

INROADS DE MÉXICO, A.C.

FINANCIAL STATEMENTS,  
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023 AND 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Inroads de México, A.C.

### *Opinion*

We have audited the financial statements of Inroads de México, A.C. (The Association), which comprises of the statements of financial position as of December 31, 2023 and 2022, and the statements of activities and cash flows for the years then ended, as well as the notes to the financial statements. The financial statements also include a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Inroads de 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 the Mexican Financial Reporting Standards (MFRS).

### **Basis of opinion**

We have conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are described later in the section Responsibilities of the auditor in relation to the audit of the financial statements of this report. We are independent of the Association in accordance with the Code of Ethics for Accounting Professionals of the International Ethics Standards Council for Accountants (IESBA Code of Ethics) and with that issued by the Mexican Institute of Public Accountants (IMCP Code of Ethics), along with the ethical requirements that are applicable to our audits of financial statements in Mexico. We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

### *Responsibilities of the Administration and those responsible for the governance of the Association in relation to the financial statements*

Management of the Association is responsible for the preparation and fair presentation of the accompanying financial statements in accordance with the MFRS and related internal control it deems necessary to enable the preparation of financial statements free from material misstatement due to fraud or error.

In the preparation of the financial statements, Management is responsible for assessing the Association's ability to continue as a going concern, revealing, as appropriate, issues related to the Company in operation and using the operating accounting principle except if the administration intends to liquidate the association or cease its operations, or there is no other realistic alternative.

Those responsible for the governance of the Association are responsible for supervising the financial information process of the Association.



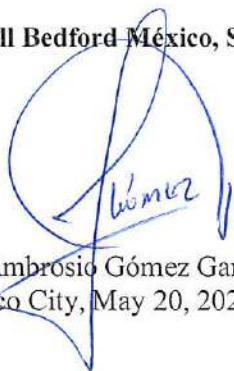
### ***Responsibilities of the auditor in relation to the audit of the financial statements***

Our objectives are to obtain reasonable assurance that the financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an audit report containing our opinion. Reasonable safety is a high degree of safety but does not guarantee that an audit performed in accordance with ISA will always detect a material misstatement when it exists. Misrepresentations may be due to fraud or error and are considered material if, individually or in aggregate form, they can reasonably be expected to influence economic decisions that users make based on the financial statements.

As part of an audit in accordance with ISA, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. As well:

- Identify and assess the risks of material misstatement in the financial statements, due to fraud or error, design and apply audit procedures to respond to those risks, and obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting material misstatement due to fraud is higher than in the case of a material misstatement due to error, since fraud may involve collusion, falsification, deliberate omissions, intentionally erroneous manifestations or circumvention of internal control.
- Obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances and not for the purpose of expressing an opinion on the effectiveness of the internal control of the Association.
- Evaluate the adequacy of the accounting policies applied and the reasonableness of the accounting estimates and the corresponding information disclosed by management.
- We Concluded on the adequacy of the usage, by the Management, of the accounting principle of going concern and, based on the obtained audit evidence, we conclude about the existence or lack of a material uncertainty related to events or conditions that can generate significant doubts about the capacity of the Association to continue as a going concern. If we conclude that a material uncertainty exists, it is required that we draw attention in our audit report to the corresponding information disclosed in the financial statements or, if the mentioned disclosures are not adequate, that we express a modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit 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 disclosed information, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate to those in charge of the Association's governance regarding, among other topics, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant deficiencies in internal control that we identified in the course of the audit.

**Russell Bedford México, S.C.**



Mr. Ambrosio Gómez García  
Mexico City, May 20, 2024



Miguel de Cervantes Saavedra 301  
Torre Sur 2° Piso, Int. 201  
Col. Granada 11520, Ciudad de México  
Tel. (55) 5262 4800

## STATUTORY AUDITOR'S REPORT

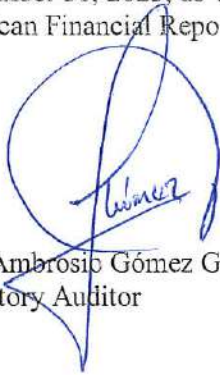
Mexico City, May 20, 2024

To the Board of Directors of  
Inroads de México, A.C.

