

EL PORVENIR

FINANCIAL STATEMENTS

December 31, 2010 and 2009

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
El Porvenir
Denver, Colorado

We have audited the accompanying statements of financial position of El Porvenir as of December 31, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of El Porvenir's management. 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 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 El Porvenir as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Wegner LLP

Wegner LLP
Madison, Wisconsin
June 30, 2011



EL PORVENIR
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 132,982	\$ 99,415
Accounts receivable	12,146	24,787
Promises to give	71,971	64,320
Investments	<u>263,602</u>	<u>292,484</u>
Total current assets	480,701	481,006
PROPERTY AND EQUIPMENT		
Property and equipment - net	<u>68,574</u>	<u>81,409</u>
Total assets	<u>\$ 549,275</u>	<u>\$ 562,415</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 5,444	\$ 3,851
Accrued expenses	<u>46,862</u>	<u>35,039</u>
Total liabilities	52,306	38,890
NET ASSETS		
Unrestricted	336,512	365,137
Temporarily restricted	<u>160,457</u>	<u>158,388</u>
Total net assets	<u>496,969</u>	<u>523,525</u>
Total liabilities and net assets	<u>\$ 549,275</u>	<u>\$ 562,415</u>

See accompanying notes.

EL PORVENIR
STATEMENTS OF ACTIVITIES
Years ended December 31, 2010 and 2009

	2010	2009
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	\$ 451,648	\$ 467,615
Work Brigades	110,469	87,406
Educational tour	7,300	7,964
Grants	261,331	184,646
Investment return	859	1,692
Donated services	15,532	17,683
Other	28,251	27,990
Total unrestricted support and revenue	875,390	794,996
EXPENSES		
Program services	824,548	797,777
Supporting activities		
General and administrative	91,120	114,292
Fundraising	91,675	65,239
Total supporting activities	182,795	179,531
Total expenses	1,007,343	977,308
Net assets released from restrictions	103,328	150,618
Change in unrestricted net assets	(28,625)	(31,694)
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	105,397	70,245
Net assets released from restrictions	(103,328)	(150,618)
Change in temporarily restricted net assets	2,069	(80,373)
Change in net assets	(26,556)	(112,067)
Net assets - beginning of year	523,525	635,592
Net assets - end of year	\$ 496,969	\$ 523,525

See accompanying notes.

EL PORVENIR
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended December 31, 2010 and 2009

	2010			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 175,603	\$ 37,822	\$ 56,733	\$ 270,158
Payroll taxes	16,459	3,545	5,317	25,321
Benefits	49,920	10,752	16,128	76,800
Training and technical assistance	9,190	2,298	-	11,488
Insurance	4,016	1,516	1,365	6,897
Occupancy	25,933	6,483	-	32,416
Professional services	4,446	174	8,096	12,716
Outside services	-	10,400	-	10,400
Advertising and promotion	11,486	2,249	623	14,358
Bank charges and other fees	-	2,470	-	2,470
Equipment repair and maintenance	15,031	2,246	-	17,277
Vehicle repair and maintenance	18,785	2,807	-	21,592
Speaking tour	-	-	-	-
Office expense and supplies	4,617	848	278	5,743
Travel	19,777	3,645	1,609	25,031
Depreciation	13,293	2,756	162	16,211
Brigades Program	75,164	-	-	75,164
Water and sanitation materials and supplies	296,456	-	-	296,456
Reforestation materials and supplies	15,281	-	-	15,281
Health and hygiene education	27,112	-	-	27,112
Other programs	20,390	-	-	20,390
Donated services	15,532	-	-	15,532
Other expenses	6,057	1,109	1,364	8,530
Total expenses	\$ 824,548	\$ 91,120	\$ 91,675	\$ 1,007,343

See accompanying notes.

2009

<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
\$ 124,503	\$ 50,365	\$ 38,542	\$ 213,410
10,363	4,192	3,208	17,763
31,079	12,573	9,621	53,273
10,767	999	1,163	12,929
3,052	1,235	945	5,232
19,738	4,393	2,097	26,228
21,234	9,426	1,844	32,504
-	15,099	285	15,384
7,293	2,686	3,166	13,145
-	2,855	-	2,855
6,131	786	158	7,075
17,708	2,270	456	20,434
1,599	-	-	1,599
9,386	3,639	1,753	14,778
8,734	1,012	1,519	11,265
11,995	2,502	92	14,589
73,582	-	-	73,582
345,521	-	-	345,521
36,313	-	-	36,313
40,155	-	-	40,155
-	-	-	-
17,683	-	-	17,683
941	260	390	1,591
<u>\$ 797,777</u>	<u>\$ 114,292</u>	<u>\$ 65,239</u>	<u>\$ 977,308</u>

