

EL PORVENIR

FINANCIAL STATEMENTS

December 31, 2009 and 2008

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 statements of financial position of El Porvenir as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the year and eighteen months 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, 2009 and 2008, and the changes in its net assets and its cash flows for the year and eighteen months then ended in conformity with accounting principles generally accepted in the United States of America.

Wegner LLP

Wegner LLP
Madison, Wisconsin
June 11, 2010



EL PORVENIR
STATEMENTS OF FINANCIAL POSITION
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 99,415	\$ 127,951
Accounts receivable	24,787	30,577
Promises to give (current portion)	64,320	52,060
Notes receivable	-	10,000
Investments	<u>292,484</u>	<u>309,111</u>
Total current assets	481,006	529,699
PROPERTY AND EQUIPMENT		
Property and equipment - net	81,409	90,447
OTHER ASSETS		
Promises to give (net of current portion)	<u>-</u>	<u>52,060</u>
Total assets	<u>\$ 562,415</u>	<u>\$ 672,206</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,851	\$ 1,833
Accrued expenses	<u>35,039</u>	<u>34,781</u>
Total liabilities	38,890	36,614
NET ASSETS		
Unrestricted	365,137	396,831
Temporarily restricted	<u>158,388</u>	<u>238,761</u>
Total net assets	<u>523,525</u>	<u>635,592</u>
Total liabilities and net assets	<u>\$ 562,415</u>	<u>\$ 672,206</u>

See accompanying notes.

EL PORVENIR
STATEMENTS OF ACTIVITIES
Year ended December 31, 2009 and Eighteen-month period ended December 31, 2008

	2009	2008
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	\$ 467,615	\$ 699,939
Work Brigades	87,406	117,762
Educational tour	7,964	5,963
Grants	184,646	257,503
Investment return	1,692	14,508
Donated services	17,683	14,487
Other	27,990	15,525
Total unrestricted support and revenue	794,996	1,125,687
EXPENSES		
Program services	797,777	1,157,618
Supporting activities		
General and administrative	114,292	158,064
Fundraising	65,239	80,822
Total supporting activities	179,531	238,886
Total expenses	977,308	1,396,504
Net assets released from restrictions	150,618	315,860
Change in unrestricted net assets	(31,694)	45,043
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	70,245	238,761
Net assets released from restrictions	(150,618)	(315,860)
Change in temporarily restricted net assets	(80,373)	(77,099)
Change in net assets	(112,067)	(32,056)
Net assets - beginning of period	635,592	667,648
Net assets - end of period	\$ 523,525	\$ 635,592

See accompanying notes.

EL PORVENIR
STATEMENTS OF FUNCTIONAL EXPENSES
Year ended December 31, 2009 and Eighteen-month period ended December 31, 2008

	2009			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 124,503	\$ 50,365	\$ 38,542	\$ 213,410
Payroll taxes	10,363	4,192	3,208	17,763
Benefits	31,079	12,573	9,621	53,273
Training and technical assistance	1,078	436	334	1,848
Meetings	9,689	563	829	11,081
Printing and reproduction	4,669	1,549	2,298	8,516
Postage	1,777	856	451	3,084
Insurance	3,052	1,235	945	5,232
Telephone and fax	8,900	1,683	2,097	12,680
Occupancy	10,838	2,710	-	13,548
Professional services	21,234	9,426	1,844	32,504
Outside services	-	15,099	285	15,384
Advertising	847	281	417	1,545
Bank charges and other fees	-	2,855	-	2,855
Equipment repair and maintenance	6,131	786	158	7,075
Vehicle repair and maintenance	17,708	2,270	456	20,434
Speaking tour	1,599	-	-	1,599
Office expense and supplies	9,386	3,639	1,753	14,778
Travel	8,734	1,012	1,519	11,265
Photo developing	-	-	-	-
Depreciation	11,995	2,502	92	14,589
Brigades Program	73,582	-	-	73,582
Water and sanitation materials and supplies	345,521	-	-	345,521
Reforestation materials and supplies	36,313	-	-	36,313
Health and hygiene education	40,155	-	-	40,155
Donated services	17,683	-	-	17,683
Other expenses	941	260	390	1,591
Total expenses	\$ 797,777	\$ 114,292	\$ 65,239	\$ 977,308

See accompanying notes.

