

EL PORVENIR

**FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION**

December 31, 2012 and 2011

CONTENTS

Independent Auditor's Report.....	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses.....	4
Statements of Cash Flows	6
Notes to Financial Statements	7



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Porvenir
Denver, Colorado

We have audited the accompanying financial statements of El Porvenir, which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities, functional expenses 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 El Porvenir 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.

Wegner CPAs, LLP

Wegner CPAs, LLP
Madison, Wisconsin
August 28, 2013

Janesville Office:
101 E. Milwaukee Street
Suite 425
Janesville, WI 53545
P: (608) 756-4020

Baraboo Office:
123 Second Street
P.O. Box 150
Baraboo, WI 53913
P: (608) 356-3966
F: (608) 356-2966

Pewaukee Office:
W239 N3490 Pewaukee Road
Suite 200
Pewaukee, WI 53072
P: (262) 522-7555
F: (262) 522-7550

Madison Office:
2110 Luann Lane
Madison, WI 53713
P: (608) 274-4020
F: (608) 274-0775

www.wegnercpas.com
info@wegnercpas.com
(888) 204-7665

EL PORVENIR
STATEMENTS OF FINANCIAL POSITION
December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 423,634	\$ 458,287
Accounts receivable	5,525	10,589
Promises to give - current portion	<u>77,912</u>	<u>68,800</u>
Total current assets	507,071	537,676
PROPERTY AND EQUIPMENT		
Property and equipment - net	82,900	59,288
OTHER ASSETS		
Promises to give - net of current portion	<u>-</u>	<u>50,000</u>
Total assets	<u><u>\$ 589,971</u></u>	<u><u>\$ 646,964</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 8,688	\$ 30,738
Accrued expenses	<u>60,400</u>	<u>53,571</u>
Total liabilities	69,088	84,309
NET ASSETS		
Unrestricted	347,785	332,823
Temporarily restricted	<u>173,098</u>	<u>229,832</u>
Total net assets	<u>520,883</u>	<u>562,655</u>
Total liabilities and net assets	<u><u>\$ 589,971</u></u>	<u><u>\$ 646,964</u></u>

See accompanying notes.

EL PORVENIR
STATEMENTS OF ACTIVITIES
Years ended December 31, 2012 and 2011

	2012	2011
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	\$ 770,172	\$ 827,289
Work brigades	161,454	192,240
Local contributions	28,902	42,955
Investment return	1,180	803
Donated services	27,922	27,886
Other	3,963	7,717
Total unrestricted support and revenue	993,593	1,098,890
EXPENSES		
Program services	945,566	1,066,559
Supporting activities		
General and administrative	96,704	91,442
Fundraising	97,005	88,130
Total supporting activities	193,709	179,572
Total expenses	1,139,275	1,246,131
Net assets released from restrictions	160,644	143,552
Change in unrestricted net assets	14,962	(3,689)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	117,910	212,927
Net assets released from restrictions	(160,644)	(143,552)
Loss on uncollectible promise to give	(14,000)	-
Change in temporarily restricted net assets	(56,734)	69,375
Change in net assets	(41,772)	65,686
Net assets - beginning of year	562,655	496,969
Net assets - end of year	\$ 520,883	\$ 562,655

See accompanying notes.

EL PORVENIR
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended December 31, 2012 and 2011

	2012			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 189,839	\$ 40,889	\$ 61,333	\$ 292,061
Payroll taxes	18,816	4,053	6,079	28,948
Benefits	45,932	9,893	14,840	70,665
Training and technical assistance	7,542	1,886	-	9,428
Insurance	4,221	909	1,363	6,493
Occupancy	19,007	4,094	6,140	29,241
Professional services	8,945	1,927	2,889	13,761
Outside services	27,922	10,200	-	38,122
Advertising and promotion	7,202	1,437	363	9,002
Bank charges and other fees	-	5,207	-	5,207
Equipment repair and maintenance	23,299	3,483	-	26,782
Vehicle repair and maintenance	34,444	5,147	-	39,591
Office expense and supplies	8,151	1,391	476	10,018
Travel	20,879	1,292	921	23,092
Depreciation	14,105	2,924	173	17,202
Brigades Program	96,926	-	-	96,926
Water and sanitation materials and supplies	361,803	-	-	361,803
Reforestation materials and supplies	17,051	-	-	17,051
Health and hygiene education	24,382	-	-	24,382
Other programs	4,328	-	-	4,328
Other expenses	10,772	1,972	2,428	15,172
Total expenses	\$ 945,566	\$ 96,704	\$ 97,005	\$ 1,139,275

See accompanying notes.

