

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**

FINANCIAL STATEMENTS

June 30, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ALDEA: Advancing Local Development through Empowerment and Action
Binghamton, New York

We have audited the accompanying financial statements of ALDEA: Advancing Local Development through Empowerment and Action, which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years 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 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 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 ALDEA: Advancing Local Development through Empowerment and Action as of June 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
STATEMENTS OF FINANCIAL POSITION
June 30, 2016 and 2015

	2016	2015
ASSETS		
Cash	\$ 309,488	\$ 330,135
Investments	556,762	424,108
Total assets	<u>\$ 866,250</u>	<u>\$ 754,243</u>
LIABILITIES		
Accrued payroll	\$ 3,842	\$ 2,587
Accrued vacation	1,868	871
Deferred revenue	6,840	8,105
Total liabilities	12,550	11,563
NET ASSETS		
Unrestricted	687,995	578,785
Temporarily restricted	165,705	163,895
Total net assets	<u>853,700</u>	<u>742,680</u>
Total liabilities and net assets	<u>\$ 866,250</u>	<u>\$ 754,243</u>

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
STATEMENTS OF ACTIVITIES
Years ended June 30, 2016 and 2015

	2016	2015
UNRESTRICTED NET ASSETS		
SUPPORT AND REVENUE		
Contributions	\$ 616,479	\$ 648,356
Tour income	17,370	17,995
Investment return	(27,476)	(17,448)
Total unrestricted support and revenue	606,373	648,903
EXPENSES		
Program services	538,244	458,273
Management and general	55,874	51,160
Fundraising	55,160	47,325
Total expenses	649,278	556,758
Net assets released from restrictions	152,115	17,480
Change in unrestricted net assets	109,210	109,625
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	153,925	24,517
Net assets released from restrictions	(152,115)	(17,480)
Change in temporarily restricted net assets	1,810	7,037
Change in net assets	111,020	116,662
Net assets - beginning of year	742,680	626,018
Net assets - end of year	\$ 853,700	\$ 742,680

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
STATEMENTS OF FUNCTIONAL EXPENSES
Years ended June 30, 2016 and 2015

	Program Services	Management and General	Fundraising	2016 Total
Personnel	\$ 27,226	\$ 29,548	\$ 37,999	\$ 94,773
Grants and scholarships	481,664	-	-	481,664
Professional fees	2,000	7,764	-	9,764
Travel	18,419	557	4,318	23,294
Printing and postage	5,272	-	9,598	14,870
Office	920	15,126	-	16,046
Insurance	138	2,082	244	2,464
Conferences and meetings	1,349	225	225	1,799
Information technology	1,256	572	2,776	4,604
Total expenses	\$ 538,244	\$ 55,874	\$ 55,160	\$ 649,278

	Program Services	Management and General	Fundraising	2015 Total
Personnel	\$ 24,954	\$ 23,163	\$ 30,802	\$ 78,919
Grants and scholarships	399,578	-	-	399,578
Professional fees	1,860	9,511	-	11,371
Travel	16,835	680	1,496	19,011
Printing and postage	6,032	-	11,842	17,874
Office	3,794	15,000	627	19,421
Insurance	123	1,916	166	2,205
Conferences and meetings	901	150	150	1,201
Information technology	4,196	740	2,242	7,178
Total expenses	\$ 458,273	\$ 51,160	\$ 47,325	\$ 556,758

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
STATEMENTS OF CASH FLOWS
Years ended June 30, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 111,020	\$ 116,662
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Net realized and unrealized loss on investments	43,451	23,970
Increase (decrease) in liabilities		
Accounts payable	-	(3,203)
Accrued payroll	1,255	444
Accrued vacation	997	91
Deferred revenue	(1,265)	8,105
Net cash flows from operating activities	155,458	146,069
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of and interest and dividends retained in investments	(293,069)	(153,554)
Proceeds from sales of investments	116,964	126,167
Net cash flows from investing activities	(176,105)	(27,387)
Change in cash	(20,647)	118,682
Cash - beginning of year	330,135	211,453
Cash - end of year	<u>\$ 309,488</u>	<u>\$ 330,135</u>

