific Services Program	16.016	N/A	-	105,748
Legal Assistance for Victims	16.524	N/A	-	416,645
Virginia Department of Criminal Justice Services, Commonwealth of Virginia - Sexual Assault Services Formula Program	16.017	2019-KF-AX-052, 2020-KF-AX-0018, 15JOVW-21-GG-00480-SASP	-	6,983
Virginia Department of Criminal Justice Services, Commonwealth of Virginia - Sexual Assault Services Formula Program	16.017	15JOVW-21-GG-00480-SASP, 15JOVW-22-GG-00389-SASP	-	4,206
Subtotal 16.017			-	11,189

AYUDA, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Total Federal Expenditures
Department of Justice (Continued)				
Sexual Assault Services Culturally Specific Program	16.023	N/A	\$ -	\$ 151,739
Virginia Department of Criminal Justice Services, Commonwealth of Virginia - To Provide Direct Services for Crime Victims	16.574	2020-V2-GX-0048,15POVC-21-GG-00602-ASSI, 15POVC-22-GG	-	64,975
Total Department of Justice			-	3,518,654
Department of Health and Human Services				
US Committee for Refugees and Immigrants - Services to Victims of a Severe Form of Trafficking	93.598	13-1878704	-	160,123
District of Columbia - Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	2101DCFVPS, 2201DCFTC6	-	185,233
Total Department of Health and Human Services			-	345,356
Department of the Treasury				
COVID-19 - Commonwealth of Virginia - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	1,220
COVID-19 - Government of District of Columbia - Office of Victims Services and Justice - Coronavirus State and Local Fiscal Recovery Funds	21.027	2022-ATJ-01	-	257,256
Total Department of the Treasury			-	258,476
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ -	\$ 4,122,486

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of Ayuda, Inc. under programs of the Federal Government for the year ended September 30, 2023. The information in the Schedule is presented in accordance with the 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)*. Because the Schedule presents only a selected portion of the operations of Ayuda, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Ayuda, Inc.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Ayuda, Inc., has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

AYUDA, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting:

Unmodified

2). Internal control over financial reporting:

• Material weakness(es) identified?

Yes No

• Significant deficiency(ies) identified?

Yes None Reported

3). Noncompliance material to financial statements noted?

Yes No

Federal Awards

4). Internal control over major Federal programs:

• Material weakness(es) identified?

Yes No

• Significant deficiency(ies) identified?

Yes None Reported

5). Type of auditor's report issued on compliance for major Federal programs:

Unmodified

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

7). Identification of major Federal programs:

Assistance Listing

Number	Name of Federal Program or Cluster
16.320	Services for Trafficking Victims

8). Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

9). Auditee qualified as a low-risk auditee?

X Yes No

AYUDA, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Section II - Financial Statement Findings

There were no reportable findings.

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

There were no reportable findings.

Section IV - Prior Year Findings with Current Year Status

There were no reportable findings.



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**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
Ayuda, Inc.
Washington, D.C.

We have audited, in accordance with the 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 Ayuda, Inc. as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise Ayuda, Inc.'s basic financial statements, and have issued our report thereon dated January 31, 2024.

Report on Internal Control Over Financial Reporting

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

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ayuda, Inc.'s financial statements are free from 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 are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

January 31, 2024



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Ayuda, Inc.
Washington, D.C.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ayuda, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Ayuda, Inc.'s major Federal programs for the year ended September 30, 2023. Ayuda, Inc.'s major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Ayuda, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Ayuda, Inc. and to meet our other 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 each major Federal program. Our audit does not provide a legal determination of Ayuda, Inc.'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 Ayuda, Inc.'s Federal programs.

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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 Ayuda, Inc.'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 generally accepted auditing standards, *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 judgment made by a reasonable user of the report on compliance about Ayuda, Inc.'s compliance with the requirements of each major Federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Ayuda, Inc.'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 Ayuda, Inc.'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 Ayuda, Inc.'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.

Gelman Rosenberg & Freedman

January 31, 2024