Safe Passage
Camino Seguro

Financial Report

June 30, 2014

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Independent Auditors' Report

Board of Directors
Safe Passage and Camino Seguro
Yarmouth, Maine

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Safe Passage and Camino Seguro, which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities, functional expenses 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Safe Passage and Camino Seguro

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Safe Passage and Camino Seguro as of June 30, 2014, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Safe Passage and Camino Seguro's 2013 consolidated financial statements, and our report dated November 8, 2013, expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

MacPage LLC

South Portland, Maine
November 10, 2014

Consolidated Statements of Financial Position

June 30, 2014
(With Summarized Comparative Totals for the Year Ended June 30, 2013)

	2014	2013
ASSETS		
Current Assets		
Cash	$ 904,512	$ 711,234
Contributions receivable	14,521	19,867
Prepaid expenses	18,392	3,276
Total Current Assets	937,425	734,377
Property and Equipment		
Buildings and land improvements	970,234	964,673
Furniture, fixtures, and equipment	255,690	228,628
Vehicles	140,539	178,995
	1,366,463	1,372,296
Accumulated depreciation	(656,684)	(595,399)
	709,779	776,897
Land	93,779	68,578
	803,558	845,475
Other Assets		
Restricted cash-capital campaign	190,993	
Investments	3,162,524	3,081,089
Pledge recievables-capital campaign	968,668	
Loans receivable	303	772
	4,322,488	3,081,861
Total Assets	$ 6,063,471	$ 4,661,713
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 24,716	$ 19,443
Due to support groups	31,325	12,904
Due to sponsored children		191
Accrued payroll and severance	219,997	200,620
Total Current Liabilities	276,038	233,158
Net Assets		
Unrestricted		
Undesignated	1,723,292	1,562,026
Board designated	1,596,440	1,619,829
Total unrestricted	3,319,732	3,181,855
Temporarily restricted	1,425,542	204,541
Permanently restricted	1,042,159	1,042,159
	5,787,433	4,428,555
Total Liabilities and Net Assets	$ 6,063,471	$ 4,661,713

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Activities

Year Ended June 30, 2014
(With Summarized Comparative Totals for the Year Ended June 30, 2013)

	2014				2013
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	
Operating Activities					
Support and Revenues					
Contributions	$ 1,122,413	$ 154,696		$ 1,277,109	$ 1,175,130
Sponsorships	563,976			563,976	573,528
Other income	24,358			24,358	39,338
Gain on currency translation	2,915			2,915	1,730
Endowment income utilized in operations	150,000			150,000	130,000
Board designated endowment funds utilized for specific purpose					125,000
Net assets released from restrictions	177,657	(177,657)			
Total Support and Revenues	2,041,319	(22,961)		2,018,358	2,044,726
Operating Expenses and Losses					
Program	1,712,006			1,712,006	1,603,233
Administrative	206,066			206,066	225,555
Fundraising	174,959			174,959	203,753
Total Expenses	2,093,031			2,093,031	2,032,541
Change in Net Assets from Operations	(51,712)	(22,961)		(74,673)	12,185
Non-Operating Activities					
Contributions capital campaign		1,407,101		1,407,101	
Capital campaign expense	(207,963)			(207,963)	
Investment income	204,589	179,824		384,413	239,619
Net assets released from restrictions	342,963	(342,963)			
Endowment income utilized	(150,000)			(150,000)	(255,000)
Change in Net Assets from Non-Operating Activities	189,589	1,243,962		1,433,551	(15,381)
Total Change in Net Assets	137,877	1,221,001		1,358,878	(3,196)
Net Assets, Beginning of Year	3,181,855	204,541	$ 1,042,159	4,428,555	4,431,751
Net Assets, End of Year	$ 3,319,732	$ 1,425,542	$ 1,042,159	$ 5,787,433	$ 4,428,555

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Functional Expenses

Year Ended June 30, 2014
(With Summarized Comparative Totals for the Year Ended June 30, 2013)