In my capacity as the Statutory Auditor of Inroads of México, A.C. (The Association), I hereby express my opinion on the veracity, reasonableness and sufficiency of the financial information submitted to you by the Administration for the year ending, on December 31, 2023.

I have attended the Boards of Members to which I have been called and I have obtained from the directors and administrators all the information about the operations, documentation and other supporting evidence that I considered necessary to be examined.

In my opinion, the criteria, accounting and information policies applied by the Association and considered by the administrators to prepare the financial information submitted by them to this meeting are adequate and sufficient and were applied consistently with the previous year; Therefore, such financial information reflects in a truthful, sufficient and reasonable manner the financial position of Inroads de México, AC, as of December 31, 2023, as well as its activities and cash flows for the year then ended, in accordance with the Mexican Financial Reporting Standards (MFRS).



Mr. Ambrosio Gómez García  
Statutory Auditor

INROADS DE MEXICO, A.C.  
Statement of financial position  
(Figures in Mexican pesos)

	<u>December 31, 2023</u>			<u>December 31,</u> <u>2022</u>
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents (Note 6)	\$ 9,674,809	\$ 2,534,025	\$ 12,208,834	\$ 10,152,145
Accounts receivable (Note 7)	317,015	-	317,015	625,569
Total current assets	9,991,824	2,534,025	12,525,849	10,777,714
Non-current assets:				
Furniture and computer equipment - Net (Note 8)	276,271	-	276,271	235,383
Total assets	<u>\$ 10,268,095</u>	<u>\$ 2,534,025</u>	<u>\$ 12,802,120</u>	<u>\$ 11,013,097</u>
<b>Liabilities and equity</b>				
Short term liabilities:				
Suppliers, accumulated liabilities and other accounts payable	\$ 182,664	\$ -	\$ 182,664	\$ 341,085
Sponsorship advances (Note 9)	-	2,534,025	2,534,025	2,904,225
Salaries and benefits payable (Note 10)	-	-	-	863,571
Compromised donations and sponsorship	210,379	-	210,379	552,500
Income tax payable (Note 12)	15,306	-	15,306	70,888
Other taxes and contributions	1,163,771	-	1,163,771	261,066
Total liabilities	1,572,120	2,534,025	4,106,145	4,993,335
Equity (Note 11):				
Unrestricted	8,695,975	-	8,695,975	6,019,762
Total assets	<u>\$ 10,268,095</u>	<u>\$ 2,534,025</u>	<u>\$ 12,802,120</u>	<u>\$ 11,013,097</u>

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

Ms. Beatriz Coll  
Managing Director

INROADS DE MEXICO, A.C.

Statements of activities

(Figures in Mexican pesos)

	Year ending December 31	
	<u>2023</u>	<u>2022</u>
<b><u>Income:</u></b>		
Sponsorship	\$ 3,073,116	\$ 3,603,200
Donations	17,358,739	13,333,531
Exchange rate profit	<u>728,468</u>	<u>290,518</u>
Total revenue	<u>21,160,323</u>	<u>17,227,249</u>
<b><u>Expenses:</u></b>		
Wages and labor obligations	10,814,751	8,734,015
Operating expenses	6,109,928	3,386,688
Exchange rate loss	1,544,125	595,570
Income tax	15,306	70,888
Other expenses	<u>-</u>	<u>5,831</u>
Total expenses	<u>18,484,110</u>	<u>12,792,992</u>
Increase in equity	2,676,213	4,434,257
Beginning equity	<u>6,019,762</u>	<u>1,585,505</u>
Ending equity	<u>\$ 8,695,975</u>	<u>\$ 6,019,762</u>

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

  
Ms. Beatriz Coll  
Managing Director

INROADS DE MEXICO, A.C.

