

Separate Financial Statements

Instituto Tecnológico de Santo Domingo (INTEC)

*December 31, 2022*

*(Together with the Independent Auditor's Report)*

# Instituto Tecnológico de Santo Domingo (INTEC)

## *Separate Financial Statements*

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## Independent Auditor's Report

To the Board of Regents of  
Instituto Tecnológico de Santo Domingo (INTEC)

### *Opinion*

We have audited the accompanying separate financial statements of Instituto Tecnológico de Santo Domingo (INTEC) (hereinafter "the Institute"), which comprise the separate statement of financial position as of December 31, 2022, the separate statement of activities, changes in net assets and other comprehensive income and the separate cash flow statement for the year then ended, and notes comprising significant accounting policies and others explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of Instituto Tecnológico de Santo Domingo (INTEC) as of December 31, 2022, its financial performance and cash flows for the year then ended, in conformity with International Financial Reporting Standards for Small and Medium-sized Enterprises (IFRS for SMEs).

### *Basis for the opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are described in the section *Responsibilities of the Auditor with Regards to the Audit of the Separate Financial Statements* in our report. We are independent from the Institute in accordance with the Code of Ethics for Accounting Professionals of the International Ethics Standards Board for Accountants (IESBA), the Code of Ethics of the Institute of Certified Public Accountants of the Dominican Republic (ICPARD in Spanish) along with the ethics requirements relevant for our audit of separate financial statements and have met all other ethical responsibilities in accordance with these requirements and the Code of Ethics of IESBA and ICPARD. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information 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 International Standards on Auditing. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### *Responsibilities of Management and those charged with Corporate Governance over the separate financial statements*

Management is responsible for the preparation and fair presentation of these separate financial statements in accordance with International Financial Reporting Standards for Small and Medium Sized Entities, and for the internal control relevant to the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, Management is also responsible for assessing the Institute's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those responsible for the Institute's Corporate Governance are responsible for overseeing the Institute's financial reporting process.

### *Auditor's responsibility regarding the audit of the separate financial statements*

Our objectives are to obtain reasonable assurance on whether separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an audit report including our opinion. Reasonable assurance is a high level of assurance but does not constitute a guarantee that an audit performed per International Standards on Auditing will always detect a significant error when one exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. As auditors, we also:

- Identify and assess the risk of material misstatement in the separate 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 a material misstatement due to fraud going undetected is higher than one due to error, since fraud may involve collusion, forgery, intentional omissions, intentionally mistaken statements, or the circumvention of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are adequate under the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Assess that the accounting policies used are adequate, as well as the fairness of accounting estimates and disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, we also conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to call attention in our audit report to the corresponding disclosures in the statutory separate financial statements, or if those disclosures are not adequate, to express a modified opinion. Our conclusions are based on the audit evidence obtained until the date of our audit report. Nevertheless, future events or conditions could cause the Institute not to continue as a going concern.

- We evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether those separate financial statements represent the underlying transactions and events that achieve reasonable presentation.

We communicated with those in charge of the Institute's Management regarding among others, the scope and timing of our audit and the significant findings, including any significant weaknesses in internal control that we identified during our audit.

June 30, 2023  
Santo Domingo,  
Dominican Republic

The logo for Ernst & Young, written in a cursive, handwritten style.

# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

### SEPARATE STATEMENTS OF FINANCIAL POSITION

December 31, 2022 and 2021

(Amounts in United States dollars - US\$)

	Notes	2022	2021
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	3 and 20	331,595	347,866
Accounts receivable:	4		
Students, third-party programs and other		5,533,330	4,680,732
Other accounts receivable		160,497	173,322
		<u>5,693,827</u>	<u>4,854,054</u>
Impairment allowance of notes and accounts receivable	4	(1,552,938)	(1,339,392)
Accounts receivable, net		<u>4,140,889</u>	<u>3,514,662</u>
Current portion of long-term notes receivable	5	446,407	231,421
Inventories of books and supplies	2.12	146,636	112,101
Securities investments	6	1,154,326	657,250
Prepaid expenses	7	621,957	544,527
Total current assets		<u>6,841,810</u>	<u>5,407,827</u>
Non-current assets:			
Long-term notes receivable (excluding a current portion)	5	2,635,672	2,460,512
Impairment allowance of long-term notes receivable	5	(219,750)	(241,217)
Long-term notes receivable, net		<u>2,415,922</u>	<u>2,219,295</u>
Investment in Trust	8 and 20	308,384	253,674
Property, furniture and equipment, net	9	25,468,260	25,338,730
Other assets, net	10	124,829	77,189
Total assets		<u>35,159,205</u>	<u>33,296,715</u>
<b>LIABILITIES AND NET ASSETS:</b>			
Current liabilities:			
Current portion of long-term debt	13	2,923,864	1,925,046
Accounts payable:	17		
Vendors		1,283,957	733,518
Advanced payments for courses and diploma degrees	19	1,015,207	1,224,465
Other accounts payable		2,603,661	2,117,381
Total accounts payable		<u>4,902,825</u>	<u>4,075,364</u>
Deferred revenue	11	2,363,016	1,520,309
Accruals payable and other liabilities	12	874,846	729,195
Total current liabilities		<u>11,064,551</u>	<u>8,249,914</u>
Non-current liabilities:			
Long-term debt, excluding a current portion	13	2,314,956	4,045,694
Labor benefit liability	14	1,793,848	1,775,847
Total non-current liabilities		<u>4,108,804</u>	<u>5,821,541</u>
Total liabilities		<u>15,173,355</u>	<u>14,071,455</u>
Net assets:			
Net assets without donor restrictions		19,677,466	18,971,586
Net assets with donor restrictions	20	308,384	253,674
Total net assets		<u>19,985,850</u>	<u>19,225,260</u>
		<u>35,159,205</u>	<u>33,296,715</u>

See accompanying notes to the separate financial statements.

# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

### SEPARATE STATEMENTS OF ACTIVITIES, CHANGES IN NET ASSETS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Amounts in United States dollars - US\$)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Change in net assets:			
Operating revenue:	15 and 17		
Educational services:			
Enrollment and student services, net		23,266,625	20,776,269
Other educational services		818,791	719,340
Educational department services		<u>582,552</u>	<u>634,167</u>
		24,667,968	22,129,776
Government grants		18,108	23,622
Other revenue		<u>4,480,177</u>	<u>3,880,905</u>
Total operating revenue		<u>29,166,253</u>	<u>26,034,303</u>
Operating costs and expenses:	16 and 17		
Employee benefits		(17,319,372)	(14,785,632)
Other general and administrative and expenses		<u>(11,146,341)</u>	<u>(8,899,553)</u>
Total operating costs and expenses:		<u>(28,465,713)</u>	<u>(23,685,185)</u>
Operating result		700,540	2,349,118
Financial income (costs), net:			
Interest income	6	52,236	25,731
Interest expense	13 and 14	(652,515)	(501,531)
Loss on foreign exchange rate		<u>(36,824)</u>	<u>(34,331)</u>
Financial costs, net		<u>(637,103)</u>	<u>(510,131)</u>
Increase in net assets for the year		63,437	1,838,987
Other comprehensive income - items that are or may be reclassified to changes in net assets - foreign currency translation adjustment		<u>697,153</u>	<u>357,636</u>
Total comprehensive income for the year		<u>760,590</u>	<u>2,196,623</u>

See accompanying notes to the separate financial statements.

# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

### SEPARATE STATEMENTS OF CHANGES IN NET ASSETS AND OTHER COMPREHENSIVE INCOME

For the years ended December 31, 2022 and 2021

(Amounts in United States dollars - US\$)

		<u>Net Assets</u>	<u>Translation reserve</u>	<u>Total changes in net assets and other comprehensive income</u>
	<u>Notes</u>			
Beginning balances as at January 1, 2021		26,955,535	(9,920,605)	17,034,930
Comprehensive income for the year:				
Increase net assets of the year		1,838,986	-	1,838,986
Other comprehensive income				
Exchange difference on translation	2.1	-	351,344	351,344
Total comprehensive income for the year		<u>1,838,986</u>	<u>351,344</u>	<u>2,190,330</u>
Balances as at December 31, 2021		<u>28,794,521</u>	<u>(9,569,261)</u>	<u>19,225,260</u>
Comprehensive income for the year:				
Increase net assets of the year		63,437	-	63,437
Other comprehensive income -				
Exchange differences on translation	2.1	-	697,153	697,153
Total comprehensive income for the year		<u>63,437</u>	<u>697,153</u>	<u>760,590</u>
Balances as at December 31, 2022		<u>28,857,958</u>	<u>(8,872,108)</u>	<u>19,985,850</u>

See accompanying notes to the separate financial statements.



# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

### SEPARATE CASH FLOWS STATEMENTS

For the years ended December 31, 2022 and 2021

(Amounts in United States dollars - US\$)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:			
Increase in net assets of the year		63,437	1,838,986
Adjustments for:			
Depreciation and amortization	9 and 10	1,290,692	1,195,291
Impairment allowance of notes and accounts receivable	4	177,305	164,225
Loss on discharge of property, furniture and equipment		469,680	5,728
Scholarship expenses	7	139,276	132,435
Accrued deferred revenue		(1,573,436)	(1,520,168)
Financial Interest		(52,236)	-
Financial costs		652,515	475,800
		<u>1,167,233</u>	<u>2,292,297</u>
Net changes in assets and liabilities:			
Notes and accounts receivable, short-term and long-term		(997,811)	(858,508)
Inventories of books and supplies		(30,432)	(6,881)
Prepaid expenses		(196,889)	(207,759)
Other assets		(3,578)	(2,609)
Accounts payable		678,834	(473,187)
Deferred revenue		2,360,021	1,520,575
Accruals payable and other liabilities		119,061	118,714
Labor benefit liability		(46,329)	(420,250)
Cash from operations		<u>3,050,110</u>	<u>1,962,392</u>
Interest Income		52,236	25,731
Interest paid		(652,515)	(501,531)
Cash flow provided by operating activities		<u>2,449,831</u>	<u>1,486,592</u>
Cash flows from investment activities:			
Increase of investments		(473,246)	(296,086)
Investment in Trust		(45,513)	(253,674)
Acquisition of property, plant and equipment	9	(1,014,660)	(1,589,019)
Cash flow used in investment activities		<u>(1,533,419)</u>	<u>(2,138,779)</u>
Cash flow used in financing activities:			
Loans obtained	13	2,477,068	1,574,803
Loans paid	13	(3,424,273)	(1,058,144)
Net cash flows provided by financing activities		<u>(947,205)</u>	<u>516,659</u>
Effect of exchange rate on cash and cash equivalents			
Decrease in cash and cash equivalents		14,522	9,436
Cash and cash equivalents at the beginning of the year		(16,271)	(126,092)
Cash and cash equivalents at year end	20	<u>347,866</u>	<u>473,958</u>
		<u>331,595</u>	<u>347,866</u>

See accompanying notes to the separate financial statements.

