

PUEBLO A PUEBLO, INC.

Financial Statements

For the Years Ended
December 31, 2012
and
December 31, 2011

TABLE OF CONTENTS

	<u>Page</u>
Report of Independent Auditors	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6-12

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Pueblo a Pueblo, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Pueblo a Pueblo, Inc. (a non-profit organization), which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pueblo a Pueblo, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carl D. Garry & Associates LLC

June 19, 2013

PUEBLO A PUEBLO, INC.
Statement of Financial Position
Years Ended December 31, 2012 and 2011

ASSETS

	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 187,985	\$ 195,343
Contributions receivable, less allowance for doubtful accounts of 18,650 for 2012	354,452	3,788
Prepaid expenses	<u>3,877</u>	<u>5,383</u>
TOTAL CURRENT ASSETS	546,314	204,514
 PROPERTY AND EQUIPMENT		
Property and equipment, net of accumulated depreciation of \$8,508 and \$7,466	<u>3,207</u>	<u>2,976</u>
TOTAL ASSETS	\$ <u>549,521</u>	\$ <u>207,490</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ <u>564</u>	\$ <u>-</u>
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NET ASSETS

Unrestricted	135,821	51,973
Temporarily restricted	<u>413,136</u>	<u>155,517</u>
Total net assets	548,957	207,490
TOTAL LIABILITIES AND NET ASSETS	\$ <u>549,521</u>	\$ <u>207,490</u>

See accompanying notes and accountants' report.

PUEBLO A PUEBLO, INC.
Statement of Activities and Changes in Net Assets
December 31, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	119,752	106,285	226,037	69,499	83,394	152,893
Grants	48,129	331,587	379,716	-	105,657	105,657
Interest	120	-	120	105	-	105
Contributions - in kind	7,051	-	7,051	6,795	-	6,795
Miscellaneous	1,279	-	1,279	-	-	-
Temporarily restricted net assets released from restriction	<u>180,253</u>	<u>(180,253)</u>	<u>-</u>	<u>123,920</u>	<u>(123,920)</u>	<u>-</u>
Total revenues	<u>356,584</u>	<u>257,619</u>	<u>614,203</u>	<u>200,319</u>	<u>65,131</u>	<u>265,450</u>
PROGRAM EXPENSES						
Guatemala general	26,091	-	26,091	32,662	-	32,662
Widows' housing	-	-	-	6,541	-	6,541
School lunch	28,526	-	28,526	8,947	-	8,947
School library	9,291	-	9,291	4,796	-	4,796
Mother-child sponsorships	24,550	-	24,550	20,339	-	20,339
Education scholarships	4,728	-	4,728	15,431	-	15,431
Education sponsorships	34,721	-	34,721	25,556	-	25,556
Bomberos	-	-	-	230	-	230
School gardens	57,718	-	57,718	46,302	-	46,302
Panabaj reconstruction	14,075	-	14,075	-	-	-
Program - Other	<u>13,495</u>	<u>-</u>	<u>13,495</u>	<u>1,479</u>	<u>-</u>	<u>1,479</u>
Total program services	<u>213,195</u>	<u>-</u>	<u>213,195</u>	<u>162,283</u>	<u>-</u>	<u>162,283</u>
GENERAL and ADMINISTRATIVE						
Salaries	12,123	-	12,123	9,704	-	9,704
Payroll taxes	1,005	-	1,005	822	-	822
Bank charges	12	-	12	203	-	203
Insurance	820	-	820	820	-	820
Depreciation expense	1,062	-	1,062	770	-	770
Office	1,163	-	1,163	2,394	-	2,394
Professional fees	5,952	-	5,952	6,014	-	6,014
Postage and delivery	25	-	25	262	-	262
Rent	1,400	-	1,400	-	-	-
Bad debt expense	18,650	-	18,650	-	-	-
Fundraising	<u>17,329</u>	<u>-</u>	<u>17,329</u>	<u>16,276</u>	<u>-</u>	<u>16,276</u>
Total General and Administrative Expenses	<u>59,541</u>	<u>-</u>	<u>59,541</u>	<u>37,265</u>	<u>-</u>	<u>37,265</u>
Total Expenses	<u>272,736</u>	<u>-</u>	<u>272,736</u>	<u>199,548</u>	<u>-</u>	<u>199,548</u>
Change in net assets	<u>83,848</u>	<u>257,619</u>	<u>341,467</u>	<u>771</u>	<u>65,131</u>	<u>65,902</u>
NET ASSETS AT BEGINNING OF						
YEAR	<u>51,973</u>	<u>155,517</u>	<u>207,490</u>	<u>51,202</u>	<u>90,386</u>	<u>141,588</u>
NET ASSETS AT END OF YEAR	<u>\$ 135,821</u>	<u>\$ 413,136</u>	<u>\$ 548,957</u>	<u>\$ 51,973</u>	<u>\$ 155,517</u>	<u>\$ 207,490</u>

See accompanying notes and accountants' report.