Statement of Cash Flow

(Figures in Mexican pesos)

	Year ending December 31	
	<u>2023</u>	<u>2022</u>
<b>Operating activities:</b>		
Increase in equity	\$ 2,676,213	4,434,257
Items related to investment activities:		
Depreciation	<u>72,898</u>	<u>58,113</u>
	2,749,111	4,492,370
Decrease (increase) in accounts from sponsors and others	308,555	(551,877)
Increase (decrease) in suppliers, liabilities accruals and other accounts payable	<u>(887,190)</u>	<u>894,769</u>
Net cash flows from operating activities	2,170,476	4,835,262
<b>Actividades de inversión:</b>		
Furniture and equipment acquisition	<u>(113,787)</u>	<u>(31,030)</u>
Net cash flows from investing activities	<u>(113,787)</u>	<u>(31,030)</u>
Net increase in cash and cash equivalents	2,056,689	4,804,232
Beginning cash and cash equivalents	<u>10,152,145</u>	<u>5,347,913</u>
Ending cash and cash equivalents	<u>\$ 12,208,834</u>	<u>\$ 10,152,145</u>

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



Ms. Beatriz Coll  
Managing Director



INROADS DE MÉXICO, A.C.  
Notes to the financial statements  
December 31, 2023 and 2022

(Figures expressed in Mexican pesos)

**NOTE 1 – AUTHORIZATION FOR THE ISSUANCE OF THE FINANCIAL STATEMENTS**

On May 20, 2024 Ms. Beatriz Coll (Managing Director) responsible for financial information authorized the issuance of the financial statements for presentation to the board of directors for final approval.

**NOTE 2 – MAIN ACTIVITY OF THE ASSOCIATION**

I Inroads de México, A.C. (The Association) is a non-profit organization incorporated on March 8, 1996, under Mexican law. Its mission is to detect talent among young Mexicans with limited economic resources, to promote their integral formation as leaders committed to society and to channel opportunities for their development.

It offers a comprehensive training plan to support selected university students to obtain a meaningful practical experience, in areas related to their professional career, in a first level company.

The purpose of the Association is:

- a) Attend to young people of any sex, who due to their socioeconomic circumstances require incentives in the labor and educational area and training, with the purpose of seeking their entry to various companies to obtain a better development. The aim of the training will be to ensure that young people with low socio-economic resources have the opportunity to develop in the fields of work related to the profession they are studying, so that they can be surpassed not only in classrooms but also in practice.
- b) Obtain resources through contributions, donations, inheritances, legacies or any other type of assistance, from natural or moral persons, national and foreign
- c) Promote the integral development of the young people who participate in the program.
- d) To publish information about the programs and parties in order to disclose the work carried out by the organization.
- e) Establish contact points between the Association among others with similar purposes.
- f) To get contact between other institutions that have the same or similar object.
- g) Acquire, dispose of, lease or take on an endless supply of commercial speculation, all kinds of furniture or real estate as they are convenient and / or necessary for the development of its object.

- h) The celebration and execution of all acts, agreements, contracts and operations, whether with individuals or corporations, public or private and governmental or decentralized entities, national and foreign, suitable for carrying out their activities and their social object.
- i) In general, the performance of all kinds of acts, operations, agreements, contracts and securities necessary for the realization of its social purpose.

The object must be achieved without obtaining a profit or equity benefit directly or indirectly for its associates and board members.

Consequently, the purpose of the Association will not be predominantly economic or commercial speculation, since it is a non-profit association independent from civil association with any political, religious, ideological or economic groups or parties.

In order to achieve the purposes described above, the Association will have assets that will be constituted as follows:

- I. Partners contributions.
- II. Donations, inheritances, legacies or other contributions that for any reason receive,
- III. Earned income,
- IV. Goods acquired.
- V. Any type of rights granted in favor of the Association or acquired by it, by virtue of donations, assignments or any other means permitted by law.

All of its income and assets will be used exclusively for the purposes of the Association, and it cannot grant benefits on a surplus distributable to any natural person or to their natural or legal persons, except in the latter case of moral persons referred to in article 97 of the Mexican Income Tax Law (LISR).