# Instituto Tecnológico de Santo Domingo (INTEC)

## *Separate Financial Statements*

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### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

December 31, 2022 and 2021

*(Amounts in United States dollars - US\$)*

#### 1. Corporate Information

Instituto Tecnológico de Santo Domingo (INTEC) (the Institute) is a non-profit and autonomous private university. It was created per Law 520 and Decree 2389 of June 15, 1972 (which was later eliminated and substituted by Law 122-05). The Institute started educational activities in October 1972. INTEC's mission is to train citizens that are capable, upstanding, and internationally competitive to contribute to the sustainable development of society through science and technology.

Its main objectives are:

- a) To train high-quality, innovative, critical, and internationally competitive professionals.
- b) To promote and strength the relationship between the Institute and sectors that contribute to innovation and sustainable technological development
- c) To increase competitiveness and strengthen international positioning.
- d) To strength strategical alliances and agreements with higher education Institutes and research bodies worldwide.
- e) To raise the organizational performance bar through the adjustment of processes and the physical infrastructure or structure to ensure the quality of the Institute's services and financial sustainability.

In accordance with article 299, paragraph (d) of the Tax Code of the Dominican Republic (Law 11-92) on non-profit organizations, the Institute is exempted from income tax payments.

The Institute is domiciled in Los Próceres Avenue 49, Ensanche Galá, Santo Domingo, Dominican Republic. It has operations in the country and abroad.

INTEC has three general governing bodies:

- ◆ General Meeting: INTEC's supreme authority comprised by founders and members of the Board of Regents. The Board of Regents is made up of 15 members, including the Rector, outstanding people from the local community, and alumni.
- ◆ Rector's Office: The Institute's highest executive authority led by the Rector.
- ◆ Academic Board: Office in charge of planning the academic policy per the guidelines provided by the Board of Regents. It is chaired by the Rector and comprised by the assistant rectors and deans from the different academic areas and divisions.

#### 2. Basis of preparation and accounting policies applied in the separate financial statements

The Institute's separate financial statements as of December 31, 2022 and 2021, and for the years then ended, were prepared in accordance with International Financial Reporting Standards for Small and Medium sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB).

# Instituto Tecnológico de Santo Domingo (INTEC)

## *Separate Financial Statements*

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### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

December 31, 2022 and 2021

*(Amounts in United States dollars - US\$)*

#### 2. Basis of preparation and accounting policies applied in the separate financial statements (continued)

##### 2.1 Basis of preparation and presentation currency

The functional currency of the Institution is de Dominican peso. The accompanying separate financial statements are expressed in U.S. dollars, as a presentation currency. The figures of the separate financial statements were translated to United States dollars (US\$) for reporting purposes to the Government of the United States of America (USA). The translation was made in conformity with the guidelines of the IFRS for SMEs, Section 30 - Foreign Currency Translation, which sets forth the use of the exchange rates at the reporting date of the statements of financial position to translate assets and liabilities and the exchange rates at the dates of the transactions to translate income and expenses. All resulting exchange rate differences are recognized in other comprehensive income (OCI).

As of December 31, 2022 and 2021, the exchange rates used by the Institution for the translation of the statements of financial position were RD\$55.16 and RD\$57.16 per each US\$1, respectively. The average exchange rates used to translate the statements of activities, changes in net assets and other comprehensive income for the years ended December 31, 2022 and 2021 were RD\$55.23 and RD\$57.15 per each US\$1, respectively. These exchange rates approximate the exchange rates at the date of the transactions. As of December 31, 2022 and 2021, the conversion effect for the periods then ended were losses of US\$697,153 and US\$351,344, respectively, and are presented as other comprehensive income in the accompanying statements of changes in net asset and other comprehensive income; and the translation reserve as of December 31, 2022 and 2021 were US\$8,872,108 and US\$9,569,261, respectively, and are presented as such, in the accompanying statements of changes in net asset and other comprehensive income.

The International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs) does not have specific standards issued, applicable to non-profit entities regarding the clarification of the structure of financial information and the classification of net assets. Therefore, for such purposes, the specific standards for non-profit entities issued by the Financial Accounting Standards Board (FASB) have been applied. Consequently, the Institute's net assets and their changes are classified as follows:

*Assets without donor restrictions:* The portion of a non-profit entity's net assets that is not subject to donor restrictions.

*Assets with donor restrictions:* The portion of a non-profit entity's net assets that is subject to donor restrictions.

##### 2.2 Current and non-current classification

The Institute presents classified assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when the Institute expects to realize the asset or has the intention to sell or consume it in the normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realized within twelve (12) months after the reporting period; and it is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the reporting period. The Institute classifies the rest of its assets as non-current.

# Instituto Tecnológico de Santo Domingo (INTEC)

## *Separate Financial Statements*

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### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

December 31, 2022 and 2021

*(Amounts in United States dollars - US\$)*

2. Basis of preparation and accounting policies applied in the separate financial statements (continued)

2.2 Current and non-current classification (continued)

A liability is classified as current when the Institute expects to settle the liability in the normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve (12) months after the reporting period, or when there is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the reporting period. The Institute classifies all other liabilities as non-current.

2.3 Balances and transactions in foreign currency

Balances and transactions in foreign currency are recorded at the exchange rate in effect on the date of the transaction. In determining its financial situation and income, the Institute appraises and adjusts its assets and liabilities denominated in foreign currency at the exchange rate ruling on the date of this valuation and determination.

Exchange differences that may result from the application of these procedures are recognized in the results of the year in which they occur. Note 18 presents the Institute's net foreign currency position.

2.4 Recognition of income, costs and expenses

Revenues are measured at the fair value of the consideration received or receivable, net of discounts. The Institute recognizes revenue when it can be measured at fair value and economic benefits may go to the Institute. Below are the Institute's specific criteria to recognize revenue:

a) Revenue from educational services

Revenue from educational services is recognized to the extent that the service is provided according to the study plan, net of discounts. Discounts derived from the early payments and students' academic achievements. The Institute recognizes revenue from its own operations as an increase of net assets through the accrual method. At the end of each accounting period, revenues from not-offered educational service billing are recorded in a liability account called "Deferred revenue" and are recognized as revenue as long as educational services are provided to students.

b) Revenues from grants

These revenues are from contributions provided by the Dominican Government as support to non-profit organizations. This grant is not conditioned on the Institute's specific future returns.

The Institute recognizes revenues from received grants as an increase of net assets once it receives them or is entitled to their enforcement.

c) Other operating revenue (including operating leases)

*Revenues from commissions on third-party programs (advanced payments for courses and diploma degrees)*

These revenues correspond to commissions earned from the intermediation for courses and diploma services through the Institute's training centers.

# Instituto Tecnológico de Santo Domingo (INTEC)

## *Separate Financial Statements*

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### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

December 31, 2022 and 2021

*(Amounts in United States dollars - US\$)*

2. Basis of preparation and accounting policies applied in the separate financial statements (continued)

2.4 Recognition of income, costs and expenses (continued)

The Institute recognizes income from third-party program commissions as the service is provided. First, advanced payments from third parties are recorded as liabilities and disbursed to the different centers as services are provided to users.

Costs and expenses are recognized in the results of each year when they are incurred.

d) Costs and expenses

The Institute grants scholarships to its employees, their family, and low-income people referred by the Ministry of Higher Education, Science and Technology (MESCYT in Spanish) who comply with the Institute's academic requirements. Scholarship costs are recognized as deferred expenses and are amortized and recognized in the accompanying statements of income and changes in net assets as services are provided to students.

2.5 Employee benefits

2.5.1 Short-term benefits

Obligations from employee short-term benefits are measured on a non-discounted basis and recognized as expenses as related services are provided. An obligation for the amount payable for short-term cash bonus or for employee participation in profit is recognized if the Institute has a current legal or implicit obligation to pay this amount as result of the service provided by the employee in the past, and the obligation can be reliably estimated.

2.5.2 Severance benefits

The Labor Code of the Dominican Republic requires employers to provide an advanced notice and severance pay to workers whose employment contracts are terminated without just cause. The Institute recognizes severance payments in its statements when it terminates an employment contract.

Until December 31, 2017, the Institute accumulated severance regardless of whether employees resign or were fired, as long as they comply with some work time and quality requirements. On July 5, 2018, during the Ordinary Meeting of the Board of Regents, Institute Management approved to discontinue severance payment when an employee resigns.

When there is a modification or decrease of work liability obligations, the resulting modification related to the past service or profit or loss for this reduction is immediately recognized in the year's results. The Institute recognizes gains or losses in the settlement of liability obligations when they are incurred.

2.5.3 Employment benefits payable

The Institute has to pay employment benefits to some employees who worked in the Institute and complied with work time and quality requirements when it decided to stop accumulating work liabilities from termination of services. This liability is deducted to determine its present value. The new modifications are recognized in the period in which they occur.

# Instituto Tecnológico de Santo Domingo (INTEC)

## *Separate Financial Statements*

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### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

December 31, 2022 and 2021

*(Amounts in United States dollars - US\$)*

2. Basis of preparation and accounting policies applied in the separate financial statements (continued)

2.5 Employee benefits (continued)

2.5.4 Social Security contributions

The Institute recognizes the monthly contributions made to the Dominican Social Security System, as well as employee contributions, as an accumulation until they are deposited in Treasury of Dominican Social Security System.