PUEBLO A PUEBLO, INC.
Statement of Cash Flows
Years ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 341,467	\$ 65,902
Adjustment to reconcile change in net assets to net cash provided by operating activities-		
Depreciation expense	1,062	770
Decrease (increase) in:		
Accounts receivable	(350,664)	(3,586)
Prepaid expenses	1,506	(2,500)
Increase (decrease) in:		
Accounts payable	<u>564</u>	<u>(2,500)</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(6,065)</u>	<u>58,086</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(1,293)</u>	<u>(1,854)</u>
NET CASH USED BY INVESTING ACTIVITIES	<u>(1,293)</u>	<u>(1,854)</u>
NET (DECREASE) INCREASE IN CASH	(7,358)	56,232
CASH, BEGINNING OF YEAR	<u>195,343</u>	<u>139,111</u>
CASH, END OF YEAR	\$ <u>187,985</u>	\$ <u>195,343</u>

See accompanying notes and accountants' report.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Pueblo a Pueblo, Inc. was organized in the District of Columbia in 2001 as the Latin American Resource Center, a non-profit corporation. The name was changed by amendment on June 7, 2001, to Pueblo a Pueblo.

Program Services - The primary program services provided by the organization are promoting a coordinated public awareness of the needs of disadvantaged people in Latin America, and providing educational assistance, improved health care, and other improvements to living conditions and work opportunities in those areas.

A summary of the Organization's significant accounting policies is as follows:

Basis of Accounting - The Organization prepares financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation - The Organization follows United States generally accepted accounting standards for financial statements of not-for-profit organizations. Under those standards, the Organization is required to report information regarding its financial position and activities to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

- Unrestricted Net Assets - net assets that are not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets - net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.
- Permanently Restricted Net Assets - net assets subject to donor-imposed stipulations that are to be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

Revenues are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily restricted or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

PUEBLO A PUEBLO, INC.
Notes to Financial Statements
December 31, 2012 and 2011

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents – The Organization considers all highly liquid securities with an initial maturity of three months or less to be cash equivalents.

Contributions receivable - The receivables are carried at original invoice or pledge amount less an estimate made for doubtful accounts. The allowance for doubtful accounts is based on specifically identified amounts that the Organization believes to be uncollectible. As of December 31, 2012, the allowance account was \$18,650, and in 2011, an allowance was not required because all amounts were considered to be fully collectible.

Fixed Assets - The Organization capitalizes all fixed assets. Fixed assets are recorded at cost and are depreciated over its estimated useful life using the straight-line method. The estimated useful lives of the furniture and equipment are from 5 to 10 years.

Income Tax Status – The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Organization is not a private foundation within the meaning of Section 509(a) of the Code.

Use of Estimates – The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Donated Services - No amounts have been reflected in the financial statements for donated services. The organization pays for most services requiring specific expertise. However, there are individuals who volunteer their time and perform a variety of tasks that assist the Organization.

NOTE 2 ACCOUNTS RECEIVABLE

Contributions and grants receivable at December 31, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Grants receivable, current	\$ 232,188	\$ -
Contributions receivable, current	13,002	3,788
Grants receivable, (2 years)	<u>127,812</u>	<u>-</u>
Total contributions receivable	\$ 373,002	\$ 3,788
Less allowance for doubtful accounts	<u>(18,650)</u>	<u>-</u>
	\$ <u>354,352</u>	\$ <u>3,788</u>

PUEBLO A PUEBLO, INC.
Notes to Financial Statements
December 31, 2012 and 2011

NOTE 3 FIXED ASSETS

The Organization's fixed assets consist of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Furniture and equipment	\$ 11,715	\$ 10,422
Accumulated depreciation	<u>(8,508)</u>	<u>(7,446)</u>
	\$ <u>3,207</u>	\$ <u>2,976</u>

NOTE 4 CONCENTRATION OF CREDIT RISK

The Organization maintains its cash at a financial institution which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk in cash and cash equivalents.