### **NOTE 3 – PREPARATION AND PRESENTATION BASIS**

The financial statements are presented in accordance with Mexican Financial Reporting Standards (MFRS), specifically observing the pronouncements of the financial information based on MFRS B-16 "Non-Profit Financial Statements" and MFRS E- 2 "Donations Received and Granted by Entities with Non-Profit Purposes".

#### NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by Inroads de México, A.C, for the preparation of its financial statements are summarized as follows.

**a) Use of estimates**

The preparation of the financial statements in accordance with NIF requires that the management of the Association to make certain estimates and to use certain assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income and expenses during the year.

**b) Recognition of the effects of inflation**

As of January 1, 2008, the Mexican economy, is in a non-inflationary environment, maintaining an accumulated inflation or less than 26% in the last three years, therefore, from that date the recognition of the effects of inflation in financial information. Consequently, the figures as of December 31, 2023 and 2022, in the attached financial statements, are presented in historical pesos, modified by the effects of inflation in the financial information recognized until December 31, 2007.

Below are the accumulated inflation indices and percentages:

December 31	INPC	Inflation	
		Of the year	Accumulated
2023	132.373	4.66%	19.82%
2022	126.478	7.82%	15.74%
2021	117.308	7.36%	13.87%

**c) Cash and cash equivalents**

Cash and cash equivalents include deposits in bank accounts in Mexican pesos and US dollars. Cash is valued at nominal value and the foreign currency is translated at the interbank rate at the date of the financial statements. At the date of the financial statements, interest earned and valuation gains or losses are included in the results of the year, as part of the comprehensive financing result.

**d) Accounts receivable**

Accounts receivable from sponsors are recognized at the nominal values of invoices or receipts.

**e) Furniture and computer equipment**

Furniture and computer equipment are valued at their historical cost of acquisition as of December 31, 2023 and 2022.

Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets over the cost of acquisition.

*f) Suppliers*

This caption includes obligations with suppliers for purchases of goods and services acquired in the normal course of the Association's operations. When purchases of goods and services acquired are expected to be paid within one year or less from the closing date, they are presented as current liabilities on the financial reports. In case of not complying with the aforementioned, they are presented as non-current liabilities.

*g) Provisions*

The Association recognizes, based on Management's estimates, provisions for liabilities for those present obligations in which the transfer of assets or the rendering of services are virtually unavoidable and arises as a result of past events, mainly bonuses, salaries and other payments to personal.

*h) Taxes on income*

Income tax (ISR by its acronym in Spanish) will only be recorded when the distributable amount (whether or not delivered in cash or in assets to its members or partners) is determined (see Note 11).

*i) Equity*

In order to achieve the objectives above mentioned, the Association has assets constituted by the economic fund that has ordinary and extraordinary quotas of the associates, the donations granted by the associates or third parties, the subsidies that are obtained, the property owned by the Association, and income from festivities, raffles, sweepstakes, collections, etc., which are carried out in the places and with the requirements that the laws permit, with prior authorization from the Board.

*j) Recognition of income*

Sponsorship revenues are recognized when they are performed and invoiced

Proceeds from donations received in cash are recognized for the cash or cash equivalents received and for the amount of unconditional donations received that are accrued and payable.

*k) Transactions in foreign currency*

Transactions in foreign currency are recorded at the exchange rates prevailing on the dates of their respective settlements. Assets and liabilities in these currencies are expressed in local currency at the exchange rates prevailing at the balance sheet date. Differences due to fluctuations in the exchange rates between the settlement dates of the transactions and their settlement or valuation at the year-end are applied to the results.

## NOTE 5 - POSITION OF THE ASSOCIATION IN FOREIGN CURRENCY

The figures in this note are expressed in US dollars (USD \$).

As of December 31, 2023 and 2022, the Association had monetary assets in foreign currency for USD \$577,159 and USD \$317,051, respectively, and monetary liabilities in foreign currency for USD \$150,000.

