

Children of The Americas
December 31, 2013

Sterling R. Ellsworth, CPA

A Professional Corporation

INDEPENDENT AUDITORS REPORT

To The Board of Directors of
Children of the Americas:

I have audited the accompanying financial statements of Children of The Americas (a California nonprofit organization), which comprise the statement of financial position as of December 31, 2013, the related statements of activities and cash flows for the years ended December 31, 2013, the statement of functional expenses for the year ended December 31, 2013, 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 (GAAP); 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Children of The Americas as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Sterling R. Ellsworth, CPA
Santa Barbara, California
October 22, 2014

**Children of The Americas
Statement of Financial Position
As of December 31, 2013**

ASSETS

Current Assets:	
Cash	\$ 10,158
Property & Equipment:	
Equipment	61,043
Vehicles	15,369
Less: Accumulated Depreciation	(76,412)
Net Property & Equipment	0
Total Assets	\$ 10,158

LIABILITIES AND NET ASSETS

Liabilities:	
None	\$ <u>0</u>
Total Liabilities	0
Net Assets:	
Unrestricted	10,158
Temporarily Restricted	0
Permanently Restricted	0
Total Net Assets	10,158
Total Liabilities and Net Assets	\$ 10,158

See accompanying auditors report and footnote disclosures.

**Children of The Americas
Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2013**

Revenue:	
Contributions - cash	\$ 122,305
Contributions - inkind	798,037
	<u>920,342</u>
Expenses:	
Direct Aid:	
Direct aid - cash	50,619
Direct aid - inkind	798,037
Total Direct Aid	<u>848,656</u>
Support Services:	
Salaries and employee benefits	43,826
Payroll taxes	3,631
Professional fees	10,630
Day Care Center	11,500
Taxes and fees	1,225
Office	2,493
Travel	2,264
Total Support Services	<u>75,569</u>
Total Expenses	<u>924,225</u>
Increase (Decrease) in Net Assets	(3,883)
Net Assets at Beginning of Year	<u>14,041</u>
Net Assets at End of Year	<u>\$ 10,158</u>

See accompanying auditors report and footnote disclosures.

Children of The Americas
Statement of Functional Expenses
Year Ended December 31, 2013

	Program Services	Supporting Services		Total Expenses
		Management & General	Fundraising	
Direct aid	\$848,656			848,656
Salaries and employee benefits	29,802	7,012	7,012	43,826
Payroll taxes	2,469	581	581	3,631
Professional fees	7,228	1,701	1,701	10,630
Day Care Center	7,820	1,840	1,840	11,500
Taxes and fees	833	196	196	1,225
Office	1,695	399	399	2,493
Travel	1,540	362	362	2,264
Total functional expenses	\$900,043	\$12,091	\$12,091	\$924,225

See accompanying auditors report and footnote disclosures.

Children of The Americas
Statement of Cash Flows
Year Ended December 31, 2013

Cash Flows from Operating Activities:	
Increase (Decrease) in Net Assets	\$ (3,883)
Net cash flow from operating activities	<u>(3,883)</u>
Cash Flows from Investing Activities:	
None	<u>0</u>
Net cash flow from investing activities	<u>0</u>
Cash Flows from Financing Activities:	
None	<u>0</u>
Net cash flow from financing activities	<u>0</u>
Net increase (decrease) in cash	(3,883)
Cash at beginning of year	<u>14,041</u>
Cash at end of year	<u><u>\$ 10,158</u></u>

See accompanying auditors report and footnote disclosures.

Children of the Americas
Notes to Financial Statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Children of the Americas is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management who is responsible for their integrity and objectivity. These accounting policies conform to the accrual basis of accounting and have been consistently applied in the preparation of the financial statements.

Organizations Activity

Children of The Americas, a Nonprofit Corporation, was created in 1984 to reduce the suffering of children from poverty by providing nutrition and educational support to children to enable them to achieve personal fulfillment. The organization also educates First World citizens about Third World issues affecting children. Individuals, church communities, corporations and foundations are solicited to provide funds for its operations.

Financial Statement Presentation

The accompanying financial statements are presented on the accrual basis. To ensure observance of limitations and restrictions placed on the use of resources available, the accounts of the Organization are maintained in accordance with the principles of fund accounting, which classifies resources by their nature and purpose, based on the presence or absence of donor-imposed restrictions, into three classes of net assets:

Unrestricted Net Assets

Unrestricted net assets consist of funds free of any legally enforceable donor-imposed restrictions.

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of contributions and other inflows of funds temporarily subject to donor-imposed restrictions. The restrictions are temporary in that they are expected to expire with the passage of time or be satisfied and removed by actions of the Organization that fulfill donor stipulations. The Organization has no temporarily restricted net assets as of December 31, 2013.

Permanently Restricted Net Assets

Permanently restricted net assets consist of contributions and other inflows of funds subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization has no permanently restricted net assets as of December 31, 2013.

Revenue and Cost Recognition

Revenue is recorded when earned and expenses are recognized when the liability is incurred.

Public Support and Revenue

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Children of the Americas
Notes to Financial Statements
December 31, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation

Equipment and vehicles are being depreciated over estimated useful lives of five years using the straight-line method of depreciation.

NOTE 2 - INCOME TAXES

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions.

NOTE 3 – 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 revenues and expenses. Significant estimates used in preparing these financial statements include: useful lives of property and equipment, market value of investments, and allowance for uncollectible pledges receivable. It is at least reasonably possible that the significant estimates used will change within the next year.

NOTE 4 – FUNCTIONAL ALLOCATION OF EXPENSES

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

NOTE 5 – STATEMENT OF CASH FLOWS

For purposes of reporting cash flows, the Organization considers all petty cash and bank accounts to be cash equivalents. For the year ended December 31, 2013 the Organization paid no cash for interest and paid no cash for income taxes.

NOTE 6 – DONATED SERVICES

Donated materials or services, when received, are reflected as contributions and direct aid in the accompanying financial statements at their estimated fair market value at date of receipt.