		Supporting Services			2014	2013
	Program	Administrative	Fundraising	Total	Total	Total
Salaries, taxes and benefits	$ 861,316	$ 105,180	$ 86,557	$ 191,737	$ 1,053,053	$ 948,520
Medical and family assistance	29,779				29,779	26,992
Professional services	46,511	52,914	198,519	251,433	297,944	156,725
In-kind food, supplies and materials	135,862	1,427	1,771	3,198	139,060	166,740
School expenses	96,669				96,669	93,951
After school activities and supplies	46,215	91		91	46,306	17,577
Repairs and maintenance	37,563	103		103	37,666	40,370
Rent and security	77,349	7,740	12,259	19,999	97,348	87,802
Utilities	36,783	1,764	1,049	2,813	39,596	39,441
Food and drinking water	67,074	72		72	67,146	64,151
Travel and transportation	66,606	13,087	7,587	20,674	87,280	69,501
Minor furniture and equipment	9,478	1,773	1,343	3,116	12,594	7,874
Telephone and communications	17,658	2,634	2,713	5,347	23,005	23,974
Other	(744)	(1,151)		(1,151)	(1,895)	4,623
Insurance	10,772	8,074	652	8,726	19,498	24,654
Printing, postage and office supplies	34,557	3,573	33,225	36,798	71,355	69,350
Staff recruitment and development	18,810	7,374	2,471	9,845	28,655	15,943
Fundraising			17,372	17,372	17,372	19,652
Bank fees and services charges	978	1,411	17,404	18,815	19,793	22,703
Depreciation	118,770				118,770	131,998
	$ 1,712,006	$ 206,066	$ 382,922	$ 588,988	$ 2,300,994	$ 2,032,541
Less:						
Capital campaign expense			(207,963)	(207,963)	(207,963)	
	1,712,006	206,066	174,959	381,025	2,093,031	2,032,541

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

Year Ended June 30, 2014
(With Summarized Comparative Totals for the Year Ended June 30, 2013)

	2014	2013
Cash flows from operating activities		
Change in net assets	$ 1,358,878	$ (3,196)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	118,770	131,998
Gain on sale of property and equipment		(18,191)
Realized and unrealized gains on investments	(307,721)	(170,508)
Long-term assets contributions		
(Increase) decrease in operating assets:		
Contributions receivable	5,346	45,181
Pledge recievables- capital campaign	(1,303,364)	
Prepaid expenses	(15,116)	5,001
Increase (decrease) in operating liabilities:		
Accounts payable	5,273	13,730
Due to support groups and children	18,230	(8,348)
Accrued payroll and severance	19,377	35,497
Total adjustments	(1,459,205)	34,360
Net cash flows from operating activities	(100,327)	31,164
Cash flows from investing activities		
Proceeds from sale of property and equipment	2,825	18,191
Net change in restricted cash-capital campaign	(190,993)	
Purchase of property and equipment	(79,678)	(88,165)
Purchase of investments	(383,700)	(1,672,647)
Proceeds from sale of investments	609,986	1,850,949
Collection (advances) of loans receivable	469	(377)
Net cash flows from investing activities	(41,091)	107,951
Cash flows from financing activities		
Collection of contributions for long term asset	334,696	
Net cash flows from financing activities	334,696	
Net change in cash	193,278	139,115
Cash at beginning of year	711,234	572,119
Cash at end of year	$ 904,512	$ 711,234

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

June 30, 2014 (With Comparative Totals for June 30, 2013)

NOTE 1 – NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Safe Passage is a 501(c)(3) tax-exempt nonprofit corporation in the United States and Camino Seguro is a tax-exempt nonprofit organization registered and operating in Guatemala (hereinafter collectively called the Organization). These two entities represent a humanitarian group whose mission is "to empower the poorest, at-risk children of families living in the Guatemala City garbage dump community, by creating opportunities and fostering dignity through the power of education". The Organization was founded in 1999 by an American school teacher, Hanley Denning.

