

Children of The Americas
December 31, 2012

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 statement of financial position of Children of the Americas as of December 31, 2012, and the related statement of activities, and changes in net assets, statement of cash flows, and statement of functional expenses for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 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. I believe my audit provides a reasonable basis for my 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, 2012, and the results of its operations and changes in net assets in conformity with accounting principles generally accepted in the United States of America.



Sterling R. Ellsworth, CPA
Santa Barbara, California
November 7, 2013

Children of The Americas
Statement of Financial Position
As of December 31, 2012

ASSETS

Current Assets:		
Cash	\$	14,041
Property & Equipment:		
Equipment		61,043
Vehicles		15,369
Less: Accumulated Depreciation		<u>(76,412)</u>
Net Property & Equipment		<u>0</u>
Total Assets		<u><u>14,041</u></u>

LIABILITIES AND NET ASSETS

Liabilities:		
none		<u>0</u>
Total Liabilities		<u>0</u>
Net Assets - Unrestricted		<u>14,041</u>
Total Liabilities and Net Assets	\$	<u><u>14,041</u></u>

See accompanying auditor's report and footnote disclosures.

**Children of The Americas
Statement of Activities
and Changes in Net Assets
Year Ended December 31, 2012**

Revenue:	
Contributions - cash	\$ 142,239
Contributions - inkind	815,085
	<u>957,324</u>
Expenses:	
Direct Aid:	
Direct aid - cash	48,574
Direct aid - inkind	815,085
Total Direct Aid	<u>863,659</u>
Support Services:	
Salaries and employee benefits	52,190
Payroll taxes	3,533
Professional fees	13,125
Day Care Center	19,803
Taxes	37
Office	3,443
Travel	2,717
Total Support Services	<u>94,848</u>
	<u>958,507</u>
	(1,183)
Net Assets at Beginning of Year	<u>15,224</u>
Net Assets at End of Year	<u><u>\$ 14,041</u></u>

See accompanying auditor's report and footnote disclosures.

Children of The Americas
Statement of Functional Expenses
Year Ended December 31, 2012

	<u>Supporting Services</u>			Total Expenses
	Program Services	Management & General	Fundraising	
Direct aid	\$863,659			863,659
Salaries and employee benefits	35,490	8,350	8,350	52,190
Payroll taxes	2,403	565	565	3,533
Professional fees	8,925	2,100	2,100	13,125
Day Care Center	13,467	3,168	3,168	19,803
Taxes	25	6	6	37
Office	2,341	551	551	3,443
Travel	1,847	435	435	2,717
Total functional expenses	<u>\$928,157</u>	<u>\$15,175</u>	<u>\$15,175</u>	<u>\$958,507</u>

See accompanying auditor's report and footnote disclosures.

Children of The Americas
Statement of Cash Flows
Year Ended December 31, 2012

Cash Flows from Operating Activities:	
Increase in Net Assets	\$ <u>(1,183)</u>
Net cash flow from operating activities	<u>(1,183)</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	(1,183)
Cash at beginning of year	<u>15,224</u>
Cash at end of year	<u>\$ <u>14,041</u></u>

For the year ended December 31, 2012, the organization paid no income tax.

For the year ended December 31, 2012, the organization paid no interest.

Children of the Americas
Notes to Financial Statements
December 31, 2012

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.

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.

Donated Materials and 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.

Depreciation

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

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.