2.6 Financial income and costs

2.6.1 Financial income

Financial income is comprised by interest earned from investments in securities and cash equivalents. Income from earned interest is recognized in the income statement using the effective interest method.

2.6.2 Financial costs

Financial costs are comprised by interest paid for loans, work liability obligations, and gains and losses in foreign currency exchange. All costs from loans are recognized in the results of the year in which they are incurred using the effective interest method. Losses in foreign currency exchange are recorded by compensating the amounts as financial income or costs, depending on whether balances are in a net loss or gain position.

2.7 Income tax

The Institute is exempted from income tax payments since it is a non-profit organization per note 1 of these separate financial statements.

2.8 Property, furniture and equipment

2.8.1 Recognition and measurement

Property, furniture, equipment, and improvements items are measured at cost less the accumulated depreciation and any impairment loss.

The cost includes disbursements directly attributable to the acquisition of the asset. The cost of assets built by the Institute is comprised by:

- ◆ The cost of materials and direct labor force.
- ◆ Any disbursement directly attributable to the transformation of the asset to be suitable for the intended purpose.

When the Institute has an obligation to withhold the asset or restore the place, it has to calculate dismantling costs, eliminate items, and restore the place where they are located. When portions of property, furniture, and equipment items have different useful lives, they are recorded as separate property, furniture, and equipment items (important components). Gains or losses from the sale of an item of property, furniture, and equipment (calculated as the difference between the value of the provision and the value of the carrying amount of the element) are recognized in the results.

# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in United States dollars - US\$)

2. Basis of preparation and accounting policies applied in the separate financial statements (continued)

2.8 Property, furniture and equipment (continued)

2.8.2 Post-close disbursements

Post-close disbursements are capitalized only when future economic benefits related to the expenses are likely to go to the Institute. Continuous repairs and maintenance are recorded as a variation of net assets.

2.8.3 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or another amount that replaces the cost less its residual value.

Depreciation is recognized as changes in net assets using the straight-line method over useful lives estimated for each portion of property, furniture, and equipment items since they show a more exact consumption pattern of the future economic benefits related to the asset.

The elements of property, furniture, and equipment are depreciated since the date they are installed and ready to be used. The assets internally built are depreciated since the date when the asset is completed and ready to be used.

The following rates are used for the depreciation of property, furniture, and equipment:

<u>Type of asset</u>	<u>Useful life in years</u>
Buildings and improvements	5 and 35
Furniture, office equipment and other furniture	4-7
Bibliography	6.67
Transportation equipment	<u>4</u>

If there are significant changes in the conditions, depreciation methods, the useful life, and the residual value of assets, the Institute reviews the depreciation of that asset prospectively to show the new expectations.

2.9 Other assets

2.9.1 Recognition

Other assets are comprised by computer program licenses with limited useful lives and are measured at cost less their accumulated amortization.

2.9.2 Post-close disbursements

Post-close disbursements are capitalized only when future economic benefits incorporated in the asset related to such disbursements increase.

2.9.3 Amortization

Amortization is calculated over the amortized amount, which is the cost of an asset, or another less its residual value. Amortization is recognized as changes in net assets through the straight-line method, i.e. the uniform distribution of the asset cost over the estimated years of the useful life since the date they are available for use. This shows more accurately the consumption pattern of the asset's future economic benefits. The useful life of licenses is nearly 4 years.

# Instituto Tecnológico de Santo Domingo (INTEC)

## *Separate Financial Statements*

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### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

December 31, 2022 and 2021

*(Amounts in United States dollars - US\$)*

2. Basis of preparation and accounting policies applied in the separate financial statements (continued)

2.9 Other assets (continued)

2.9.3 Amortization (continued)

If there is an indication that there has been a significant change in the amortization rate, useful life, or residual value of an asset, the amortization of that asset is reviewed prospectively to reflect the new expectations.

2.10 Financial instruments

2.10.1 Non-derivative financial assets and liabilities - Recognition and derecognition

A financial instrument is any contract that simultaneously results in a financial asset at one institute and a financial liability or equity instrument at another institute. The Institute applies the provisions of Section 11: Basic financial instruments of the IFRS to SMEs to account all its non-derivative financial instruments, if any.

The Institute initially recognizes other basic financial assets and liabilities on the transaction date when it accepts the contractual provisions of the instrument.

The Institute derecognizes a financial asset when the contractual cash flow rights expire, or when it transfers the rights to receive contractual cash flows through a transaction in which all risks and benefits related to the financial asset are substantially transferred. The Institute recognizes as a separate asset or liability all participations in transferred financial assets that it creates or withholds.

Financial assets and liabilities are compensated, and the net amount is recorded in the statements of financial position when the Institute has a legal right to compensate such amounts and intends to settle them on a net basis or simultaneously settle the liability.

The financial assets and liabilities that the Institute withholds are classified as financial instruments which are measured at cost and held until maturity. The financial instruments measured at cost are initially recognized at fair value plus any directly attributable transaction cost. After the initial recognition, they are measured at amortized cost using the effective interest method less losses on impairment.

Below are the non-derivative financial instruments held by the Institute:

Cash and cash equivalents

Cash is comprised by cash on hand and on demand deposits with original three-month maturity or less. Bank overdrafts (if any) payable on demand which are an integral part of the Institute's management of cash are considered as components of the cash flow statement.



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2. Basis of preparation and accounting policies applied in the separate financial statements (continued)

2.10 Financial instruments (continued)

2.10.1 Non-derivative financial assets and liabilities - Recognition and derecognition (continued)

#### Accounts and notes receivable

Revenue from provision of services on credit are measured normally. The amounts of accounts and notes receivable do not generate interest. When the credit is expanded beyond normal credit conditions, accounts and notes receivable are measured at amortized cost using the effective interest method. At the end of each reporting period, the carrying amounts of notes receivable, trade debtors, and other receivables are reviewed to determine whether there is any objective evidence that they will not be recoverable. If so, an impairment loss is immediately recognized in result.

The Institute determines an estimate for doubtful accounts and notes, which is established through a charge to the expense account for losses on notes and accounts receivable. The amount of the estimate for possible losses is determined by management based on an analysis of the collectability of the accounts taking into consideration the history of the customers, the economy and other factors that affect the industry. The main components of this estimate consist of a specific loss element that relates to the significant individual exposures of each client.

The Institution maintains an agreement with Banco BHD León, for the granting of educational loans, once the students are graduates, Banco BHD León disburses to the Institution the credits consumed by the students. As of December 31, 2022, educational loans under this modality amount to US\$2,862,329 (2021: US\$2,464,249), which are not subject to loss estimation, given the solvency of the bank.

#### Investments in securities

Investments in securities consist of financial certificates issued by local financial entities, with original maturity greater than three months. Investments in securities are accounted for at cost plus interest earned capitalizable, less any impairment loss.

#### Investment in Trust

The investment in Trust corresponds to the securities provided to the Institute by donors, which were transferred to INTEC Trust to finance scholarships partially or fully and/or education loans of students and other programs approved by the Technical Committee. This investment is recorded at cost of contributions made. Securities received from donors are recognized as revenues from donations and reported in the separate financial statements as net assets with donor restrictions.

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### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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2. Basis of preparation and accounting policies applied in the separate financial statements (continued)

2.10 Financial instruments (continued)

2.10.1 Non-derivative financial assets and liabilities - Recognition and derecognition (continued)

#### Accounts payable

Accounts payable are obligations based on normal credit conditions and have no interests. After initial recognition, accounts payable are measured at amortized cost using the effective interest method. The amounts of commercial creditors denominated in foreign currency are translated into the functional currency at the exchange rate in effect as of the reporting date.

#### Notes and loans

Notes and loans are initially recognized at the transaction price. They are measured at amortized cost using the effective interest method. The Institute recognizes gains or losses in the separate statement of activities, change in net assets and other comprehensive income when the financial liability is derecognized as well as through the amortization process.

Notes and loans are classified as current liabilities unless the entity has the unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### Funds received from third parties

The Institute receives funds from third parties for project management. Cash received is recorded as liabilities that decrease as the funds are used. The Institute records cash unused as of the date of the separate statement of financial position in the advances received for courses and diploma degrees item.

2.11 Impairment of assets

2.11.1 Financial assets measured at amortized cost

The Institute considers the evidence of impairment for the financial assets measured at amortized cost, at both an individual and a collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Institute uses historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lower than suggested by historical trends. An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are immediately recognized in profit or loss. When the Institute considers that there are no realistic prospects of recovering the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases, and the decrease is related objectively to an event occurring after the impairment was recognized, then the previously recognized impairment loss is reversed through profit or loss.

# Instituto Tecnológico de Santo Domingo (INTEC)

## *Separate Financial Statements*

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### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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*(Amounts in United States dollars - US\$)*

#### 2. Basis of preparation and accounting policies applied in the separate financial statements (continued)

##### 2.11 Impairment of assets (continued)

###### 2.11.2 Non-financial assets

At each reporting date, the Institute reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment.

If the fair value minus the selling costs of an asset (or group of assets) is estimated to be less than its carrying amount, the carrying amount of the asset (or group of assets) is reduced to its fair value minus the selling costs. An impairment loss is immediately recognized in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or group of assets) increases until the revised estimate of its fair value less the costs of sell (without exceeding the amount that would have been determined if no loss due to impairment of the asset (or group of assets) had been recognized in previous years). The reversal for the impairment loss is immediately recognized in profit or loss.

For other assets, an impairment loss is reversed only until the carrying value of the asset does not exceed the value that would have been determined, net of depreciation and amortization, if an impairment loss had not been recognized.

##### 2.12 Inventories of books and supplies

Inventories of books and supplies are measured at the lower of cost and net realizable value using the average weighted method.

Estimation for inventories' obsolescence is recognized based on a technical analysis of the inventory items that the Institute understands will not be used in the operation.