The core activities of the Organization are operating an Early Childhood Education program for children ages 2 – 8 years old and an Educational Reinforcement Program for school-age students, typically ages 9 to 21. The Organization currently assists over 550 children, representing approximately 300 families, with enrollment in the formal school system and comprehensive support. Students receive daily meals, grade-appropriate classes, financial aid for education and transportation, tutoring, health care, and enrichment through arts, sports, English language training, computers, and Saturday clubs. Additional programs in adult literacy, family nurturing, and social entrepreneurship foster a positive, stable home environment.

The Organization's programs are primarily located in Guatemala City and centered at our Early Childhood Center and our Educational Reinforcement Center, both built with donated funds. The physical plant, including classrooms, a computer lab, library and health clinic, is equipped and maintained. In the city of Antigua, one hour away from Guatemala City, the Organization leases space for management and administrative headquarters.

The Organization employs about 90 full and part-time staff of Guatemalan teachers, social workers, and support personnel. It also maintains an additional administrative and fundraising staff of five in the United States, located in Yarmouth, Maine. Paid staff in Guatemala works closely with international and Guatemalan volunteers who serve the Organization through commitments of varying duration. Each year approximately 16 long-term volunteers fill teaching and operational positions and more than 330 short-term volunteers provide additional assistance.

The Organization registered its full-day pre-primary program for students ages 4, 5, and 6 years old with the Guatemalan Ministry of Education, earning recognition as an official school and "The Escuelita" was inaugurated in January 2012. The Organization opened two full-day Grade 1 classrooms in January 2013, with accreditation from the Guatemalan Ministry of Education. Full day Grade 2 was launched in January, 2014 and the Board of Directors is pursuing a plan to launch full day grades through Grade 9 on a progressive, sequential basis. Other program developments include the launch of a next step professional development program to support students and alumni with career preparation, job-seeking, and professional networking opportunities, formalizing a parents' committee, and further developing the women's sewing initiative within the social entrepreneurship program.

Beneficiaries of the Organization include the children who participate in its educational and related programs, as well as the children's immediate family members. Indirectly, the surrounding community benefits from increased educational opportunities, teacher training, local jobs, and efforts to engage area youth in productive activities.

The Organization remains dependant on philanthropy to sustain its programs and ambitions. That philanthropy comes from Guatemala, the United States, Canada, and several European countries.

Consolidation

The accompanying consolidated financial statements include the accounts of Safe Passage and Camino Seguro, both of which are under common control. Material intercompany transactions and balances have been eliminated in the consolidation.

Notes to Consolidated Financial Statements

June 30, 2014 (With Comparative Totals for June 30, 2013)

NOTE 1 – NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting. The Organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets – Net assets that are not subject to donor imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Permanently Restricted Net Assets – Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization.

The Board also created a fourth designation.

Board Designated Net Assets – Included in the unrestricted net asset category are Board Designated funds consisting of those contributions where the donor has requested that all or part of the principal and interest earned may be spent in any year upon authorization of the Board of Directors. Other surplus unrestricted funds may be added to this fund as the Board of Directors may decide from time to time.

Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2013, from which the summarized information was derived.

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 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.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. No allowance for uncollectible accounts was considered necessary as of June 30, 2014 and 2013.

Notes to Consolidated Financial Statements

June 30, 2014 (With Comparative Totals for June 30, 2013)

NOTE 1 – NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property and Equipment

Property and equipment are stated at cost or, in the case of donated property, at estimated fair value at the date of receipt. The Organization capitalizes property and equipment with at least a cost, or estimated fair value, of $1,000, if acquired in the United States, and approximately $100, if acquired in Guatemala. Depreciation on furniture, fixtures and equipment, and vehicles is calculated on a straight-line basis using estimated useful lives of three to eight years. Buildings and land improvements are depreciated on a straight-line basis over 10 to 20 years. Land, buildings and the majority of the vehicles, furniture, fixtures and equipment are located in Guatemala.

Investments

Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statements of activities.