2011

<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 184,082	\$ 39,649	\$ 59,473	\$ 283,204
16,415	3,536	5,303	25,254
47,571	10,245	15,369	73,185
13,779	3,445	-	17,224
3,498	1,367	1,391	6,256
24,038	6,009	-	30,047
363	91	1,475	1,929
27,886	10,750	-	38,636
8,708	1,704	472	10,884
3,068	767	-	3,835
19,257	2,877	-	22,134
24,095	3,600	-	27,695
5,151	1,119	323	6,593
21,986	1,613	1,564	25,163
12,285	2,548	149	14,982
120,703	-	-	120,703
469,837	-	-	469,837
16,725	-	-	16,725
32,033	-	-	32,033
3,492	-	-	3,492
11,587	2,122	2,611	16,320
<u>\$ 1,066,559</u>	<u>\$ 91,442</u>	<u>\$ 88,130</u>	<u>\$ 1,246,131</u>

EL PORVENIR
STATEMENTS OF CASH FLOWS
Years ended December 31, 2012 and 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (41,772)	\$ 65,686
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	17,202	14,982
Loss on uncollectible promises to give	14,000	-
Donated investments	(4,161)	-
(Increase) decrease in assets		
Accounts receivable	5,064	1,557
Promises to give	26,888	(46,829)
Increase in liabilities		
Accounts payable	(22,050)	25,294
Accrued expenses	6,829	6,709
Net cash flows from operating activities	2,000	67,399
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(40,814)	(5,696)
Proceeds from sales of investments	4,161	-
Net cash flows from investing activities	(36,653)	(5,696)
Net change in cash	(34,653)	61,703
Cash - beginning of year	458,287	396,584
Cash - end of year	\$ 423,634	\$ 458,287
SUPPLEMENTAL DISCLOSURES		
Noncash investing activities		
Donated investments	\$ 4,161	\$ -

See accompanying notes.

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

El Porvenir is incorporated under the California Non-Profit Corporations Code. El Porvenir's mission is to improve the standard of living of poor people in Nicaragua through sustainable self-help water, sanitation, and reforestation projects. Specifically, El Porvenir partners with rural Nicaraguan villages to enable them to fulfill their right to a healthy environment, clean drinking water, and appropriate sanitation. 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

El Porvenir 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 El Porvenir in perpetuity.

Accounts Receivable

El Porvenir considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If receivables become uncollectible, they will be charged to operations when that determination is made.

Promises to Give

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give receivable in less than one year are recorded at their net realizable value.

El Porvenir considers all promises to give to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If promises to give become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Purchases of property and equipment are recorded at cost and depreciated over the estimated useful life of the assets using the straight-line method.

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Support restricted by the donor is reported as increases in unrestricted net assets if the restriction expires in the year in which the support is recognized. All other restricted support is reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Grants are recorded as unrestricted or temporarily restricted contributions, depending on the nature of the grant agreement.

Donated Services

Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

Foreign Currency Transactions

The functional currencies used by El Porvenir are the U.S. Dollar and the Nicaraguan Córdoba. Assets and liabilities denominated in currencies other than the U.S. Dollar are translated into U.S. Dollars at the rates in effect at the date of the statements of financial position. Revenue and expense items denominated in currencies other than the U.S. Dollar are translated into U.S. Dollars at the rates in effect during the period.

El Porvenir's operations are concentrated outside the United States, in Nicaragua. Though the risk that any foreign operations could be interrupted in the near term is reasonably possible, management does not expect any disruption in the near or long-term.

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Income Tax Status

El Porvenir is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, El Porvenir 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). El Porvenir's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, El Porvenir is no longer subject to such examinations for tax years before 2009.

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

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

Date of Management’s Review

Management has evaluated subsequent events through August 28, 2013, the date which the financial statements were available to be issued. Management did not note any events which require disclosure.

NOTE 2 – CONCENTRATION OF CREDIT RISK

El Porvenir maintains cash balances at one financial institution located in Nicaragua. The Fondo de Garantía de Depósitos (Fund for Deposits Insurance) insures accounts at each Nicaraguan institution up to \$10,000. El Porvenir had uninsured cash balances of \$14,173 and \$44,235 at December 31, 2012 and 2011.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2012 and 2011 consisted of the following:

	2012	2011
Salary advances	\$ 1,123	\$ 1,365
Cash advances for building projects	2,373	7,291
Other	2,029	1,933
Accounts receivable	\$ 5,525	\$ 10,589

NOTE 4 – LOSS ON UNCOLLECTIBLE PROMISE TO GIVE

During 2012 a donor changed their grant and funding strategies and notified El Porvenir that the remainder of a pledge made in 2011 would not be fulfilled. During 2011, the pledge was recorded in temporarily restricted contributions and the loss decreases the balance of temporarily restricted net assets at December 31, 2012.

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2012 and 2011

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Land	\$ 10,204	\$ 10,204
Building	40,816	40,816
Equipment	31,215	31,989
Vehicles	<u>155,706</u>	<u>114,118</u>
Property and equipment	237,941	197,127
Accumulated depreciation	<u>155,041</u>	<u>137,839</u>
Property and equipment - net	<u>\$ 82,900</u>	<u>\$ 59,288</u>

NOTE 6 – NET ASSETS

Temporarily restricted net assets at December 31, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Time restrictions		
Pledges	\$ 77,912	\$ 118,800
Purpose restrictions		
Water, sanitation, reforestation materials and supplies, and health and hygiene education	<u>95,186</u>	<u>111,032</u>
Temporarily restricted net assets	<u>\$ 173,098</u>	<u>\$ 229,832</u>

NOTE 7 – DONATED SERVICES

El Porvenir received donated services to aid in building hand-dug wells, community wash stations, and household latrines. These services were valued at \$27,886 and \$15,532 for 2012 and 2011.

In addition, a substantial number of volunteers have made significant contributions of their time to El Porvenir's program and supporting services. No amount is recognized for these services because the criteria for recognition have not been met.