See accompanying notes.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
THROUGH EMPOWERMENT AND ACTION**
NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

ALDEA: Advancing Local Development through Empowerment and Action (ALDEA) strengthens and expands processes of community development and participation that enhances people's lives. ALDEA works in respectful partnership with Mayan Guatemalans to have a positive impact on the problems associated with Guatemala's history of violence against indigenous populations, natural disasters, poverty, illiteracy and disastrously high rates of infant and maternal death. ALDEA supports sustainable development initiatives that strive to improve the health and well-being of particularly vulnerable sectors of society. ALDEA also promotes through experience-based education an understanding of the principles of participatory community development and the conditions under which it is most effective.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

ALDEA 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 ALDEA in perpetuity.

Investments

ALDEA 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.

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Contributions

All contributions are considered available for ALDEA's general use unless specifically restricted by the donor. Contributions restricted by the donor are reported as increases in temporarily or permanently restricted net assets. Contributions received with temporary restrictions that are met in the reporting period in which the revenue is recognized are reported as increases unrestricted net assets. 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.

**ALDEA: ADVANCING LOCAL DEVELOPMENT
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NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The costs of providing 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.

ALDEA's program services include partnering with the Association BPD to provide grants to Mayan communities in rural Guatemala. Grants are provided in order to implement the integrated approach which works to decrease the high rate of chronic childhood malnutrition by bringing running water to communities and homes to prevent infectious diseases, building vented stoves to prevent burns and deforestation, improving sanitary conditions with gray water filters and latrines, and empowering women to combat chronic malnutrition. In addition, ALDEA also conducts guided tours of Guatemala to bring awareness of the region to participants.

Income Tax Status

ALDEA is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, ALDEA 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).

Estimates

The preparation of financial statements 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through August 18, 2016, the date which the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments at June 30, 2016 and 2015 consist of the following:

	<u>2016</u>	<u>2015</u>
Money market funds	\$ 137,756	\$ 92,046
Exchange traded funds	<u>419,006</u>	<u>332,062</u>
Investments	<u>\$ 556,762</u>	<u>\$ 424,108</u>

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NOTES TO FINANCIAL STATEMENTS
June 30, 2016 and 2015

NOTE 2 – INVESTMENTS (continued)

Investment return for the years ended June 30, 2016 and 2015 consisted of the following:

	2016	2015
Interest and dividends	\$ 15,975	\$ 6,522
Net realized and unrealized loss	<u>(43,451)</u>	<u>(23,970)</u>
Investment return	<u>\$ (27,476)</u>	<u>\$ (17,448)</u>

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair value of assets measured on a recurring basis at June 30, 2016 and 2015 is as follows:

	Fair Value	Quoted Price in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange traded funds - 2016	<u>\$ 419,006</u>	<u>\$ 419,006</u>	<u>\$ -</u>	<u>\$ -</u>
Exchange traded funds - 2015	<u>\$ 332,062</u>	<u>\$ 332,062</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for exchange traded funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2016 and 2015 are available for the following purposes:

	2016	2015
Water projects	\$ -	\$ 12,350
Scholarships	8,866	9,045
Agriculture/nutrition projects	137,853	140,100
Community empowerment	7,112	-
Latrines	651	677
Family planning	10,473	30
Stoves	<u>750</u>	<u>1,693</u>
Temporarily restricted net assets	<u>\$ 165,705</u>	<u>\$ 163,895</u>

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NOTE 5 – CONCENTRATIONS OF CREDIT RISK

ALDEA maintains its cash balances in one financial institution located in New York. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2016 and 2015, ALDEA's uninsured cash balances total \$60,837 and \$84,119.

NOTE 6 – RETIREMENT PLAN

ALDEA maintains a Simplified Employee Pension plan for all full-time employees. Employer contributions are discretionary and employees are fully vested upon participation in the plan. Retirement expense for the year ended June 30, 2016 was \$4,711.

NOTE 7 – CONDITIONAL PROMISE TO GIVE

ALDEA received a commitment of \$120,000 during the year ended June 30, 2016. The commitment is conditioned upon ALDEA implementing and working on specific projects in Guatemala. As of June 30, 2016, \$40,000 of the commitment has been recognized.