

GUATEMALAN TOMORROW FUND, INC.
REPORT ON AUDIT OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

GUATEMALAN TOMORROW FUND, INC.

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Report of Independent Auditors

To the Board of Directors
Guatemalan Tomorrow Fund, Inc.

We have audited the accompanying financial statements of Guatemalan Tomorrow Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit 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 Guatemalan Tomorrow Fund, Inc. as of December 31, 2015, 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.

Templeton & Company, LLP

West Palm Beach
June 28, 2016



GUATEMALAN TOMORROW FUND, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2015

ASSETS

Current assets:	
Cash	\$ 267,021
Investments	3,054
Deposits	<u>550</u>
Total current assets	270,625
Property and equipment, less accumulated depreciation of \$1,141	<u>285</u>
Total assets	<u>\$ 270,910</u>

LIABILITIES AND NET ASSETS

Current liabilities:	
Accounts payable and accrued expenses	\$ <u>13,116</u>
Total current liabilities	13,116
Net assets:	
Unrestricted	150,678
Temporarily restricted	<u>107,116</u>
Total net assets	<u>257,794</u>
Total liabilities and net assets	<u>\$ 270,910</u>

See accompanying notes to financial statements.

GUATEMALAN TOMORROW FUND, INC.

**STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Designated donations	\$ -	\$ 307,045	\$ 307,045
Contributions	285,925	2,500	288,425
In-kind contributions	125	-	125
Other income	61	-	61
Net assets released from restrictions	<u>261,149</u>	<u>(261,149)</u>	<u>-</u>
Total support and revenue	<u>547,260</u>	<u>48,396</u>	<u>595,656</u>
Expenses:			
Program services	482,579	-	482,579
Support services:			
General and administrative	29,890	-	29,890
Fundraising	<u>20,766</u>	<u>-</u>	<u>20,766</u>
Total expenses	<u>533,235</u>	<u>-</u>	<u>533,235</u>
Increase in net assets	14,025	48,396	62,421
Net assets - beginning of year	<u>136,653</u>	<u>58,720</u>	<u>195,373</u>
Net assets - end of year	<u>\$ 150,678</u>	<u>\$ 107,116</u>	<u>\$ 257,794</u>

See accompanying notes to financial statements.

GUATEMALAN TOMORROW FUND, INC.

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2015

Cash flows from operating activities:	
Increase in net assets	\$ 62,421
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	285
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	<u>10,828</u>
Net cash provided by operating activities	<u>73,534</u>
Net increase in cash	73,534
Cash, beginning of year	<u>193,487</u>
Cash, end of year	<u><u>\$ 267,021</u></u>

See accompanying notes to financial statements.

GUATEMALAN TOMORROW FUND, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2015

	Program Services	Support Services		Total
		Management and General	Fundraising	
Salaries and benefits	\$ 34,516	\$ 15,189	\$ 7,875	\$ 57,580
Advertising and marketing	1,918	384	1,534	3,836
Rent and utilities	3,300	1,980	1,320	6,600
AAT donations	425,471	-	-	425,471
Bank and credit card charges	1,251	1,100	-	2,351
Supplies	339	203	135	677
Professional fees	6,242	6,243	-	12,485
Government filing fees	130	131	-	261
Insurance	732	1,707	-	2,439
Meetings and events	78	-	-	78
Information technology	2,592	324	324	3,240
Payroll taxes	2,366	1,025	552	3,944
Telephone	1,265	759	506	2,530
Travel	1,127	-	2,630	3,757
Equipment repairs and maintenance	228	136	91	455
Postage and printing	1,023	-	5,799	6,822
Other	-	424	-	424
Depreciation	-	285	-	285
Total expenses	\$ 482,579	\$ 29,890	\$ 20,766	\$ 533,235

GUATEMALAN TOMORROW FUND, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

Guatemalan Tomorrow Fund, Inc. (the Organization) is a tax-exempt, not-for-profit corporation formed in November 1991. The Organization's specific objectives and purpose is to solicit, accept, and administer gifts and property of any kind, and to disburse or donate for the purpose of promoting self-determination of the Mayan people in Guatemala through culturally sensitive programs in the areas of health, education, agriculture and financial independence.

Memorandum of understanding

In 2005 the Organization signed a memorandum of understanding with Asociacion AK' Tenamit (AAT), a non-governmental independent association located in Barra Lampara Livingston, Izabal Guatemala. The intended purpose of the memorandum is to establish and outline the relationship and responsibilities between the Organization and AAT. Among other things, under the terms of the memorandum the Organization solicits funds and in kind goods from donors and provide those funds to AAT for the use in its operation and programs. Funds received and donated to AAT is further discussed in Note 6.