NOTE 5 TEMPORARILY RESTRICTED

Temporarily restricted net assets are available for the following purposes:

Education Scholarships – The Organization provides individual sponsorships and scholarships which make it possible for children to stay in school and succeed.

School Lunch - The Organization fights child malnutrition by providing nutritious school lunches daily to hundreds of indigenous Guatemalan school children.

School Library - The Organization started its Reading for the Future program in 2010 to create a new school library and train teachers in literacy education in the village of Panabaj, and now in the municipality of ChukMuk.

Mother-Child Sponsorship - The Organization's innovative Mother-Child Sponsorship program provides new mothers the support they need to give their babies the best possible start in life.

School Gardens - The Organization's Organic School Garden Program is working to combat malnutrition and to increase food security to the children of Santiago Atitlan by teaching children about organic gardening and basic nutrition.

Bomberos - The Organization supports twenty-four hour emergency firefighting and ambulance service for the town and surrounding rural communities. The Organization purchased an ambulance and provides annual staff support.

PUEBLO A PUEBLO, INC.
Notes to Financial Statements
December 31, 2012 and 2011

Widow's Housing - The Organization purchased land to build twelve permanent homes for widows who lost their homes in the 2005 mudslides. Four additional homes were constructed in 2010. All widows are members of the Las Mujeres de Panabaj weavers' cooperative and their children attend the local primary school.

WASH - The Organization is assessing the needs for adequate water for school children in Panabaj and Chacaya, and plans to provide larger storage tanks and improved sanitation facilities in the schools.

Panabaj Reconstruction - The Panabaj Reconstruction Project was a short term project to renovate and rehabilitate the original school facilities in the community of Panabaj, which had been destroyed in the 2005 mudslides resulting from Hurricane Stan.

PUEBLO A PUEBLO, INC.
Notes to Financial Statements
December 31, 2012 and 2011

NOTE 5 TEMPORARILY RESTRICTED (continued)

Temporarily restricted net assets consist of the following at December 31, 2012:

	Alianza Education Scholarship	Education Sponsorship	Emergency Medical	Mother- Child Sponsorship	School Gardens (includes GMCR 2012)	Panabaj Recon- struction	School Library	School Lunch	WASH	Widows Housing	Restricted Other	Total
Revenue	\$ 4,779	\$ 39,399	\$ 362	\$ 24,425	\$ 219,090	\$ 14,075	\$ 10,393	\$ 104,346	\$ 21,003	\$ -	\$ -	\$ 437,872
Net assets released from restrictions	(4,728)	(34,721)	(197)	(19,074)	(56,343)	(14,075)	(9,291)	(28,526)	(13,298)	-	-	(180,253)
Increase (decrease) in net assets	51	4,678	165	5,351	162,747	-	1,102	75,820	7,705	-	-	257,619
Net assets: Beginning of year	-	9,834	944	-	113,661	-	490	27,383	1,205	-	2,000	155,517
End of year	\$ 51	\$ 14,512	\$ 1,109	\$ 5,351	\$ 276,408	\$ -	\$ 1,592	\$ 103,203	\$ 8,910	\$ -	\$ 2,000	\$ 413,136

PUEBLO A PUEBLO, INC.
Notes to Financial Statements
December 31, 2012 and 2011

NOTE 5 TEMPORARILY RESTRICTED (continued)

Temporarily restricted net assets consist of the following at December 31, 2011:

	Alianza Education Scholarship	Education Sponsorship	Emergency Medical	Mother- Child Sponsorship	School Gardens (includes GMCR 2012)	School Library	School Lunch	WASH	Widows Housing	Restricted Other	Total
Revenue	\$ 12,315	\$ 36,712	\$ 1,205	\$ 19,300	\$ 83,802	\$ 5,286	\$ 23,899	\$ 2,423	\$ 2,109	\$ 2,000	\$ 189,051
Net assets released from restrictions	(14,109)	(26,878)	(261)	(19,300)	(46,302)	(4,796)	(8,947)	(1,218)	(2,109)	-	(123,920)
Increase (decrease) in net assets	(1,794)	9,834	944	-	37,500	490	14,952	1,205	-	2,000	65,131
Net assets: Beginning of year	1,794	-	-	-	76,161	-	12,431	-	-	-	90,386
End of year	\$ -	\$ 9,834	\$ 944	\$ -	\$ 113,661	\$ 490	\$ 27,383	\$ 1,205	\$ -	\$ 2,000	\$ 155,517

NOTE 6 SUBSEQUENT EVENTS

Management is unaware of any subsequent events that would affect the financial statements through June 19, 2013, the date of the report.