

PUEBLO A PUEBLO, INC.

FINANCIAL STATEMENTS

December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Pueblo a Pueblo, Inc., which comprise the statements of financial position as of December 31, 2016 and 2015, 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 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, 2016 and 2015, 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.

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PUEBLO A PUEBLO, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
Cash	\$ 218,794	\$ 297,033
Promises to give	10,840	-
Prepaid expenses	-	4,044
Equipment - net	-	1,176
Total assets	\$ 229,634	\$ 302,253
LIABILITIES		
Accounts payable	\$ 2,760	\$ 29
Accrued payroll and taxes	2,706	-
Total liabilities	5,466	29
NET ASSETS		
Unrestricted	51,845	116,881
Temporarily restricted	172,323	185,343
Total net assets	224,168	302,224
Total liabilities and net assets	\$ 229,634	\$ 302,253

See accompanying notes.

PUEBLO A PUEBLO, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 81,618	\$ 157,758	\$ 239,376
Interest income	60	-	60
Total support and revenue	81,678	157,758	239,436
EXPENSES			
Personnel	180,768	-	180,768
Fees	2,295	-	2,295
Depreciation	1,176	-	1,176
Office expenses	5,815	-	5,815
Professional fees	15,356	-	15,356
Postage and delivery	530	-	530
Travel	17,092	-	17,092
Occupancy	5,003	-	5,003
Staff development	18,028	-	18,028
Insurance	2,404	-	2,404
Program supplies	25,128	-	25,128
Sponsorships	10,262	-	10,262
School expense	24,896	-	24,896
Miscellaneous	8,739	-	8,739
Total expenses	317,492	-	317,492
Net assets released from restrictions	170,778	(170,778)	-
Change in net assets	(65,036)	(13,020)	(78,056)
Net assets - beginning of year	116,881	185,343	302,224
Net assets - end of year	<u>\$ 51,845</u>	<u>\$ 172,323</u>	<u>\$ 224,168</u>

See accompanying notes.

PUEBLO A PUEBLO, INC.
STATEMENT OF ACTIVITIES
Year ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions	\$ 55,589	\$ 89,473	\$ 145,062
Grants	27,200	-	27,200
In-kind contributions	787	-	787
Interest income	62	-	62
Miscellaneous income	2,225	-	2,225
Total support and revenue	85,863	89,473	175,336
EXPENSES			
Personnel	186,392	-	186,392
Fees	5,629	-	5,629
Depreciation	869	-	869
Office expenses	12,505	-	12,505
Professional fees	10,621	-	10,621
Postage and delivery	682	-	682
Travel	18,016	-	18,016
Occupancy	20,445	-	20,445
Staff development	8,409	-	8,409
Insurance	4,385	-	4,385
Program supplies	16,472	-	16,472
Sponsorships	10,906	-	10,906
School expense	60,558	-	60,558
Miscellaneous	5,670	-	5,670
Total expenses	361,559	-	361,559
Net assets released from restrictions	213,464	(213,464)	-
Change in net assets	(62,232)	(123,991)	(186,223)
Net assets - beginning of year	179,113	309,334	488,447
Net assets - end of year	<u>\$ 116,881</u>	<u>\$ 185,343</u>	<u>\$ 302,224</u>

See accompanying notes.

PUEBLO A PUEBLO, INC.
STATEMENTS OF CASH FLOWS
Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (78,056)	\$ (186,223)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	1,176	869
Change in allowance for uncollectible grants receivable	-	(4,000)
(Increase) decrease in assets		
Promises to give	(10,840)	-
Grants receivable	-	81,125
Prepaid expenses	4,044	(434)
Increase (decrease) in liabilities		
Accounts payable	2,731	(1,597)
Accrued payroll and taxes	2,706	-
	<u>(78,239)</u>	<u>(110,260)</u>
Net cash flows from operating activities	(78,239)	(110,260)
Cash - beginning of year	<u>297,033</u>	<u>407,293</u>
Cash - end of year	<u>\$ 218,794</u>	<u>\$ 297,033</u>

See accompanying notes.

PUEBLO A PUEBLO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

Pueblo a Pueblo, Inc. was established in 2001 to address the widespread poverty, illiteracy and poor health afflicting the communities surrounding Santiago Atitlan, a T'zutuujil community nestled on the shores of Lake Atitlan in the Western Highlands of Guatemala. This village of 43,000 residents is one of the largest indigenous Maya communities in the Americas. Our name, which can be interpreted as "village to village" or "people to people," celebrates the bond between local and international supporters and the indigenous families of Guatemala. Since then, Pueblo a Pueblo has evolved and expanded to directly target coffee growing communities in rural Guatemala. We address the three most critical needs of the families in these communities: long-term solutions to support child education, health, and food security.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Pueblo a Pueblo, Inc. is required to report information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by Pueblo a Pueblo, Inc. in perpetuity.

Equipment

Purchases of equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the equipment are from 5 to 10 years.

Contributions

Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

PUEBLO A PUEBLO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The costs of providing the various program services and supporting activities have been summarized on a functional basis in Note 3. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The following program services are included in the accompanying financial statements:

Education Sponsorships and Scholarships – Pueblo a Pueblo, Inc. provides individual sponsorships and scholarships which make it possible for children to stay in school and succeed.

School Lunch – Pueblo a Pueblo, Inc. fights child malnutrition by providing nutritious school lunches daily to hundreds of indigenous Guatemalan school children.

School Library – Pueblo a Pueblo, Inc. 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 Sponsorships – Pueblo a Pueblo, Inc.'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 – Pueblo a Pueblo, Inc.'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.

WASH – Pueblo a Pueblo, Inc. 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.

Livelihood through Beekeeping – Pueblo a Pueblo, Inc. is providing the tools, training and support to enable farmers to diversify their income through cooperative beekeeping, honey production, and marketing, generating additional income and nutrient rich honey.

Nutrition – Pueblo a Pueblo, Inc. fights malnutrition by providing nutritious lunches daily.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Income Tax Status

Pueblo a Pueblo, Inc. is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, Pueblo a Pueblo, Inc. qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

PUEBLO A PUEBLO, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management’s Review

Management has evaluated subsequent events through December 13, 2017 the date which the financial statements were available to be issued.

NOTE 2—NET ASSETS

Temporarily restricted net assets at December 31, 2016 and 2015 are available for the following purposes or periods:

	2016	2015
Alianza education scholarship	\$ 51	\$ 51
Education sponsorship	4,314	9,306
Emergency medical	-	243
Mother-child sponsorships	26,930	29,672
School gardens	63,540	97,069
School library	14,982	4,980
School lunch	32,074	32,883
WASH	-	1,807
Livelihood through Beekeeping	20,809	7,332
Other	9,623	2,000
Temporarily restricted net assets	\$ 172,323	\$ 185,343

NOTE 3—FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for 2016 and 2015 were as follows:

	2016	2015
Program services		
Guatemala program	\$ 33,329	\$ 78,308
Education Sponsorships	43,196	35,766
School Lunch	1,321	18,000
School Library	22,809	9,349
Mother-Child Sponsorships	25,992	39,698
School Gardens	52,025	73,097
WASH	15,063	15,649
Livelihood through Beekeeping	20,488	21,901
Nutrition	10,489	-
Management and general	74,101	54,600
Fundraising	18,679	15,191
Total expenses	\$ 317,492	\$ 361,559