At each reporting date, inventories are reviewed to determine whether there is impairment by comparing the carrying amount of each item of the inventory with the selling price or replacement cost, less the cost to sell them. If the inventories are impaired, the carrying amount is reduced to the selling price or replacement costs less costs to sell and is immediately recognized as a variation in net assets.

##### 2.13 Operating lease payments

Payments made under operating leases are recognized in operating results as a change in net assets on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of total lease expense during the term of the lease.

##### 2.14 Provision

A provision is recognized if, as a result of a past event, the Institute has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected cash flow required to settle the liability.

# Instituto Tecnológico de Santo Domingo (INTEC)

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### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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2. Basis of preparation and accounting policies applied in the separate financial statements (continued)

2.15 Key assumptions of uncertainty in the estimate

The Institute's separate financial statement preparation requires Management to make key judgments on the uncertainty of the estimates affecting the reported amounts of revenue, expenses, assets and liabilities as of the reporting date.

The main assumptions related to future events and other sources of estimates subject to variations as of the reporting date, which due to their nature carry a high risk of causing significant adjustments to the asset and liability amounts in next year's separate financial statements, are presented below:

#### *Operating leases*

The Institute includes the lease of certain property and equipment to third parties in its commercial activities. Based on the assessment of terms and conditions of lease contracts signed, it determined that it withholds risks and rights over leased property and equipment; therefore, it classifies these contracts as operating leases.

#### *Impairment of non-financial assets*

The Institute estimates that there are no indicators of impairment for any of its non-financial assets as of the reporting date.

3. Cash and cash equivalents

The breakdown of cash and cash equivalents as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Cash on hand	31,687	37,571
Deposits in accounts (a)	299,908	309,653
Financial certificates	-	642
	<u>331,595</u>	<u>347,866</u>

- (a) It corresponds to cash at local and foreign banks. As of December 31, 2022, some of these current and savings accounts generate annual interest between 0.05% and 1% (2021: 0.10% and 1%).

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#### 4. Accounts receivable

Accounts receivable arise primarily from tuition, diploma degrees, seminars, among others. The credit risk which the Institute is exposed to is defined mainly by the individual characteristics of each student. As of December 31, 2022 and 2021, approximately 98% of the Institute's incomes and accounts receivable by geographic area is concentrated in students, end-users of the local market.

The exposure risk of accounts receivable as at December 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Students	2,717,403	2,332,967
Courses and diplomas	539,105	412,176
Third-party programs (a)	65,902	104,889
Sponsors (b)	2,210,919	1,830,700
Other accounts receivable	160,498	173,322
	<u>5,693,827</u>	<u>4,854,054</u>

(a) These accounts derived from courses and diplomas provided by the Institute to third parties. As of December 31, 2022, the Institute has received advances to cover these services for US\$1,015,207 (2021: US\$1,224,465), presented as advanced payments for courses and diplomas in the accounts payable line of the accompanying statements of financial position.

(b) As of December 31, 2021, US\$3,948 is included as accounts receivable from the United States of America government for enrollment and living allowance of federal students subsidized by such country.

#### Impairment losses

As of December 31, 2022 and 2021, the aging of accounts receivable and impairment allowance is as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Accounts receivable</u>	<u>Impairment allowance</u>	<u>Accounts receivable</u>	<u>Impairment allowance</u>
0 to 90 days	1,451,119	-	1,208,998	-
91 to 180 days	966,464	-	377,540	-
181 to 360 days	923,294	-	972,445	-
More than 361 days	2,192,453	1,552,938	2,121,749	1,339,392
	<u>5,533,330</u>	<u>1,552,938</u>	<u>4,680,732</u>	<u>1,339,392</u>
Other accounts receivable	160,497	-	173,322	-
	<u>5,693,827</u>	<u>1,552,938</u>	<u>4,854,054</u>	<u>1,339,392</u>

# Instituto Tecnológico de Santo Domingo (INTEC)

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### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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#### 4. Accounts receivable (continued)

As of December 31, 2022 and 2021, most of the outstanding receivables consist of accounts with favorable historical trend of payment with the Institute. The Institute establishes an allowance for impairment representing its best estimate of incurred losses in respect of receivables. The main component of this allowance is a specific loss component that relates to individually significant exposures of each credit.

A summary of the movement of the impairment allowance of accounts receivable during the years ended December 31, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	1,339,392	1,196,287
Expense for the year (a)	177,530	164,196
Write off of accounts receivable	(12,548)	(45,787)
Effect of exchange rate fluctuation	48,563	24,696
Balance at end of the year	<u>1,552,937</u>	<u>1,339,392</u>

(a) Its included as part of the other general and administrative expenses in the accompanying separate statements of activities, change in net assets and other comprehensive income.

#### 5. Long-term notes receivable

They correspond to long-term notes receivable from students who have student loans relating to graduate and postgraduate enrollment. These notes mature between four and five years (the length of a college program) and are initially recognized at cost. These long-term notes receivable do not generate interest.

A summary of long-term notes receivable including current portion according to their aging and impairment allowance as of December 31, 2022 and 2021, is as follows:

<u>2022</u>	Long-term notes receivable (including a current portion)	Current portion	Long-term notes receivable (excluding a current portion)	Impairment allowance
Expired from:				
0 to 90 days	-	-	-	-
91 to 180 days	10,598	-	10,598	-
181 to 360 days	353,630	-	353,630	-
More than 360 days	2,717,851	446,407	2,271,444	219,750
	<u>3,082,079</u>	<u>446,407</u>	<u>2,635,672</u>	<u>219,750</u>

# Instituto Tecnológico de Santo Domingo (INTEC)

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#### 5. Long-term notes receivable (continued)

<u>2021</u>	Long-term notes receivable (including a current portion)	Current portion	Long-term notes receivable (excluding a current portion)	Impairment allowance
Expired from:				
0 to 90 days	161,529	-	161,529	-
91 to 180 days	-	-	-	-
181 to 360 days	489,798	-	489,798	-
More than 360 days	<u>2,040,606</u>	<u>231,421</u>	<u>1,809,185</u>	<u>241,217</u>
	<u>2,691,933</u>	<u>231,421</u>	<u>2,460,512</u>	<u>241,217</u>

A summary of the movement of the impairment allowance of long-term notes receivable during the years ended December 31, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Balance at beginning of the year	241,217	237,090
Write off	(30,174)	(768)
Effect of exchange rate fluctuation	<u>8,707</u>	<u>4,895</u>
Balance at end of the year	<u>219,750</u>	<u>241,217</u>

The maturity of long-term notes receivable including current portion is as follows:

2023	446,407
2024 and beyond	<u>2,635,672</u>
	<u>3,082,079</u>

As of December 31, 2021, the Institute maintains a service agreement with Fundación Apec de Crédito Educativo, Inc. (FUNDAPEC) for the collection and administration of a portion of the educational loan portfolio for US\$4,041. As of December 31, 2021, as part of collection management effort, accounts receivable was recovered for US\$612. The Institute paid about 12% and 15% of commission for each collection process achieved as of those dates. During the year ended December 31, 2021, commissions paid for this concept amounted to US\$24 and are presented as part of other general and administrative costs and expenses in the accompanying separate statements of activities and changes in net assets and other comprehensive income of those years.

The Institute and the BHD León Bank agreed to support each other on the development of an educational financing program designed for students who meet the academic requirements expected by INTEC.

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#### 5. Long-term notes receivable (continued)

The agreement establishes that INTEC will offer these students an interest-free financing for all tuition fees for the undergraduate program they selected. Likewise, the Bank, on behalf of the Institute, will create the loan portfolio and will maintain the documents until the student completed the undergraduate program. After carrying out the corresponding deputation and credit analysis, it will directly grant a credit to the student to settle the debt loan with the Institute. As of December 31, 2022, there are 154 students under the education loan modality (2021: 308). As of December 31, 2022, the Institute has granted loans to students under this modality for US\$2,862,329 (2021: US\$2,464,249).

This agreement establishes a credit line to cover these loans for US\$1,450,326, which became a four-year loan as of December 31, 2022 (2021: US\$1,335,047).

#### 6. Securities investments

As of December 31, 2022 and 2021, they consist of certificates of deposit held to maturity with foreign financial institutions. Certificates in United States dollars generated annual interest of 1.50% and 0.55%, respectively, with maturities of 360 days. This investment is in guarantee on a loan with a foreign financial institution. In the year ended December 31, 2022, interests received amounted to US\$51,980 (2021: US\$24,645) and are presented as part of interest income in the financial costs, net in the accompanying separate statements of activities, change in net assets and other comprehensive income.

#### 7. Prepaid expenses

A summary of prepaid expenses as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Amortization expenses from student scholarships (note 16)		
(a)	188,730	134,573
Insurance	161,845	97,855
Maintenance and other computer expenses	247,782	289,325
Other	23,600	22,774
	<u>621,957</u>	<u>544,527</u>

(a) As of December 31, 2022 and 2021, correspond to expenses for scholarships relating to undergraduate, graduate and master's degrees, which are recognized as operating expenses to the extent that the educational services are provided to the students. In the year ended December 31, 2022, these expenses amounted to US\$1,934,428 (2021: US\$1,603,399) and are presented as part of other general and administrative expenses in the accompanying separate statements of activities, change in net assets and other comprehensive income.



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#### 8. Investment in Trust

As of December 31, 2022 and 2021, they correspond to the contributions made to INTEC Trust. On December 3, 2020, the Institute developed a philanthropic trust through a contract signed with Fiduciaria Popular, S. A. to manage the contributions made to the Institute or the donations made by third parties to the Trust. As a result, the Institute was designated as Trustor. The Trust was developed in accordance with Law No. 189-11 on the Mortgage and Trust Market Development in the Dominican Republic and applicable regulations.

The objective of the Trust is to create a philanthropic administrative and payment trust to manage resources received from the Trustor and contributors for scholarships, education loans, and/or programs approved by the Technical Committee to promote education. Returns will be used to pay all or some administrative expenses, program development initiatives, projects, and initial purposes of the Trust.

