

**SALVADORAN AMERICAN
HUMANITARIAN FOUNDATION, INC.**
Miami, Florida

Financial Statements and
Independent Auditors' Report

December 31, 2015

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Salvadoran American Humanitarian Foundation, Inc.
Miami, Florida

We have audited the accompanying financial statements of Salvadoran American Humanitarian Foundation, Inc. (the "Foundation") which comprise the statement of financial position as of December 31, 2015 and the related statements of activities, cash flows and functional expenses 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.

Auditors' 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 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, 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 Salvadoran American Humanitarian Foundation 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.

Report in Summarized Comparative Information

We have previously audited the Salvadoran American Humanitarian Foundation's 2014 financial statements and, our report dated April 27, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.


CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
April 11, 2016

SALVADORAN AMERICAN HUMANITARIAN FOUNDATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2015 (with comparative totals as of December 31, 2014)

	2015	2014
ASSETS		
Current assets:		
Cash	\$ 184,535	\$ 79,849
Pledges receivable, net	26,118	109,438
Inventory - in-kind goods received but not shipped	53,367	37,497
	264,020	226,784
Property and equipment, net	1,698	815
Cash equivalent, board designated	7,369	4,658
Investments, board designated	416,637	420,445
Investments, restricted	477,475	477,475
TOTAL ASSETS	\$ 1,167,199	\$ 1,130,177
LIABILITIES AND NET ASSETS		
Current liabilities:		
Pledged in-kind goods - not shipped at year end	\$ 53,367	\$ 37,497
Accounts payable and accrued expenses	19,752	33,358
TOTAL LIABILITIES	73,119	70,855
Net assets:		
Unrestricted, including \$424,006 and \$425,103 in board designated assets	616,605	581,847
Permanently restricted	477,475	477,475
	1,094,080	1,059,322
TOTAL LIABILITIES AND NET ASSETS	\$ 1,167,199	\$ 1,130,177

The accompanying notes are an integral part of these financial statements.

SALVADORAN AMERICAN HUMANITARIAN FOUNDATION, INC.
STATEMENT OF ACTIVITIES

For the year ended December 31, 2015 (with comparative totals for the year ended December 31, 2014)

	Unrestricted	Temporarily Restricted	Permanentl Restricted	Total	Comparative Totals
Support and revenue:					
Contributions	\$ 248,272	\$ 653,372	\$ -	\$ 901,644	\$ 657,510
Government grant	39,389	-	-	39,389	51,108
In-kind contributions (Note 7)	18,772,969	-	-	18,772,969	10,645,878
Fundraising events	296,020	-	-	296,020	305,819
Interest and dividend income	53,309	-	-	53,309	42,055
Realized and unrealized gains (losses), net	(54,362)	-	-	(54,362)	9,157
Released from restrictions	653,372	(653,372)	-	-	-
Total support and revenue	20,008,969	-	-	20,008,969	11,711,527
Expenses:					
Program services	19,779,822	-	-	19,779,822	11,453,270
Fundraising	121,362	-	-	121,362	133,919
General and administrative	73,027	-	-	73,027	67,856
Total expenses	19,974,211	-	-	19,974,211	11,655,045
Change in net assets	34,758	-	-	34,758	56,482
Net assets-beginning of year	581,847	-	477,475	1,059,322	1,002,840
Net assets-end of year	<u>\$ 616,605</u>	<u>\$ -</u>	<u>\$ 477,475</u>	<u>\$ 1,094,080</u>	<u>\$ 1,059,322</u>

The accompanying notes are an integral part of these financial statements.

SALVADORAN AMERICAN HUMANITARIAN FOUNDATION, INC.
STATEMENT OF CASH FLOWS

For the year ended December 31, 2015 (with comparative totals for the year ended December 31, 2014)

	2015	2014
Cash Flows From Operating Activities		
Change in net assets	\$ 34,758	\$ 56,482
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	600	457
Realized gain on investments, net	-	(750)
Unrealized loss (gain) on investments, net	54,362	(9,157)
Change in assets and liabilities:		
Decrease (increase) in pledges receivable	83,320	(60,400)
(Decrease) increase in accounts payable and accrued expenses	(13,606)	10,841
	124,676	(59,009)
Net Cash Provided by (Used in) Operating Activities	159,434	(2,527)
 Cash Flows From Investing Activities		
Acquisition of property and equipment	(1,483)	154
Proceeds from sale of investments	-	44,998
Investment purchases	(50,554)	(82,913)
Net Cash Used in Investing Activities	(52,037)	(37,761)
 Net increase (decrease) in cash	107,397	(40,288)
 Cash at beginning of year	84,507	124,795
 Cash at end of year	\$ 191,904	\$ 84,507
 Cash	184,535	79,849
Cash equivalent, board designated	7,369	4,658
	\$ 191,904	\$ 84,507

The accompanying notes are an integral part of these financial statements.