Basis of presentation

The financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

Net assets, revenue, gains and losses are classified as temporarily restricted, permanently restricted, or unrestricted based on the existence or absence, respectively, of contractual, grantor or donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

Unrestricted net assets – Net assets available for the support of the Organization's operations. The unrestricted net assets may be used at the discretion of the Organization's management and the Board of Directors. .

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations to be maintained permanently by the Organization. The Organization had no permanently restricted net assets as of December 31, 2015.

Donations and contributions

The Organization records funding from unconditional donations and contributions in the period that they are received. Classification of donations and contributions as unrestricted or temporarily restricted is based upon any external stipulations that limit the use of the funds.

When a grantor or donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are then reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donations and contributions that are temporarily restricted by the grantor or contributor are reported as an increase in unrestricted net assets if the restriction expires in the same reporting period in which the support is recognized.

GUATEMALAN TOMORROW FUND, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 1 – Nature of Activities and Summary of Significant Accounting Policies, Continued

Cash and concentration of credit risk

Cash includes amounts on deposit in general checking and money market accounts. The Organization maintains its cash with generally recognized banking institutions in accounts that are guaranteed by the Federal Deposit Insurance Corporation up to the applicable limits for each institution. Periodically, amounts in any one financial institution exceeds federally insured limits of \$250,000. As of December 31, 2015, the balance in one financial institution exceeded the federally insured limit by \$13,618.

Accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

Property and equipment

Property and equipment acquisitions valued at greater than \$1,000 with a useful life of greater than one year are capitalized and stated at cost or, if donated, at the fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

Office furniture and equipment	5 years
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Maintenance and repairs are charged to expense as incurred.

Income taxes

The Organization was granted tax-exempt status under Internal Revenue Code Section (IRC) 501(c)(3). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Organization is required to operate in conformity with the provisions of the IRC to maintain its exempt status. The Organization is no longer subject to IRS examinations for years prior to 2012.

Functional expenses

The Organization allocates its expenses on a functional basis between program and supporting services. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated as determined by management.

GUATEMALAN TOMORROW FUND, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 2 – Investments

Investments at December 31, 2015 consist of the following:

	Amortized Cost	Fair Market Value
Corporate stocks	<u>\$ 1,489</u>	<u>\$ 3,054</u>

Investments are reported at amortized cost which approximate fair value.

Note 3 – Fair Value Measurements

FASB ASC Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. As of December 31, 2015 the Organization had no Level 2 or Level 3 assets or liabilities.

The Organization's Level 1 investments consist of stocks with quoted values that are publicly traded on national exchanges.

Note 4 – Property and Equipment

Property and equipment is comprised of the following at December 31, 2015:

Office furniture and equipment	\$ 1,426
Less accumulated depreciation	<u>(1,141)</u>
Total net property and equipment	<u>\$ 285</u>

Note 5 – Operating Lease

The Organization leases its operating facilities from Jupiter Investment, L.C. at a monthly rent of \$550. The lease term is for one year effective January 31, 2015. The lease states that the cost of utilities and taxes are provided by the Jupiter Investment, L.C. The total rent expense for the year ended December 31, 2015 was \$6,600.

GUATEMALAN TOMORROW FUND, INC.

NOTES TO FINANCIAL STATEMENTS, CONTINUED

Note 6 – Donations to Asociacion AK' Tenamit

The following schedule summarizes the donations approved by the Organization's Board of Directors and made to AAT during the year ended December 31, 2015 from funds collect from donors for the following purposes:

Child Sponsor Program (CSP)	\$ 75,000
Morgan Memorial Fund (MMF)	75,411
Boqueron Canon Project (RIOS)	48,609
Education	16,593
Health	9,006
Capital Improvements	3,520
AAT – General	152,000
Work Group Funds	8,010
Other	<u>37,322</u>
	<u>\$ 425,471</u>

Note 7 – Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2015 are restricted for the following purposes:

Education	\$ 100,290
Health	3,826
Capital improvements	<u>3,000</u>
	<u>\$ 107,116</u>

The above amounts consist of funds received from donors to support AAT programs. Monies collected are temporarily restricted until spent for such purpose.

Note 8 – Released From Restrictions

During 2015, net assets were released from restrictions for the following purposes:

Education	\$ 215,613
Health	9,006
Work group	8,010
Capital improvements	3,520
AAT general	<u>25,000</u>
	<u>\$ 261,149</u>

Note 9 – Subsequent Events

Management has evaluated events occurring subsequent to December 31, 2015 through June 28, 2016, the date the financial statements were available to be issued, for matters that should be recorded in the financial statements or disclosed in the footnotes thereto.