2008

Program Services	Management and General	Fundraising	Total
\$ 152,726	\$ 57,509	\$ 44,623	\$ 254,858
14,220	5,335	4,161	23,716
42,261	15,701	12,411	70,373
1,972	752	573	3,297
10,060	1,210	665	11,935
6,166	1,607	2,331	10,104
2,809	911	1,010	4,730
4,670	1,698	1,383	7,751
10,977	3,311	3,477	17,765
10,683	2,671	-	13,354
21,514	26,092	-	47,606
-	14,718	-	14,718
1,360	353	511	2,224
-	3,327	-	3,327
7,525	1,009	207	8,741
23,176	3,094	662	26,932
-	-	-	-
21,531	8,881	2,319	32,731
23,184	2,859	4,294	30,337
330	82	113	525
17,134	5,689	240	23,063
98,618	-	-	98,618
558,051	-	-	558,051
63,328	-	-	63,328
47,210	-	-	47,210
14,487	-	-	14,487
3,626	1,255	1,842	6,723
<u>\$ 1,157,618</u>	<u>\$ 158,064</u>	<u>\$ 80,822</u>	<u>\$ 1,396,504</u>

EL PORVENIR
STATEMENTS OF CASH FLOWS
Year ended December 31, 2009 and Eighteen-month period ended December 31, 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (112,067)	\$ (32,056)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	14,589	23,063
Loss on disposals of property and equipment	192	-
Realized gain on investments	(1,151)	-
Unrealized gain on investments	(98)	(141)
Decrease in assets		
Accounts receivable	5,790	7,215
Prepaid expenses	-	3,750
Promises to give	39,800	115,327
Increase (decrease) in liabilities		
Accounts payable	2,018	9,846
Accrued expenses	258	-
Net cash flows from operating activities	(50,669)	127,004
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(5,743)	(81,913)
Reinvestment of dividends and interest	(457)	(4,597)
Purchases of investments	(17,801)	(133,333)
Proceeds from sales of investments	36,134	142,867
Collection of notes receivable	10,000	-
Net cash flows from investing activities	22,133	(76,976)
Net change in cash	(28,536)	50,028
Cash - beginning of period	127,951	77,923
Cash - end of period	\$ 99,415	\$ 127,951

See accompanying notes.

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

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, 2009 and 2008

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.

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 2006.

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

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.

Date of Management's Review

Management has evaluated subsequent events through June 11, 2010, 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 \$91,852 and \$158,272 at December 31, 2009 and 2008.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Salary advances	\$ 1,827	\$ 2,480
Cash advances for building projects	21,579	22,804
Other	1,381	5,293
Accounts receivable	\$ 24,787	\$ 30,577

NOTE 4 – PROMISES TO GIVE

Promises to give at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Unconditional promises to give in one to five years	\$ 64,320	\$ 104,120
Less receivable in less than one year	64,320	52,060
Unconditional promises to give - net of current portion	\$ -	\$ 52,060

The discount for promises to give receivable in more than one year was not material and has not been recorded in the financial statements.

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 5 – NOTES RECEIVABLE

El Porvenir had a \$10,000 note receivable at December 31, 2008 from Nicaraguan Credit Alternatives (NICA) Fund at Working Capital for Community Needs, Inc. The note was collected in 2009.

NOTE 6 – INVESTMENTS

Investments at December 31, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
Cash	\$ 143,900	\$ 143,900
Money market funds	148,584	165,211
Investments	<u>\$ 292,484</u>	<u>\$ 309,111</u>

Investment return for the year ended December 31, 2009 and the eighteen month period ended December 31, 2008 are summarized as follows:

	<u>2009</u>	<u>2008</u>
Interest and dividends	\$ 443	\$ 14,367
Realized gain	1,151	-
Unrealized gain	98	141
Investment return	<u>\$ 1,692</u>	<u>\$ 14,508</u>

NOTE 7 – FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis at December 31, 2009 and 2008 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 - 2009	<u>\$ 292,484</u>	<u>\$ 292,484</u>	<u>\$ -</u>	<u>\$ -</u>
Investments - 2008	<u>\$ 309,111</u>	<u>\$ 309,111</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.

EL PORVENIR
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Land	\$ 10,204	\$ 10,204
Building	40,816	40,816
Equipment	36,335	36,737
Vehicles	109,774	107,472
Property and equipment	197,129	195,229
Accumulated depreciation	115,720	104,782
Property and equipment - net	\$ 81,409	\$ 90,447

NOTE 9 – NET ASSETS

Temporarily restricted net assets at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Time restrictions		
Pledges	\$ 64,320	\$ 104,120
General operations	19,044	3,000
Purpose restrictions		
Water, sanitation, reforestation materials and supplies, and health and hygiene education	75,024	131,641
Temporarily restricted net assets	\$ 158,388	\$ 238,761

NOTE 10 – 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 \$17,683 and \$9,939 for the year ended December 31, 2009 and for the eighteen-month period ended December 31, 2008.

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.

NOTE 11 – RELATED PARTY TRANSACTION

El Porvenir paid \$2,469 and \$3,400 to the board treasurer's wife for bookkeeping services during the year ended December 31, 2009 and during the eighteen-month period ended December 31, 2008.