

PUEBLO A PUEBLO, INC.

Financial Statements

For the Years Ended
December 31, 2011
and
December 31, 2010

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REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statement of financial position of the Pueblo a Pueblo, Inc. (a non-profit organization) as of December 31, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with United States generally accepted accounting principles.

Carla McGarry & Associates LLC

May 16, 2012

PUEBLO A PUEBLO, INC.
Statement of Financial Position
Years Ended December 31, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 195,343	\$ 139,111
Accounts receivable	3,788	202
Prepaid expenses	<u>5,383</u>	<u>2,883</u>
TOTAL CURRENT ASSETS	\$ 204,514	\$ 142,196
 PROPERTY AND EQUIPMENT		
Property and equipment, net of accumulated depreciation of \$7,446 and \$6,676	 <u>2,976</u>	 <u>1,892</u>
 TOTAL ASSETS	 \$ <u>207,490</u>	 \$ <u>144,088</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ _____	\$ <u>2,500</u>
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NET ASSETS

Unrestricted	51,973	51,202
Temporarily restricted	<u>155,517</u>	<u>90,386</u>
Total net assets	207,490	141,588
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u>207,490</u>	 \$ <u>144,088</u>

See accompanying notes and accountants' report.

PUEBLO A PUEBLO, INC.
Statement of Activities and Changes in Net Assets
December 31, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Contributions	69,499	83,394	152,893	170,708	73,427	244,135
Grants	-	105,657	105,657	-	-	-
Interest	105	-	105	107	-	107
Contributions - in kind	6,795	-	6,795	-	-	-
Miscellaneous	-	-	-	1,466	-	1,466
Temporarily restricted net assets released from restriction	<u>123,920</u>	<u>(123,920)</u>	<u>-</u>	<u>27,391</u>	<u>(27,391)</u>	<u>-</u>
Total revenues	<u>200,319</u>	<u>65,131</u>	<u>265,450</u>	<u>199,672</u>	<u>46,036</u>	<u>245,708</u>
PROGRAM EXPENSES						
Guatemala general	32,662	-	32,662	25,164	-	25,164
Widows' housing	6,541	-	6,541	38,629	-	38,629
School lunch	8,947	-	8,947	22,699	-	22,699
School library	4,796	-	4,796	7,627	-	7,627
Mother-child sponsorships	20,339	-	20,339	20,422	-	20,422
Education scholarships	15,431	-	15,431	23,342	-	23,342
Education sponsorships	25,556	-	25,556	-	-	-
Bomberos	230	-	230	4,512	-	4,512
School gardens	46,302	-	46,302	19,194	-	19,194
Program - Other	<u>1,479</u>	<u>-</u>	<u>1,479</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program services	<u>162,283</u>	<u>-</u>	<u>162,283</u>	<u>161,589</u>	<u>-</u>	<u>161,589</u>
GENERAL and ADMINISTRATIVE						
Salaries	9,704	-	9,704	10,094	-	10,094
Payroll taxes	822	-	822	614	-	614
Bank charges	203	-	203	388	-	388
Insurance	820	-	820	4,058	-	4,058
Depreciation expense	770	-	770	1,100	-	1,100
Office	2,394	-	2,394	1,177	-	1,177
Professional fees	6,014	-	6,014	5,509	-	5,509
Postage and delivery	262	-	262	131	-	131
Printing	-	-	-	162	-	162
Rent	-	-	-	3,023	-	3,023
Other	-	-	-	2,816	-	2,816
Travel	-	-	-	49	-	49
Fundraising	<u>16,276</u>	<u>-</u>	<u>16,276</u>	<u>15,438</u>	<u>-</u>	<u>15,438</u>
Total General and Administrative Expenses	<u>37,265</u>	<u>-</u>	<u>37,265</u>	<u>44,559</u>	<u>-</u>	<u>44,559</u>
Total Expenses	<u>199,548</u>	<u>-</u>	<u>199,548</u>	<u>206,148</u>	<u>-</u>	<u>206,148</u>
Change in net assets	<u>771</u>	<u>65,131</u>	<u>65,902</u>	<u>(6,476)</u>	<u>46,036</u>	<u>39,560</u>
NET ASSETS AT BEGINNING OF YEAR						
NET ASSETS AT END OF YEAR	<u>\$ 51,202</u>	<u>\$ 90,386</u>	<u>\$ 141,588</u>	<u>\$ 57,678</u>	<u>\$ 44,350</u>	<u>\$ 102,028</u>
NET ASSETS AT END 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>

See accompanying notes and accountants' report.

PUEBLO A PUEBLO, INC.
Statement of Cash Flows
Years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 65,902	\$ 39,560
Adjustment to reconcile change in net assets to net cash provided by operating activities-		
Depreciation expense	770	1,100
Decrease (increase) in:		
Accounts receivable	(3,586)	893
Prepaid expenses	(2,500)	739
Increase (decrease) in:		
Accounts payable	<u>(2,500)</u>	<u>2,403</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>58,086</u>	<u>44,695</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	<u>(1,854)</u>	<u>(409)</u>
NET CASH USED (PROVIDED) BY INVESTING ACTIVITIES	<u>(1,854)</u>	<u>(409)</u>
NET INCREASE IN CASH	56,232	44,286
CASH, BEGINNING OF YEAR	<u>139,111</u>	<u>94,825</u>
CASH, END OF YEAR	\$ <u>195,343</u>	\$ <u>139,111</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, 2011 and 2010

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.

Accounts 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, 2011 and 2010, an allowance was not required because all amounts are 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 FIXED ASSETS

The Organization’s fixed assets consist of the following at December 31, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Furniture and equipment	\$ 10,422	\$ 8,568
Accumulated depreciation	<u>(7,446)</u>	<u>(6,676)</u>
	\$ <u>2,976</u>	\$ <u>1,892</u>

NOTE 3 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 4 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.

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.

PUEBLO A PUEBLO, INC.
Notes to Financial Statements
December 31, 2011 and 2010

NOTE 4 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

PUEBLO A PUEBLO, INC.
Notes to Financial Statements
December 31, 2011 and 2010

NOTE 4 TEMPORARILY RESTRICTED (continued)

Temporarily restricted net assets consisted of the following at December 31, 2010:

	School Gardens	School Lunch	Education Scholar	Total
Revenue	\$ 50,152	\$ 20,780	\$ 2,495	\$ 73,427
Net assets released from restrictions	(8,991)	(17,699)	(701)	(27,391)
Increase (decrease) in net assets	41,161	3,081	1,794	46,036
Net assets:				
Beginning of year	35,000	9,350	-	44,350
End of year	\$ 76,161	\$ 12,431	\$ 1,794	\$ 90,386

NOTE 5 SUBSEQUENT EVENTS

Management is unaware of any subsequent events that would affect the financial statements through May 16, 2012, the date of the report.