The Institute has several obligations and rights within the Trust, such as:

- Comply with obligations assigned to its function and perform all actions or intended actions to enforce them and make them valid.
- Collect and monitor the payments of resources per the Trust operating rules.
- Designate members of the Technical Committee and establish how they will work.
- Refrain from actions or activities that are inconsistent or contrary to the provisions of the agreement and perform all (intended) actions or activities necessary for the parties to fully, efficiently, and timely exercise their rights mentioned here.
- Provide the Trust's equity with the resources needed for the Trustee to comply with the contractual obligations.

To fulfill its purposes, the Trust has the following governing bodies:

- Technical Committee: members are designated by the Trustor.
- General Management: it will be composed of a general director who will be designated by the Technical Committee.

As of December 31, 2022 and 2021, INTEC Trust's financial information is as follows:

	<u>2022</u>	<u>2021</u>
Assets	347,076	261,012
Liabilities	<u>(5,131)</u>	<u>-</u>
Net assets	<u>341,945</u>	<u>261,012</u>
Revenues	31,692	12,017
Operating expenses	<u>(5,149)</u>	<u>(4,678)</u>
Net gains	<u>26,543</u>	<u>7,339</u>

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### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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#### 9. Property, furniture and equipment, net

The movement of property, furniture and equipment and accumulated depreciation during the year ended December 31, 2022 and 2021 is as follows:

	<u>Lands</u>	<u>Buildings and improvements</u>	<u>Furniture and equipment</u>	<u>Bibliography</u>	<u>Transportation fleet and equipment</u>	<u>Furniture and equipment in transit (a)</u>	<u>Construction in progress (b)</u>	<u>Total</u>
<u>Historical cost:</u>								
Balance as of January 1, 2021	8,445,107	17,950,323	7,826,426	688,454	292,464	94,608	4,573,967	39,871,349
Additions	-	45,399	234,612	213	-	236,202	1,072,593	1,589,019
Transfer	-	20,132	176,469	1,969	-	(178,179)	(20,391)	-
Others	-	-	-	-	-	(32,950)	-	(32,950)
Disposals and derecognitions	-	-	(229,693)	-	-	(5,919)	8,329	(227,283)
Effect of exchange rate fluctuation	174,339	370,559	161,577	14,211	6,037	1,989	94,427	823,139
Balances as of December 31, 2021	8,619,446	18,386,413	8,169,391	704,847	298,501	115,751	5,728,925	42,023,274
Additions	-	58,323	359,574	424	-	260,310	336,029	1,014,660
Transfer	-	5,873,423	185,363	397	-	(237,511)	(5,821,672)	-
Other	-	-	-	-	-	-	(79,027)	(79,027)
Disposals and derecognitions	-	(561,721)	(107,326)	-	(7,070)	(97,202)	-	(773,319)
Effect of exchange rate fluctuation	312,525	673,398	296,306	25,557	10,814	3,772	200,331	1,522,703
Balances as of December 31, 2022	8,931,971	24,429,836	8,903,308	731,225	302,245	45,120	364,586	43,708,291
<u>Depreciation:</u>								
Balance as of January 1, 2021	-	(8,411,632)	(6,117,229)	(675,817)	(227,834)	-	-	(15,432,512)
Depreciation for the year	-	(446,963)	(665,460)	(5,987)	(36,756)	-	-	(1,155,166)
Disposals and derecognitions	-	-	221,555	-	-	-	-	221,555
Effect of exchange rate fluctuation	-	(173,569)	(126,205)	(13,950)	(4,697)	-	-	(318,421)
Balances as of December 31, 2021	-	(9,032,164)	(6,687,339)	(695,754)	(269,287)	-	-	(16,684,544)
Depreciation for the year	-	(569,489)	(655,864)	(2,611)	(25,007)	-	-	(1,252,971)
Disposals and derecognitions	-	203,701	92,867	-	7,070	-	-	303,638
Effect of exchange rate fluctuation	-	(327,954)	(243,185)	(25,228)	(9,787)	-	-	(606,154)
Balances as of December 31, 2022	-	(9,725,906)	(7,493,521)	(723,593)	(297,011)	-	-	(18,240,031)
<u>Net book value:</u>								
As of December 31, 2022	8,931,971	14,703,930	1,409,787	7,632	5,234	45,120	364,586	25,468,260
As of December 31, 2021	8,619,446	9,354,249	1,482,052	9,093	29,214	115,751	5,728,925	25,338,730

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#### 9. Property, plant and equipment, net (continued)

- (a) Corresponds to advances made to the Institute's suppliers for the acquisition of student furniture and equipment.
- (b) As of December 31, 2022, the construction in process consists of disbursements for the construction of the school of engineering.

As of December 31, 2022, the Institute keeps using fully depreciated assets for approximately US\$12,831,928 (2021: US\$10,513,159).

#### 10. Other assets, net

The summary of other assets, net as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Deposits and bonds	<u>24,665</u>	<u>25,046</u>
Computer licenses and programs (a)	1,015,962	899,450
Accumulated amortization (b)	<u>(915,798)</u>	<u>(847,307)</u>
	<u>100,164</u>	<u>52,143</u>
	<u>124,829</u>	<u>77,189</u>

- (a) They correspond to computer program licenses and maintenance, valid for four years.
- (b) The activity of amortization in 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Balances at beginning of year	847,307	790,803
Charges for the year	37,721	40,186
Effect of exchange rate fluctuation	<u>30,770</u>	<u>16,318</u>
Balances at year end	<u>915,798</u>	<u>847,307</u>

#### 11. Deferred revenue

As of December 31, 2022 and 2021, they correspond to the deferred revenue of the first month of the next fiscal year, generated by academic load, student tuition billing, educational services provided to students and professionals from different academic areas (undergraduate and graduate degrees), which are recognized as income as services are offered to students. These revenues are charged in two halves: 50% of the total selected credits during the fourth week and 50% during the eighth week of classes each quarter.

As of December 31, 2022 and 2021, the deferred revenues from the contract signed with the National Institute for Teaching Training (INAFOCAM) are also included to implement the School-Based Continuous Training Strategy (EFCCE). These revenues are recognized every month depending on the contract term or the delivery of services of works performed. The overhead associated to this contract ranges between 20% and 30% of the total amount. (See Note 17).

# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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(Amounts in United States dollars - US\$)

#### 12. Accruals payable and other liabilities

The accruals payable and other liabilities as of December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Employee taxes	165,037	123,618
Social Security withholding (Law 87-01)	230,798	202,726
Employee vacation	337,685	247,056
Other accruals	141,326	155,795
	<u>874,846</u>	<u>729,195</u>

#### 13. Long-term debt

The summary of the long-term debt as of December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Unsecured loan 681/SF-DR signed with the Inter-American Development Bank (IDB), on June 3, 1982, for an original amount of US\$5,400,000 and \$181,710,372 pesetas, payable at an average exchange rate of RD\$3.15; the excess in differences will be assumed by the Central Bank of the Dominican Republic to be used in scholarships for its employees. The loan generates 2% annual interest and a 0.5% credit commission, which was received to finance the "Consolidation and Academic Expansion of INTEC" project with a joint and several guarantee of the Dominican State, and a maturity date of May 24, 2022. The loan is payable in 60 semi-annual installments of principal plus interest of approximately US\$79,644 and €23,700 for both installments. This loan was paid in 2022.	-	90,856
Unsecured loan with a local financial institution for RD\$40,000,000 with an annual interest rate of 9.5%, payable in 90 interest and principal installments, maturing in January 2023.	-	179,269
Unsecured loan with a local financial institution for RD\$40,000,000 with 10% annual interest, payable in 54 installments of principal and interest, and with a grace period of six months.	-	699,790
Credit line with a foreign financial institution for US\$51,739 with an annual interest rate of 1.50%, maturing in December 2022, annually renewed, and with guarantee on investments in securities with the same financial institute for US\$111,000 approximately.	98,166	73,477
Unsecured loan with a local financial institution for RD\$100,000,000 with an annual interest rate of 9.75%, payable in 60 interest and principal installments, maturing in July 2022.	-	609,982
Unsecured credit line issued by Banco de Reservas for RD\$50,000,000 with 13.50% annual interest, payable in 60 monthly installments of principal and interest, and maturing in October 2024.	1,024,293	524,843

*Continued*

# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in United States dollars - US\$)

#### 13. Long-term debt (continued)

*Comes from previous page*

	<u>2022</u>	<u>2021</u>
Unsecured credit line granted by Banco BHD León for RD\$48,000,000 with an annual interest rate of 11%, maturing in 5 years. The amounts used from said line will be payable within 12 months from the date of disbursement. As of December 31, 2022, the balances used expire in June 2021. Because of the signed loan contract, the Institution must comply with certain obligations, including compliance with financial indicators to maintain the credit line with the agreed term. As of December 31, 2022, the Institute complied with said indices.	-	1,334,570
Unsecured loan with Banco BHD León for RD\$100,000,000 with an annual interest rate of 8%, payable in 36 equal interest and principal installments, maturing in October 2023.	546,443	1,118,134
Unsecured loan with a local financial institution for RD\$60,000,000 with an annual interest rate of 8%, payable in 33 interest and principal installments, maturing in June 2023.	-	599,464
Unsecured loan with Banco BHD León for RD\$88,000,000 with an annual interest rate of 14%, payable in 48 equal interest and principal installments, maturing in February 2026.	1,595,359	-
Unsecured loan with Banco Popular Dominicano for RD\$69,000,000 with an annual interest rate of 13.5%, payable in 60 equal interest and principal installments, maturing in October 2027.	1,233,080	-
Unsecured credit line granted by Banco Popular Dominicano for RD\$40,000,000 with an annual interest rate of 11%, payable in 60 monthly interest and principal installments, maturing in May 2024.	741,479	740,355
Total long-term debt	5,238,820	5,970,740
Current portion of long-term debt	<u>(2,923,864)</u>	<u>(1,925,046)</u>
Long term debt, excluding a current portion	<u><u>2,314,956</u></u>	<u><u>4,045,694</u></u>

The maturity of the long-term debt is as follows:

	<u>Amount</u>
2023	2,923,864
2024	588,821
2025	675,985
2026	1,050,150
	<u><u>5,238,820</u></u>

As of December 31, 2022, interests accrued by the long-term debt amount to US\$602,566 (2021: US\$451,939) and are presented as part of interest expense in the financial cost, net in the accompanying separate statements of activities, change in net assets and other comprehensive income.

# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in United States dollars - US\$)

#### 13. Long-term debt (continued)

In the year ended December 31, 2022 and 2021, the reconciliation between the movement of liabilities and cash flows from financing activities is as follows:

	<u>Long-term debt</u>	
	<u>2022</u>	<u>2021</u>
Balance as of January 1:	5,970,740	5,343,853
Changes in cash flows from financing activities:		
Loans obtained	2,477,068	1,574,803
Loans paid	<u>(3,424,273)</u>	<u>(1,058,144)</u>
Total changes in cash flows from financing activities	<u>(947,205)</u>	<u>516,659</u>
Other changes:		
Interest expense	602,566	451,939
Interest paid	<u>(602,566)</u>	<u>(451,939)</u>
Total changes	<u>-</u>	<u>-</u>
Effect of the translation of foreign currency	<u>215,285</u>	<u>110,228</u>
Balance as of December 31:	<u><u>5,238,820</u></u>	<u><u>5,970,740</u></u>

As of December 31, 2022, the Institute continues using current credit cards from local financial entities for approximately US\$141,407 (2021: US\$129,400). In addition, as of December 31, 2022, it has unused credit lines for US\$1,044,235 (2021: US\$1,039,141).

#### 14. Labor benefit liability

Until December 31, 2017, the Institute accumulated liabilities to cover severance for terminated employees as long as they comply with some work time and quality requirements.

On July 5, 2018, during the Ordinary Meeting of the Board of Regents, Institute Management approved to discontinue the accumulation of liabilities for severance once the employee quits. In addition, payment until December 31, 2017 to eligible employees was approved. These payments will be made on a scheduled basis within a period of no more than five years. As of January 1, 2018, this account accumulates an annual 3% interest rate. In the year ended December 31, 2022, interest accrued amounted to US\$49,937 (2021: US\$49,592) are presented as part of interest expense in the financial cost, net in the accompanying separate statements of activities, change in net assets and other comprehensive income.

As of December 31, 2022, the Institute paid US\$144,670 (2021: US\$469,841) for labor benefits.

# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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#### 15. Operating revenue

The itemization of operating revenue for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Tuition and student services:		
Undergraduate tuition	17,327,632	14,229,033
Graduate tuition	3,157,245	2,291,150
Laboratory tuition	1,553,159	797,608
Undergraduate subscription right	1,819,892	3,551,700
Graduate subscription right	452,189	762,199
	<u>24,310,117</u>	<u>21,631,690</u>
Discounts and bonuses (a)	<u>(1,043,492)</u>	<u>(855,420)</u>
	23,266,625	20,776,270
Other educational services	818,791	719,340
Educational department services	582,552	634,167
Subtotal	<u>24,667,968</u>	<u>22,129,777</u>
Government grants (b)	<u>18,108</u>	<u>23,622</u>
Other income:		
Fines and surcharges (c)	841,962	724,849
Third-party program overhead [note 16(g)]	285,754	156,361
Technical assistance and advisory	964,384	845,031
Various	307,429	373,416
Sponsorship revenue	190,926	8,591
Revenue from academic and related activities	62,600	43,323
Donations and external contributions	163,345	349,233
Other revenue (d)	1,663,777	1,380,100
Subtotal	<u>4,480,177</u>	<u>3,880,904</u>
Total operating revenue, net	<u>29,166,253</u>	<u>26,034,303</u>

(a) As of December 31, 2022 and 2021, it corresponds to discounts for early payment and good academic score achieved, granted to the Institute students.

(b) Corresponds to an ordinary subsidy assigned by the Dominican State. The amount assigned as of December 31, 2022 amounted to US\$18,108 (2021: US\$23,622) and received through monthly drafts of US\$1,509 (2021: US\$1,969).

(c) Corresponds to surcharges generated by delays in student enrollment payments and services offered in the fourth and eighth week of the quarter.

(d) In 2022 include US\$572,902 (2021: US\$893,515) for income, credits for undergraduate and postgraduate laboratories.

# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

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#### 16. Operating costs and expenses

The itemization of operating costs and expenses for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Employee benefits (a)	17,319,372	14,785,632
Electricity	647,381	435,182
Surveillance	436,625	332,533
Other materials	488,054	250,939
Professional fees	769,196	745,296
Promotion and publicity	209,355	244,964
Fuel and lubricants	192,720	110,582
Workshops and seminars	55,930	167,823
Rentals	30,424	74,629
Student parking spaces	12,246	-
Communication	25,721	22,972
Institute services	25,098	18,862
Shipping	6,925	40,192
Other tax expenses	125,315	108,009
Professional fees	79,502	50,681
Other expenses	212,322	158,953
Printing and binding	97,734	91,921
Photocopies and reproduction	14,180	2,583
General insurance	149,062	135,240
Investigations	173,313	90,459
National and international relations	69,100	81,368
Uncollectible account expenses (note 4)	177,305	164,225
Maintenance expenses and computer program and licenses renewal	503,316	429,760
Depreciation and amortization (Notes 8 and 9)	1,290,692	1,195,291
Snacks	55,654	25,134
Water, coffee, and garbage	13,823	16,259
Cleaning and gardening	452,409	282,852
Maintenance and repairs	418,124	356,730
Scholarships (b) (note 7)	1,931,988	1,603,399
Institute and scientific publications	34,190	29,040
Special events	643,171	363,803
Organization and project development	252,363	115,637
Hospital services	23,560	26,804
Unforeseen expenses	150,025	160,555
Expenses from portfolio management	7,479	410
Transportation	81,675	40,227
Travel expenses	101,976	55,783
Other	1,188,388	870,456
	<u>28,465,713</u>	<u>23,685,185</u>



# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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#### 16. Operating costs and expenses (continued)

- (a) As of December 31, 2022, an approximate total of approximately US\$1,063,190 (2021: US\$825,800) corresponds to compensation of managing personnel (vice president and higher positions). As of December 31, 2022, the Institute has 1,278 employees (2021: 1,222). The itemization of employee benefits for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Wages and salaries	13,128,850	11,364,342
Christmas bonus	1,008,852	870,096
Vacation bonus	572,180	341,497
Other benefits	-	1,137
Employment benefits	399,533	384,899
Insurance	816,258	711,344
Pension plan Law 87-01	969,924	805,585
Professional development	33,159	7,842
Other benefits	390,616	298,890
	<u>17,319,372</u>	<u>14,785,632</u>

- (b) Corresponds to scholarships granted to employees, their family, and low-income people referred by the Ministry of Higher Education, Science and Technology (MESCYT in Spanish) who comply with the Institute academic requirements. The cost for these scholarships is recognized in the statements of activities, changes in net assets and other comprehensive income as the service is offered. The portion that is not offered is recognized as amortization expenses from student grants as part of the expenses paid in advance in the accompanying separate statements of financial position.

#### 17. Commitments and contingencies

##### Commitments

- a) On August 1, 1995, Instituto Tecnológico de Santo Domingo (INTEC) entered into a service agreement with the Central Bank of the Dominican Republic (Central Bank) for an original three-year term, subject to be reviewed by the parties at the termination thereof and renewable upon mutual agreement. Through this agreement, the Central Bank assumes the exchange rate differences that arise between the original foreign exchange rate of Loan number 681/SF-DR subscribed by INTEC with the Inter-American Development Bank (IDB) (RD\$3.15 per each US\$1.00) and the exchange rate at the time of the payment of principal installments plus interests. The Institute is committed to provide a scholarship program to students from undergraduate, graduate, and master's degrees, technical training programs, and organizational support projects, equivalent to the debt in Dominican pesos (RD\$) resulting from the exchange rate differences assumed by the Central Bank. As of December 31, 2022, the Institute has balances to compensate with next year's invoices or services for US\$332,522 (2021: balances receivable for US\$288,176) because the difference in exchange was greater than the services provided (2021: difference in exchange was greater than services provided) to the staff of the Central Bank than those covered under this agreement, which are presented as part of the accounts payable in the accompanying separate statements of financial position.

# Instituto Tecnológico de Santo Domingo (INTEC)

## *Separate Financial Statements*

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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#### 17. Commitments and contingencies (continued)

##### *Commitments (continued)*

- b) The Institute has a cleaning and maintenance service contract with Multigestión Corporativa T&S. This contract was signed in 2022. In 2022, the Institute incurred cleaning and maintenance expenses of its facilities amounting to US\$452,409, (2021: US\$282,852), which are presented as part of other general and administrative costs and expenses in the accompanying separate statements of activities and changes in net assets and other comprehensive income. The estimated fee commitment for 2023 is nearly US\$453,227.
- c) The Institute contracted protection services of Thormann Peralta Security, S. A. for all its facilities and surroundings. These agreements were signed in May 2006 and February 2007, respectively, for monthly payments of US\$2,857 y US\$42,961, respectively. During the year ended December 31, 2022, the expense for this item amounted to US\$436,625 (2021: US\$332,533), which are presented as other general and administrative costs and expenses in the accompanying separate statements of activities and changes in net assets and other comprehensive income. The estimated payment commitment for these concepts as of 2023 is US\$367,390.
- d) As of December 31, 2022, the Institute has several contracts with third parties for courses and diploma degrees for US\$6,612,880 (2021: US\$13,681,624) of which US\$2,408,134 were pending of execution (2021: US\$2,535,726). These contracts have a date of service termination between 2 and 3 years from the signing of the contracts and different maturing dates.
- e) Revenues from commissions of third-party programs income are recognized as services are provided for the projects. As of December 31, 2022, total income recognized under these contracts amounted to US\$285,754 (2021: US\$156,361) and are presented as other revenue in the operating revenue line of the accompanying separate statements of activities and changes in net assets and other comprehensive income.
- f) As of December 31, 2022, the Institute had deposits US\$949,304 (2021: US\$1,119,577) as obligations established in the service contracts, which are determined based on 10% and 20% of the amount budgeted in the contracts of each project. These deposits are offset against future billings to students and are included as advances received for other educational services in the accompanying separate statements of financial position.