As of December 31, 2023, the exchange rate was \$16.89 per dollar (\$19.36 as of December 31, 2022). As of May 20, 2024, the date of issuance of the audited financial statements, the exchange rate was \$16.5668 per US dollar.

## NOTE 6 - CASH AND CASH EQUIVALENTS

The balance of the cash and cash equivalents account is as follows:

	<u>2023</u>	<u>December 31 of</u> <u>2022</u>
Bank accounts in local currency	\$ 2,458,598	\$ 4,013,567
Bank accounts in dollars	<u>9,750,236</u>	<u>6,138,578</u>
	<u>\$ 12,208,834</u>	<u>\$ 10,152,145</u>

## NOTE 7 - ACCOUNTS RECEIVABLE

The balances of the accounts receivable corresponding to sponsors, at year-end, are as follows:

	<u>2023</u>	<u>December 31 of</u> <u>2022</u>
Sponsors	\$ 190,300	\$ 552,294
Taxes to recover	-	70,312
Donations	-	205
Deposits in guarantee	74,250	-
Other accounts receivable	<u>52,465</u>	<u>2,758</u>
	<u>\$ 317,015</u>	<u>\$ 625,569</u>



#### NOTE 8- FURNITURE AND COMPUTER EQUIPMENT

As of December 31, 2023 and 2022, furniture and equipment are as follows:

	<u>% anual depreciation</u>	<u>December 31 of</u> <u>2023</u>	<u>2022</u>
Furniture	10	\$ 284,275	\$ 284,275
Computer equipment	30	<u>401,628</u>	<u>287,842</u>
		685,903	572,117
Accumulated depreciation		<u>(409,632)</u>	<u>(336,734)</u>
Total furniture and computer equipment - Net		<u>\$ 276,271</u>	<u>\$ 235,383</u>

The depreciation recorded in the results for 2023 and 202 amounts to \$72,898 and \$58,114, respectively, which is recognized under operating expenses.

#### NOTE 9 - SPONSORSHIP ADVANCES

Sponsorship advances corresponds to donations received during the year, which are initially recognized as deferred income in liabilities for the amount of cash received, and will be applied to results at the time the programs for which these resources are intended are implemented and executed.

As of December 31 2022 and 2023, sponsorship advances are integrated as follows

	<u>December 31 of</u> <u>2023</u>	<u>2022</u>
JP Morgan Chase Fundation	<u>\$ 2,534,025</u>	<u>\$ 2,904,225</u>

#### NOTE 10 – SALARIES AND BENEFITS PAYABLE

As of December 31, 2022, the liability corresponds to a labor lawsuit filed by a former employee, which concluded on March 15, 2023, reaching a payment agreement in the amount of \$ 863,571.

## NOTE 11 – EQUITY

The equity of the Association was done from contributions of its members and, in accordance with its by-laws, the income and income obtained are not distributed to its members and must be reinvested in order to continue carrying out their activities as a non-profit Civil Association. Profit, and is integrated as follows:

<u>Description</u>	<u>Amount</u>
Results of 1997	\$ 23,856
Results of 1998	(23,856)
Results of 1999	170,936
Results of 2003	397,619
Results of 2004	358,013
Results of 2005	(336,259)
Results of 2006	110,950
Results of 2007	455,073
Inflation (until 2007)	131,974
Results of 2008	(293,619)
Results of 2009	(732,089)
Results of 2010	83,087
Results of 2011	118,825
Results of 2012	302,102
Results of 2013	11,706
Results of 2014	367,023
Results of 2015	(256,224)
Results of 2016	826,949
Results of 2017	(1,368,920)
Results of 2018	497,786
Results of 2019	(2,143,122)
Results of 2020	1,331,439
Results of 2021	1,552,256
Results of 2022	<u>4,434,257</u>
Equity as of December 31, 2022	\$ 6,019,762
Results of 2023	<u>2,676,213</u>
Equity as of December 31, 2023	<u>\$ 8,695,975</u>

If at the time of its liquidation and because of the same, the Association allocates all of its assets to entities authorized to receive deductible donations, the income tax will not be calculated in accordance with article 79 of the Tax Income (ISR).