The Organization's investment policy and spending policy for permanently restricted endowments and board-designated investments is as follows:

The portfolio will be managed with no less than 40% and no more than the 60% in equities or securities convertible into common stock. Debt securities with maturities greater than one year shall be at least 20% and no more than 60% of the portfolio; the remainder of the fund shall be invested in high quality cash equivalents. The current target allocation for the fund is 50% equities and 50% debt securities, including cash equivalents. Mutual funds and Exchange Traded Funds (ETFs) are permitted. Non-U.S. securities are limited to 25% of the portfolio.

Primary Investment Objective: The Permanent Endowment Fund is perpetual in nature; it must provide for long-term growth in order to create and maintain a growing stream of income to support the needs of Safe Passage over time. Specifically, the Permanent Endowment Fund seeks a long-term average annual inflation adjusted total return in excess of the spending rate adopted by the Board from time to time.

The Investment Committee will recommend the payout for the coming fiscal year to the Board of Directors in November of each year. The annual payout shall be no more than 5% of a rolling three-year average of the market value of the fund as of the last business day of September.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the State of Maine Uniform Prudent Management Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers a number of factors in making a determination to appropriate or accumulate donor-restricted endowment funds which are designed to safeguard the principal. The Board of Directors has appropriated appreciation and earnings in excess of the spending formula to be classified as temporarily restricted funds until released by the Board of Directors.

Notes to Consolidated Financial Statements

June 30, 2014 (With Comparative Totals for June 30, 2013)

NOTE 1 – NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accrued Payroll and Severance

Guatemalan law requires each employer to provide two bonuses annually, each in the amount of one month's salary to each employee. "Bono14" must be paid by July 15, 2014 and "Aguinaldo" is paid in December before employees leave for the Christmas holiday. In addition, Guatemala law requires employers to provide severance to all employees who are dismissed without justification in the amount of one month's salary for each year of service. The Organization has recorded the accrued bonus and severance as of June 30, 2014 and 2013 on the statement of financial position.

Non-Operating Activities

Non-operating activities consist of contributions for non-operating purposes such as endowments and board-designated funds, which are designated for long-term sustainability of the Organization. In addition, non-operating activities include gains and losses on investments and other assets.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of revenues and expenses as net assets released after satisfaction of restrictions.

Contributed Services

The Organization receives a substantial amount of services donated by volunteers in carrying out the Organization's programs. Donated services supporting the education and social work programs that met the recognition criteria amounted to $73,935 and $69,905 for the years ended June 30, 2014 and 2013, respectively, and are included in the statement of activities.

Donated Food, Supplies and Materials

Each year, certain food, supplies and materials have been donated in-kind to the Organization. The estimated fair value of these materials has been reflected in the accompanying financial statements as contributions with a like amount included in program and supporting services expenses.

Functional Expenses

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

Notes to Consolidated Financial Statements

June 30, 2014 (With Comparative Totals for June 30, 2013)

NOTE 1 – NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Foreign Currency Translation

The Guatemalan quetzal is the functional currency for the Organization's programs. All amounts in these financial statements are reflected in U.S. dollars. All statement of financial position accounts have been translated using an exchange rate representative of the exchange rate in effect at the statement of financial position dates. The foreign currency translation adjustment is recorded in the statement of activities. The accumulated foreign currency translation adjustments amounted to $(9,551) at June 30, 2014 and 2013. The translation adjustment also includes gains and losses due the change in the value of various foreign currencies in relation to the U.S. dollar resulting from contributions received and cash transfers to fund the operations of the Organization in Guatemala, which amounted to a gain of $2,915 and $1,730 for the years ended June 30, 2014 and 2013, respectively.

Income Taxes

Safe Passage is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and Camino Seguro is exempt from income taxes in Guatemala.

Management has evaluated the Organization's tax positions and concluded that as of June 30, 2014 and 2013, the Organization does not believe that it has taken any tax positions that would require the recording of any additional tax liabilities nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next 12 months. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for the years ended December 31, 2010 through June 30, 2014.