SALVADORAN AMERICAN HUMANITARIAN FOUNDATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2015 (with comparative totals for the year ended December 31, 2014)

	Program Services	Fund Raising	General & Administrative	Total	Comparative Total
Bank charges	\$ 5,267	\$ 1,756	\$ 1,756	\$ 8,778	\$ 10,218
Bad debt expense	-	-	10,632	10,632	-
Depreciation	-	-	600	600	457
In-kind contributions	18,772,969	-	-	18,772,969	10,645,896
Contributions	704,240	-	-	704,240	484,201
Contracted labor	3,013	3,013	-	6,026	13,318
Licenses and taxes	-	-	637	637	1,533
Media and public relations	-	-	5,922	5,922	9,099
Office rent	16,330	5,443	5,443	27,216	26,216
Office expense	4,913	1,637	1,637	8,187	9,194
Postage and printing	2,277	759	759	3,795	3,551
Professional fees	7,963	2,654	2,654	13,271	12,918
Wages and benefits	125,192	41,731	41,731	208,654	207,495
Insurance	1,048	349	349	1,746	2,744
Travel	728	243	243	1,214	7,889
Telephone	1,992	664	664	3,320	3,606
Events	-	63,113	-	63,113	70,495
Wharfage and handling	133,890	-	-	133,890	146,215
	<u>\$ 19,779,822</u>	<u>\$ 121,362</u>	<u>\$ 73,027</u>	<u>\$ 19,974,211</u>	<u>\$ 11,655,045</u>

The accompanying notes are an integral part of these financial statements.

SALVADORAN AMERICAN HUMANITARIAN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note 1 – Significant Accounting Policies and Operations

Nature of Activities

Salvadoran American Humanitarian Foundation, Inc. (f/k/a Salvadoran American Health Foundation, Inc.) (the "Foundation") is a not-for-profit corporation incorporated in the State of Florida in September 1983. The Foundation's mission is to enhance the well-being of the underserved people in El Salvador through human development programs implemented in partnership with its in-country sister foundation, FUSAL, and other local organizations.

Basis of Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting. 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 Foundation's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

The Foundation has adopted the provisions of FASB Accounting Standards Codification (ASC) 958 *Accounting for Statements of Not-for-Profit Organizations*, which establishes external financial reporting for not-for-profit organizations which includes three basic financial statements and the classification of resources into three separate classes of net assets: unrestricted, temporarily restricted and permanently restricted. The net assets categories as reflected in the accompanying financial statements are as follows:

Unrestricted

Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily Restricted

Accounts for all resources from contributions with donor imposed restrictions as to the manner in which they are to be used.

Permanently Restricted

Net assets whose use by the Foundation is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Foundation has defined cash and cash equivalents as those highly liquid investments purchased with an original maturity of three months or less. Financial instruments which potentially subject the Foundation to concentrations of credit risk consists principally of cash in excess of federally insured limits. The Foundation generally limits the amount of credit exposure by maintaining its cash balances under these limits.

SALVADORAN AMERICAN HUMANITARIAN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note 1 – Significant Accounting Policies and Operations (Continued)

Pledges and Grants Receivable

Pledges and grants are recorded as receivables in the year made, net of estimated uncollectible amounts and discounts.

Property and Equipment

Property and equipment is recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation is provided by using the straight-line method over the estimated useful lives of the assets. Expenditures for repairs and maintenance are expensed when incurred. Renewals and betterments are capitalized.

Support and Revenues

Contributions are recognized when the donor makes an unconditional promise to give. Donor-restricted contributions 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. In-kind contributions to be shipped to FUSAL are recognized as support at the time of shipment, in order to properly match support and expenses.

In-Kind Contributions and Services

In-kind contributions consist mainly of medical equipment, supplies, drugs, food, clothing, communication equipment, tools, and other shipped to the Foundation's sister organization in El Salvador, "FUSAL", for their distribution among other needy individuals.