##### *Contingencies*

As of December 31, 2022, there are lawsuits that have been filed against the Institute, arising in the normal course of activities. According to the Institute's external legal advisers, it is very unlikely that these lawsuits result in an adverse decision against the Institute. Therefore, management does not anticipate any material loss as a result of the claims and has not considered necessary to recognize a provision for such purposes.

# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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(Amounts in United States dollars - US\$)

#### 18. Balances in foreign currency

The Institution performs sales and purchase transactions that are denominated in a currency other than the functional currency of the Institution, mainly the United States dollar (US\$).

As of December 31, 2022 and 2021, the statements of financial position include the following balances in Dominican pesos and Euros, translated to United States dollars (US\$):

	2022		2021	
	RD\$	€	RD\$	€
Cash and cash equivalents	9,246,746	-	30,780,676	10,787
Accounts receivable	264,726,643	-	215,716,914	-
Long-term notes receivable	151,655,471	-	140,082,911	-
Securities investments	63,672,634	-	37,568,410	-
Accounts payable to vendors	(270,439,848)	-	(232,947,839)	-
Accrual payable and other liabilities	(22,162,551)	-	(41,680,790)	-
Long-term debt	(283,558,494)	-	(331,926,452)	-
Labor benefit liability	(98,948,663)	-	(101,507,409)	-
Exposure of the statement of financial position, net - Asset (Liability)	<u>(185,808,062)</u>	<u>-</u>	<u>(283,913,579)</u>	<u>10,787</u>

#### 19. Third party project with Funds from the Inter-American Development Bank, the World Bank (WB) and the Critical Ecosystem Partnership Fund (CEPF)

The funds provided to INTEC by the Conservation International Foundation for agreement CEPF-111512 with a budget of US\$500,000 and the World Bank/GPSA (Global Partnership for Social Accountability) for agreement TFOB5264 with a budget of US\$500,000, for the period from January 1, 2022 to December 31, 2022, are as follows:

- a) As of December 31, 2022, accounts payable of the project financed by World Bank/GPSA (Global Partnership for Social Accountability) Collaborative Social Accountability for Improved Governance in Protecting Biodiversity Hotspots Project, under Agreement number TFOB5264 are as follows:

*Accumulated execution as of December 31, 2022:*

<u>Components per agreement/contract</u>	<u>GPSA US\$</u>	<u>GPSA RD\$</u>
Employee salaries and benefits	66,859	3,826,416
Training	1,130	65,004
Direct contracts: [Integrated Health Outreach (IHO)]	73,395	4,220,212
Bank charges	137	7,905
Total	<u>141,521</u>	<u>8,119,537</u>

# Instituto Tecnológico de Santo Domingo (INTEC)

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19. Third party project with Funds from the Inter-American Development Bank, the World Bank (WB) and the Critical Ecosystem Partnership Fund (CEPF)

*Accumulated execution as of December 31, 2022: (continued)*

<u>Movements</u>	<u>Amount US\$</u>
Balance at beginning of year	169,159
Revenue received 2022	100
Disbursements for payments made 2022	<u>(90,681)</u>
Balance at year end	<u><u>78,578</u></u>

- b) As of December 31, 2022, accounts payable of the project financed by the Conservation International Foundation: Promoting Collaborative Social Accountability in the Caribbean Islands Biodiversity Hotspot, under Agreement number CEPF-111512 are as follows:

*Accumulated execution as of December 31, 2022*

<u>Components per agreement/contract</u>	<u>CEPF US\$</u>	<u>CEPF RD\$</u>
Salaries and benefits	61,763	3,444,222
Travel and events	2,025	112,924
Bank charges	382	21,329
Subcontracts: Integrated Health Outreach (IHO)	<u>45,540</u>	<u>2,539,560</u>
Total	<u><u>109,710</u></u>	<u><u>6,118,035</u></u>

<u>Movements</u>	<u>US\$</u>
Balance at beginning of year	24,734
Revenue received 2022	80,573
Disbursements for payments made 2022	<u>(86,197)</u>
	<u><u>19,110</u></u>

Unused funds are included in the separate statement of financial position in the item advances received for courses and diploma degrees.

# Instituto Tecnológico de Santo Domingo (INTEC)

## Separate Financial Statements

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS

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#### 20. Reclassifications

Certain items of the separate financial statements as of 2021 were reclassified to standardize its presentation in 2022. These items are related to the presentation of contributions made to INTEC Trust, which were made for the first time in 2021.

Below is a breakdown of reclassification:

*As of December 31, 2021:*

<u>Separate Statement of Financial Position</u>	<u>Balance previously reported</u>	<u>Reclassification</u>	<u>Reclassified balance</u>
Cash and cash equivalents	601,540	(253,674)	347,866
Investment in Trust	-	253,674	253,674
Net assets without donor restrictions	19,225,260	(253,674)	18,971,586
Net assets with donor restrictions	-	253,674	253,674
	<u>                    </u>	<u>                    </u>	<u>                    </u>

*For the year ended  
December 31, 2021:*

<u>Separate of Cash Flows Statement</u>	<u>Balance previously reported</u>	<u>Reclassification</u>	<u>Reclassified balance</u>
Cash flows used in investment activities	(1,885,105)	(253,674)	(2,138,779)
Cash and cash equivalents at year end	<u>601,540</u>	<u>253,674</u>	<u>347,866</u>

#### 21. Approval of the separate financial statements

Institute Management and the General Assembly conformed by the Board of Regents and founders authorized the issue of the separate financial statements on June 30, 2023.

# Instituto Tecnológico de Santo Domingo (INTEC)

## Supplementary Information

December 31, 2022

(Amounts in United States dollars - US\$)

### Financial Responsibility Schedules

#### Statement of Financial Position

<u>Line</u>		
	Current Asstes	
1	Cash and cash equivalents	331,595
2, Note 4	Accounts receivables	3,980,392
3	Accounts receivable other	160,497
		<u>4,140,889</u>
4	Current portion of long-term notes receivable	446,407
5	Investments	1,154,326
6	Inventories of books and supplies	146,636
6	Prepaid expenses	621,957
7	Total Current Assets	<u>6,841,810</u>
	Non-current assets:	
8	Long-term notes receivable (Excluding current portion)	2,635,672
9	Impairment allowance of long-term notes receivable	(219,750)
10	Long-term notes receivable, net	<u>2,415,922</u>
11	Investments in trust	308,384
12, Note 9	Property, plant and equipment, net	25,468,260
13	Other assets, net	124,829
		<u>35,159,205</u>
14	Net liabilities and assets:	
15	Current Liabilities	
16, Note 13	Current portion of long-term debt	2,923,864
17	Accounts payable:	
18	Vendors	1,283,957
19	Advance payments for couirses and diploma degrees	1,015,207
20	Other accounts payable	2,603,661
21	Total accounts payable	<u>4,902,825</u>
22	Deferred revenue	2,363,016
23	Accruals payable and other liabilities	874,846
24	Totla Current Liabilities	<u>11,064,551</u>
25	Non-current liabilities:	
26, Note 13	Long-term debt,excluding current portion	2,314,956
27	Labor and benefit liability	1,793,848
28	Total non-current liabilities	<u>4,108,804</u>
29	Total Liabilities	15,173,355
30	Net assets without donor restrictions	19,677,466
31	Net assets with donor restrictions	308,384
32	Total net assets	<u>19,985,850</u>
		<u>35,159,205</u>

# Instituto Tecnológico de Santo Domingo (INTEC)

## Supplementary Information

For the year ended December 31, 2022

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### Financial Responsibility Schedules (continued)

#### Statement of Activities, Changes in Net Assets and Other Comprehensive Income

Line		
	Changes in Net Assets Without Donor Restrictions	
33, Note 15	Operating Revenue and Other Additions	
34	Tuition and Fees	23,266,625
35	Other educational services	818,791
36	Educational department services	582,552
37		<u>24,667,968</u>
38	Government grants	18,108
39	Other revenue	<u>4,480,177</u>
40	Total Operating Revenue and Other Additions	29,166,253
41, Note 16	Operating costs and expenses:	
42	Employee benefits	(17,319,372)
43	Other general and administrative expenses	<u>(11,146,341)</u>
44	Total operating costs and expenses	<u>(28,465,713)</u>
45	Operating result	700,540
	Non - Operating Changes	
46	Financial income (costs) net:	
47, Notes 3, 6	Interest income	52,236
48, Note 13	Interest expense	(652,515)
49	Loss on foreign exchange rate	<u>(36,824)</u>
		(637,103)
50	Increase (decrease) in net assets of the year	63,437
51	Other comprehensive income - items that are or may be reclassified to changes in net assets - foreign currency translation adjustment	<u>697,153</u>
52	Total comprehensive income for the year	<u>760,590</u>

# Instituto Tecnológico de Santo Domingo (INTEC)

## Supplementary Information

December 31, 2022

(Amounts in United States dollars - US\$)

		<u>Primary Reserve Ratio</u>	
		<u>Expendable Net Assets</u>	
<u>Lines</u>			
30	Statement of Financial Position - Net assets without donor restrictions	Net assets without donor restrictions	- 19,677,466
	Statement of Financial Position - Net assets with donor restrictions	Net assets with donor restrictions	- 308,384
	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	- -
	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured Related party receivable	- -
12, Notes 9	Statement of Financial Position - Property, plant and equipment, net	Property, plant and equipment, net (includes Construction in progress)	25,468,260 -
Note 9 to the Financial Statements	Note of the Financial Statements - Statement of Financial Position- Property, Plant and Equipment - pre implementation	Property and equipment, net - pre-implementation	- 16,785,311
	Note of the Financial Statements - Statement of Financial Position- Property, Plant and Equipment - post implementation with outstanding debt for original purchase	Property, plant and equipment - post - implementation with outstanding debt for original purchase.	- -
Note 9 to the Financial Statements	Note of the Financial Statements - Statement of Financial Position- Property, Plant and Equipment - post implementation without outstanding debt for original purchase	Property, plant and equipment - post - implementation without outstanding debt for original purchase.	- 8,318,363