### **Patrimonio Restringido:**

On November 17, 2022 the Association signed a Grant agreement with JP Morgan Chase Foundation in the amount of \$300,000 dollars, in support of the "Job skills for a better future".

On December 14, 2022 the Association received the first grant in the amount of US\$150,000 (\$2,904,225 Mexican pesos).

On July 19, 2023 the Association received the second grant in the amount of US\$150,000 (2,534,025 Mexican pesos)

The Grant agreement mentions that all grant funds must be dedicated to the "Job skills for a better future".

### **NOTE 12 – INCOME TAX**

As it is an authorized association to receive donations, the Association is not a taxpayer of Income Tax (ISR).

Notwithstanding the foregoing, in accordance with article 80 of the Mexican Income Tax Law (LISR), in case of income greater than 10% of the total income, for activities other than the purposes for which it was authorized to receive donations, must determine the ISR on the surplus of said percentage applying for this purpose the rate of 30%. The referred tax income law did not apply to the exercises of 2023 and 2022.

Likewise, in accordance with article 79 of the LISR, the Association is obliged to enter as tax to its charge the tax that results from applying to the distributable remaining amount that determines, the maximum rate to be applied to the excess of the lower limit that establishes the rate contained in article 152 of the LISR (35%). It is considered as distributable remnant, even if it has not been delivered in cash or in assets to its members or partners, the following:

- a) The amount of the omissions of income or purchases not made and unduly recorded.
- b) Expenses that they make and are not deductible.
- c) Loans made to their partners or members, or spouses, relatives in straight line ascendant or descendant of said partners or members.

Pursuant to Article 138 of the Rules of the LISR, donations and their income must be used solely and exclusively for the corporate purposes of the Association; in no case may they allocate more than 5% of the donations and, if applicable, the income they receive to cover their administration expenses.

Also in accordance with article 86, Fraction V of the LISR, the Association shall be required to withhold and receive the tax and require documentation that meets the tax requirements when making payments to third parties and are obliged to do so in terms of said law.

As of December 31, 2023 and 2022, the Association determined an income tax of \$15,306 and \$70,888, respectively.

The Mexican Financial Reporting Standards Council, A.C. (CINIF) issued its annual report on “Improvements to Financial Reporting Standards 2023”, which contains two sections for a better understanding of the changes in accounting regulations. The first section contains “Improvements that generate accounting changes” and the second section “Improvements that do not generate accounting changes”.

MFRS B-14, Earning per share: Provides clarifications for the determination of earnings per share (EPS), to show the profit or loss attributable to each ordinary share adjusted for delusional effects.

MFRS B-11, Disposal of long-lived assets and discontinued operations/ MFRS C-11 shareholders equity: This improvement establishes that any difference between the book value of long-lived assets delivered to settle dividends or capital repayments must be recognized in retained earnings.

During 2023 the CINIF issued 2 sustainability (NIS), called NIS 1 and NIS 2, which come into force on January 1, 2025. These standards require that all actions carried out by the company in the following areas:

The followings MFRS and improvements to the MFRS that do not generate accounting changes in the financial statements are:

### Accounting precisions

15

MFRS C-19, Financial instruments payable  
MFRS D-8, Share-based payments  
MFRS B-17, Determination of fair value  
MFRS C-4, Inventories  
MFRS D-5, Leases

Various particular standards and Glossary

MFRS A -1

Conceptual Framework- Various definitios are modified, deleted or added to maintain consistency with the new Conceptual Framework. References to new qualitative characteristics are modified. The references to the different valuation bases are modified, adjusting them in accordance with the new classification. The description of the basic postulates is approved. The description of the definitions of the different elements of the financial statements is standardized. All reference to the Conceptual Framework in the particular standards are adjusted.



Ms. Beatriz Coll  
Managing Director

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