Statements of Cash Flows

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Money market funds, held as a portion of the Organization's endowment portfolio, are classified as investments for purposes of the statements of cash flows.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Organization is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Notes to Consolidated Financial Statements

June 30, 2014 (With Comparative Totals for June 30, 2013)

NOTE 1 – NATURE OF THE ORGANIZATIONS AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Measurements – Continued

- Level 2 – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.
- Level 3 – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

For the years ended June 30, 2014 and 2013, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investment Securities

The fair value of investment securities is the market value based on quoted market prices, when available, or market prices provided by recognized broker dealers.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Organization maintains its cash in bank deposit accounts located in the United States and Guatemala. Cash maintained in accounts located in the United States, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Cash maintained in accounts located in Guatemala is insured up to approximately $2,500. The Organization believes it is not exposed to any significant credit risk from cash and cash equivalents.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable at June 30, 2014 and 2013 are as follows:

	2014	2013
Unconditional promises to give before unamortized discount	**$ 1,008,596**	$ 19,867
Less: unamortized discount	**(25,407)**	
Net unconditional promises to give	**$ 983,189**	$ 19,867
Amounts due in:		
Less that one year	**$ 483,763**	$ 19,867
One to five years	**524,833**	
Total	**$ 1,008,596**	$ 19,867

Discount rate used for the calculation of the unamortized discount was 2%.

Notes to Consolidated Financial Statements

June 30, 2014 (With Comparative Totals for June 30, 2013)

NOTE 4 – INVESTMENTS

Investments as of June 30, 2014 and 2013 are as follows:

	2014	2013
Money market funds	$ 70,937	$ 71,843
Fixed income – U.S. Government	762,462	831,286
Fixed income – Corporate	720,785	579,160
Mutual funds – Equity	114,376	91,826
Equity securities	1,493,964	1,506,974
	$ 3,162,524	$ 3,081,089

Investment income is summarized as follows:

	2014	2013
Interest and dividend income	$ 103,163	$ 97,363
Net realized and unrealized gains	305,676	170,508
Investment fees	(24,426)	(28,252)
	$ 384,413	$ 239,619

NOTE 5 – ENDOWMENT FUNDS

The Organization's endowment fund consists of a donor-restricted fund and a fund designated by the Board of Directors to function as an endowment.

Donor-restricted and board-designated endowment net asset compositions by type of fund as of June 30, 2014 and 2013 are as follows:

June 30, 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment fund	$ 331,365	$ 192,560	$ 1,042,159	$ 1,566,084
Board-designated endowment fund	1,596,440			1,596,440
Totals	$ 1,927,805	$ 192,560	$ 1,042,159	$ 3,162,524
June 30, 2013				
Donor-restricted endowment fund	$ 331,365	$ 87,736	$ 1,042,159	$ 1,461,260
Board-designated endowment fund	1,619,829			1,619,829
Totals	$ 1,951,194	$ 87,736	$ 1,042,159	$ 3,081,089

Notes to Consolidated Financial Statements

June 30, 2014 (With Comparative Totals for June 30, 2013)

NOTE 5 – ENDOWMENT FUNDS - CONTINUED

Changes in donor-restricted and board-designated endowment net assets for the years ended June 30, 2014 and 2013 are as follows:

June 30, 2014	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Beginning of year	**$ 1,951,194**	**$ 87,736**	**$ 1,042,159**	**$ 3,081,089**
Contributions				
Investment return:				
Investment income, net of fees	**44,603**	**36,156**		**80,759**
Net appreciation	**162,008**	**143,668**		**305,676**
Amounts appropriated	**(230,000)**	**(75,000)**		**(305,000)**
End of year	**$ 1,927,805**	**$ 192,560**	**$ 1,042,159**	**$ 3,162,524**

June 30, 2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beginning of year	$ 2,012,068	$ 34,656	$ 1,042,159	$ 3,088,883
Contributions	7,587			7,587
Investment return:				
Investment income, net of fees	36,768	32,343		69,111
Net appreciation	87,271	83,237		170,508
Amounts appropriated	(192,500)	(62,500)		(255,000)
End of year	$ 1,951,194	$ 87,736	$ 1,042,159	$ 3,081,089

During the year ended June 30, 2014 and 2013, the Board authorized funds from the board-designed endowment fund in the amount of $155,000 and $125,000, respectively, to be utilized for a specific purpose. These amount is included in the amount appropriated from unrestricted net assets to be paid back in the future.