# Instituto Tecnológico de Santo Domingo (INTEC)

## Supplementary Information

December 31, 2022

(Amounts in United States dollars - US\$)

### Primary Reserve Ratio Expendable Net Assets (continued)

Lines			
Note 9 to the Financial Statements	Note of the Financial Statements - Statement of Financial Position- Construction in process	Construction in process	- 364,586
	Statement of Financial Position - Lease right-of- use assets, net	Lease right-of-use asset, net	-
	Note of Financial Statements - Statement of Financial Position - Lease right-of-use asset pre- implementation	Lease right-of-use asset, pre- implementation	-
	Note of Financial Statements - Statement of Financial Position - Lease right-of-use asset post- implementation	Lease right-of-use asset, post- implementation	-
	Statement of Financial Position (Goodwill)	Intangible assets	-
	Statement of Financial Position - post- employment and pension liabilities	Post- employment and pension liabilities	- 1,793,848
Note 13 to the Financial Statements	Statement of Financial Position - Note Payable and Line of Credit for long - term purposes (both current and long-term) and Line of Credit for Construction in process	Long-term debt - for long term purposes	4,214,527 -
Note 13 to the Financial Statements	Statement of Financial Position - Note Payable and Line of Credit for long - term purposes (both current and long term) and Line of Credit for Construction in process	Long-term debt for long term purposes pre-implementation	- 4,214,527

# Instituto Tecnológico de Santo Domingo (INTEC)

## Supplementary Information

For the year ended December 31, 2022

(Amounts in United States dollars - US\$)

### Primary Reserve Ratio Expendable Net Assets (continued)

Lines

Statement of Financial Position - Note Payable and Line of Credit for long - term purposes (both current and long term) and Line of Credit for Construction in process	Long term debt for long term purposes post-implementation	-	-
Statement of Financial Position - Note Payable and Line of Credit for long - term purposes (both current and long term) and Line of Credit for Construction in process	Line of Credit for Construction in process	-	-
Statement of Financial Position - Lease right-of-use of asset liability	Lease right-of-use asset liability	-	-
Statement of Financial Position - Lease right-of-use of asset liability Pre-implementation	Pre-implementation right-of-use leases	-	-
Statement of Financial Position - Lease right-of-use of asset liability post-implementation	Post-implementation right-of-use leases	-	-

# Instituto Tecnológico de Santo Domingo (INTEC)

## Supplementary Information

For the year ended December 31, 2022

(Amounts in United States dollars - US\$)

### Primary Reserve Ratio Expendable Net Assets (continued)

Lines

44	Statement of Activities - Total Operating Expenses, (Total from Statement of Activities prior to adjustments)	Total Expenses without donor restrictions - taken directly from the Statement of Activities	-	28,465,713
38	Statement of Activities - Non - Operating (Investment return appropriated for spending), Investment's net of annual spending gain (loss), Other components of net periodic pension costs, Pension - related changes other than net periodic pension, change in value of split interest agreement and other gains (loss) - (Total from Statement of Activities prior to adjustments)	Non-Operating income and Net Investment (loss)	-	18,108
	Statement of Activities - (Investment return appropriated for spending) and Investments net of annual spending gain (loss)	Net Investment losses	-	-
	Statement of Activities - Pension related changes other than periodic pensions	Pension - related changes other than net periodic costs	-	-

# Instituto Tecnológico de Santo Domingo (INTEC)

## Supplementary Information

For the year ended December 31, 2022

(Amounts in United States dollars - US\$)

### Equity Ratio and Net Income Ratio

Lines	Equity Ratio		
	Modified Net Assets		
30	Statement of Financial position - Net Assets without Donor Restrictions	Net assets without donor restrictions	- 19,677,466
31	Statement of Financial Position - Total Net Assets with Donor Restrictions	Net assets with donor restrictions	- 308,384
	Statement of Financial Position - Goodwill	Intangible assets	- -
	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured Related party receivable	- -
	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured related party receivable	- -

Lines	Modified Assets:		
	Statement of Financial Position Total Assets	Total assets	- 35,159,205
	Note of Financial Statements - Statement of Financial Position - Lease right-of-use asset pre implementation	Lease right-of-use asset pre implementation	- -
	Statement of Financial Position - Lease right-of-use asset liability pre - implementation	Pre-Implementation right-of-use leases	- -
	Statement of Financial Position - Goodwill	Intangible assets	- -
	Statement of Financial Position - Related party receivable and Related party note disclosure	Secured and Unsecured related party receivable	- -
	Statement of Financial Position - Related party receivable and Related party note disclosure	Unsecured Related party receivables	- -

# Instituto Tecnológico de Santo Domingo (INTEC)

## Supplementary Information

For the year ended December 31, 2022

(Amounts in United States dollars - US\$)

Lines		Net Income Ratio	
52	Statement of Activities - Change in Net Assets Without and with Donor Restrictions	<u>Change in Net Assets Without and with Donor Restrictions</u>	- 760,590
26	Statement of Activities - (Net assets released from restriction), Total Operating Revenue and Other Additions and Sale of Fixed Assets, gains (losses)	<u>Total revenues and gains</u>	- 29,166,253

### Composite Score Calculation

	<u>Ratio</u>	<u>Multiplier</u>	<u>Score**</u>	<u>Weighted Composite Score</u>
Primary reserve ratio = Expendable Net Assets / Total Expenses without Donor Restrictions and Losses without Donor Restrictions	(0.1296)	x10	(1.30)	(0.52)
Equity ratio = Modified Equity / Modified assets	0.5684	x6	3.00	1.20
Net income ratio = Change in Net Assets Without and With Donor Restrictions/ Total revenues and gains	0.0022	1+(50.0 x)	3.00	0.46
				<u>1.14</u>

# Instituto Tecnológico de Santo Domingo (INTEC)

## Supplementary Information

For the year ended December 31, 2022

(Amounts in United States dollars - US\$)

### Note A: For Net Property and equipment

#### Property Plant and Equipment

Ending Balance 2021	US\$	25,338,730
Disposals		(773,319)
Additions		1,014,660
Others		(79,027)
Effect of foreign exchange rate fluctuation		1,522,703
Depreciation expense		(1,252,971)
Disposals and derecognitions		303,638
Effect of foreign exchange rate fluctuation		(606,154)
Ending Balance 2022	US\$	<u>25,468,260</u>

### Note B: Long term Debt for long term purposes

Post-implementation debt	US\$	4,662,637
Allowable post-implementation long-term debt		-
Leasehold improvements		-
Equipment		-
Changes in Debt Balances:		-
Additions		9,109,809
Payments of principal		<u>(8,121,610)</u>
Net Change		988,199
Foreign currency translation effect		<u>(412,016)</u>
Total	US\$	<u>5,238,820</u>

# Instituto Tecnológico de Santo Domingo (INTEC)

## Supplementary Information

For the year ended December 31, 2022

(Amounts in United States dollars - US\$)

### Financial Responsibility Ratio Calculation

	<u>Ratio</u>	<u>Multiplier</u>	<u>Score**</u>	<u>Weighted Composite Score</u>
Primary reserve ratio = Expendable Net Assets / Total expenses Without Donor Restrictions	(0.1296)	x10	(1.30)	(0.52)
Equity ratio = Modified Equity / Modified assets	0.5684	x6	3.00	1.20
Net income ratio = Changes in Net Assets Without Donor Restrictions / Total revenues and gains	0.0022	1+(50.0 x)	1.11	<u>0.46</u>
				<u>1.14</u>

# Instituto Tecnológico de Santo Domingo (INTEC)

## Supplementary Information

For the year ended December 31, 2022

(Amounts in United States dollars - US\$)

<u>Primary Reserve Ratio</u>	=	<u>Expendable Net Assets</u>	<u>(3,688,562)</u>	(0.1296)	(1.30)	(0.052)
		Total Expenses without Donor Restrictions and Losses without Donor Restrictions	28,465,713			
				<u>Schedule</u>		
				<u>Line Number</u>		
<u>Expendable Net Assets:</u>						
		Net assets without donor restrictions	19,677,466			
		+ Net assets with donor restrictions	308,384			
		- Net assets with donor restrictions; restricted in perpetuity	-			
		- Annuities, term endowments and life income funds with donor restrictions	-			
		- Intangible assets	-			
		- Net property, plant and equipment	(25,468,260)			
		+ Post-employment and defined benefit pension plan liabilities	1,793,848			
		+ All long-term debt obtained for long-term purposes. Not to exceed total net property, plant and equipment	-			
		- Unsecured related party receivables	-			
		Total	<u>(3,688,562)</u>			
 <u>Total Expenses Without Donor Restrictions and Losses Without Donor Restrictions:</u>						
		All expenses and losses without donor restrictions from the statement of activities	28,465,713			
		- Losses without donor restrictions on investments, post-employment and defined benefit pension plan and annuities	-			
			<u>28,465,713</u>			



# Instituto Tecnológico de Santo Domingo (INTEC)

Separate Financial Statements

## NOTES TO THE SEPARATE FINANCIAL STATEMENTS

December 31, 2022 and 2021

(Amounts in United States dollars - US\$)

### Financial Responsibility Ratio Calculation

$$2 \text{ Equity Ratio} = \frac{\text{Modified Net Assets}}{\text{Modified Assets}} = \frac{19,985,850}{35,159,205} \quad 0.5684 \quad 3.00 \quad 1.20$$

#### Modified Net Assets:

Net assets without donor restrictions	US\$	19,677,466
+ Net assets with donor restrictions		308,384
- Intangible assets		-
- Unsecured related party receivables		-
	US\$	<u>19,985,850</u>

#### Modified Assets:

Total assets	U\$\$	35,159,205
- Intangible assets		-
- Unsecured related party receivables		-
	U\$\$	<u>35,159,205</u>

$$3 \text{ Net Income Ratio} = \frac{\text{Change in Net Assets Without and With Donor Restrictions}}{\text{Total Revenue Without Donor Restrictions}} = \frac{760,590}{29,166,253} \quad 0.0261 \quad 2.30 \quad 0.46$$