EL PORVENIR
STATEMENTS OF CASH FLOWS
Years ended December 31, 2010 and 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (26,556)	\$ (112,067)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	16,211	14,589
Loss on disposals of property and equipment	-	192
Realized gain on investments	-	(1,151)
Unrealized (gain) loss on investments	96	(98)
Decrease in assets		
Accounts receivable	12,641	5,790
Promises to give	(7,651)	39,800
Increase (decrease) in liabilities		
Accounts payable	1,593	2,018
Accrued expenses	11,823	258
Net cash flows from operating activities	8,157	(50,669)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(3,376)	(5,743)
Reinvestment of dividends and interest	(22)	(457)
Purchases of investments	(10,330)	(17,801)
Proceeds from sales of investments	39,138	36,134
Collection of notes receivable	-	10,000
Net cash flows from investing activities	25,410	22,133
Net change in cash	33,567	(28,536)
Cash - beginning of year	99,415	127,951
Cash - end of year	\$ 132,982	\$ 99,415

See accompanying notes.

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

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.

Investments

El Porvenir carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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. It is reasonably possible that operations could be interrupted in the near 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 2007.

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 June 30, 2011, the date which the financial statements were available to be issued.

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 \$123,991 and \$91,852 at December 31, 2010 and 2009.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Salary advances	\$ 1,569	\$ 1,827
Cash advances for building projects	10,330	21,579
Other	<u>247</u>	<u>1,381</u>
Accounts receivable	<u>\$ 12,146</u>	<u>\$ 24,787</u>

NOTE 4 – INVESTMENTS

Investments at December 31, 2010 and 2009 consisted of \$263,602 and \$292,484, all of which was located in money market funds.

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 4 – INVESTMENTS (continued)

Investment return for 2010 and 2009 are summarized as follows:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 955	\$ 443
Realized gain	-	1,151
Unrealized gain (loss)	<u>(96)</u>	<u>98</u>
Investment return	<u>\$ 859</u>	<u>\$ 1,692</u>

NOTE 5 – FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis at December 31, 2010 and 2009 are as follows:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments - 2010	<u>\$ 263,602</u>	<u>\$ 263,602</u>	<u>\$ -</u>	<u>\$ -</u>
Investments - 2009	<u>\$ 292,484</u>	<u>\$ 292,484</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 10,204	\$ 10,204
Building	40,816	40,816
Equipment	30,638	36,335
Vehicles	<u>109,774</u>	<u>109,774</u>
Property and equipment	191,432	197,129
Accumulated depreciation	<u>122,858</u>	<u>115,720</u>
Property and equipment - net	<u>\$ 68,574</u>	<u>\$ 81,409</u>

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

NOTE 7 – NET ASSETS

Temporarily restricted net assets at December 31, 2010 and 2009 consisted of the following:

	<u>2010</u>	<u>2009</u>
Time restrictions		
Pledges	\$ 71,971	\$ 64,320
General operations	-	19,044
Purpose restrictions		
Water, sanitation, reforestation materials and supplies, and health and hygiene education	<u>88,486</u>	<u>75,024</u>
Temporarily restricted net assets	<u>\$ 160,457</u>	<u>\$ 158,388</u>

NOTE 8 – 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 \$15,532 and \$17,683 for 2010 and 2009.

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.

EL PORVENIR
SUMMARY SCHEDULE OF ACTIVITIES
Year ended December 31, 2010

	<u>2010</u>	<u>2009</u>
Support and revenue	\$ 980,787	\$ 865,241
Expenses	<u>(1,007,343)</u>	<u>(977,308)</u>
Net revenue over expenses	(26,556)	(112,067)
Net assets - beginning of year	<u>523,525</u>	<u>635,592</u>
Net assets - end of year	<u>\$ 496,969</u>	<u>\$ 523,525</u>
Unrestricted	\$ 336,512	\$ 365,137
Restricted	<u>160,457</u>	<u>158,388</u>
Total net assets - end of year	<u>\$ 496,969</u>	<u>\$ 523,525</u>

Support and revenue includes \$105,397 that was received but not spent during 2010.

Support and revenue includes \$70,245 that was received but not spent during 2010.