Notes to Consolidated Financial Statements

June 30, 2014 (With Comparative Totals for June 30, 2013)

NOTE 6 – RESTRICTIONS ON NET ASSETS

Net assets were temporarily restricted for the following purposes at June 30, 2014 and 2013:

	2014	2013
Capital campaign	**$ 1,139,138**	
Endowment earnings available for appropriation	**192,560**	$ 87,736
Planned giving project	**17,831**	35,293
Strategic planning	**17,274**	17,274
Family nurturing program	**13,815**	
Scholarships	**12,857**	
Entrepreneurship	**8,954**	22,607
Next step program (proximo paso)	**4,959**	
Social work	**4,139**	4,882
School expenses	**2,997**	2,955
Saturday clubs	**2,917**	4,322
Micro Finance Grant	**2,500**	2,500
Food	**1,626**	
Wellness center	**1,400**	1,400
Pre-school	**1,275**	
Other	**766**	1,265
English program	**534**	12,275
Sustainability		4,571
ODT project		4,167
Summer camp		3,294
	$ 1,425,542	$ 204,541

Permanently restricted net assets consisted of the following as of June 30, 2014 and 2013:

	2014	2013
Endowment - to support future operations	**$ 1,042,159**	$ 1,042,159

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Leases

The Organization executed an operating lease commitment in excess of one year on August 1, 2008 for the administration offices in Yarmouth, Maine that expireda on July 31, 2013, with monthly lease payments of $1,700 through July 31, 2009 and an increase of 3% each year thereafter. Effective August 1, 2013, the Organization renewed the lease for a five-year term with monthly lease payments of $1,950 through July 31, 2015 and an increase of 3% each year thereafter. The Organization leases other office space under month-to-month operating leases. Total rent expense was $43,027 and $39,224 for the years ended June 30, 2014 and 2013, respectively.

Notes to Consolidated Financial Statements

June 30, 2014 (With Comparative Totals for June 30, 2013)

NOTE 7 – COMMITMENTS AND CONTINGENCIES - CONTINUED

The future minimum rental payments under non-cancelable operating leases having an initial or remaining term in excess of one year as of June 30, 2014 are as follows:

Year ending June 30,	
2015	$ 23,400
2016	24,038
2017	24,767
2018	24,510
2019	2,131
	$ 98,846

Land Use

The Organization has a written agreement with a donor that provides for free use of the land located in Guatemala, on which the daycare center, occupational training center and gardens have been built upon through August 31, 2020.

NOTE 8 – FAIR VALUE MEASUREMENTS

Fair values of assets measured on a recurring basis are as follows:

June 30, 2014	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Money market funds	**$ 70,937**	**$ 70,937**		
Fixed income – U.S. Government	**762,462**	**762,462**		
Fixed income - Corporate	**720,785**	**720,785**		
Mutual funds – Equity	**114,376**	**114,376**		
Equity securities	**1,493,964**	**1,493,964**		
Total	**$ 3,162,524**	**$ 3,162,524**	**$ -**	**$ -**

June 30, 2013	Fair Value	Level 1	Level 2	Level 3
Money market funds	$ 71,843	$ 71,843		
Fixed income – U.S. Government	831,286	831,286		
Fixed income - Corporate	579,160	579,160		
Mutual funds - Equity	91,826	91,826		
Equity securities	1,506,974	1,506,974		
Total	$ 3,081,089	$ 3,081,089	$ -	$ -

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 10, 2014, the date the financial statements were available to be issued, and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.