In kind contributions received are stated at the estimated fair market value reported by donors. When the donor does not provide the fair market value, it is estimated by the management of the Foundation. No amounts have been reflected in the accompanying financial statements for donated services since no objective basis is available to measure the value of such services. However, a number of volunteers have donated a significant amount of their time to the Foundation's program services and special events.

Income Taxes

The Foundation is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified as other than a private foundation.

The Foundation has adopted "*Accounting for Uncertainties in Income Taxes*" as prescribed by the *Accounting Standards Codification*, which provides guidance for financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return for open tax years (generally a period of three years from the later of each return's due date or the date filed) that remain subject to examination.

SALVADORAN AMERICAN HUMANITARIAN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note 1 – Significant Accounting Policies and Operations (Continued)

Allocation of Functional Expenses

Expenses are allocated to functional categories based on allocation percentages approved by management. The allocations reflect costs associated with program and supporting service functions.

Valuation of Investments in Securities at Fair Value - Definition and Hierarchy

The Foundation reports its investments in marketable securities at fair market value in the statement of financial position. Unrealized gains and losses are included in the statement of activities. The Foundation has adopted ASC 820, Fair Value Measurements and Disclosures. In accordance with ASC 820, fair value is defined as the price that the Foundation would receive to sell an investment or pay to transfer a liability in an orderly transaction with an independent counter-party in the principal market or in the absence of a principal market, the most advantageous market for the investment or liability. ASC 820 establishes a three-tier hierarchy to distinguish between (1) inputs that reflect the assumptions market participants would use in pricing an asset or liability developed based on market data obtained from sources independent of the reporting entity (observable inputs) and (2) inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing an asset or liability developed based on the best information available in the circumstances (unobservable inputs); and establishes a classification of fair value measurements for disclosure purposes. The hierarchy is summarized in the three broad levels listed below.

- Level 1- quoted prices in active markets for identical investments
- Level 2- other significant observable inputs (including quoted prices for similar investments, interest rates, credit risk, etc.)
- Level 3- significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of investments)

As of December 31, 2015, all investment securities owned by the Foundation are Level 1 securities (See Note 2).

Use of 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.

Subsequent Events

In accordance with ASC 855, the Foundation has evaluated subsequent events and transactions for potential recognition or disclosure through April 11, 2016, which is the date the financial statements were available to be issued.

SALVADORAN AMERICAN HUMANITARIAN FOUNDATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

Note 2 – Investments and Endowment Fund

The Foundation has adopted ASC 958-320, *Accounting for Debt and Equity Investments Held by Not-for-Profit Organizations*, which requires that investments in most debt and equity securities of not-for-profit organizations be reported at fair value with gains and losses included in the statement of activities. Fair market value is defined and determined in accordance with ASC 820, *Fair Value Measurements*. The following is a summary of investments (endowment fund) held at December 31, 2015:

	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>	<u>Fair Value</u>
Equities	\$ 4,223	\$ 2,130	\$ 6,353
Exchange-Traded Products	66,716	6,555	73,271
Mutual Funds	866,480	(51,992)	814,488
Cash equivalents	7,369	-	7,369
Total Endowment Fund	\$ 944,788	\$ (43,307)	\$ 901,481

The net unrealized gain recorded for the year ended December 31, 2015 was \$(54,362).

As a result of permanent restrictions imposed by the donor, the investments (endowment fund) have been classified in the Statement of Financial Position as follows:

	<u>2015</u>
Non-Current (Permanently Restricted)	\$ 477,475
Board Designated	424,006
Total Endowment Fund	\$ 901,481

Interest, dividends, realized and unrealized gains earned from the permanently restricted endowment fund are considered temporarily restricted when earned, but released from restrictions during the same year and therefore reported as unrestricted (board designated).

Note 3 – Property and Equipment

Major classifications of property and equipment are summarized as follows:

	<u>2015</u>
Property and equipment	\$ 55,908
Less – accumulated depreciation	(54,210)
	\$ 1,698

Depreciation expense was \$600 for 2015.

SALVADORAN AMERICAN HUMANITARIAN FOUNDATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note 4 – Pledges Receivable

Unconditional promises to give consist of the following:

	2015
Unrestricted promises	\$ 27,708
Less allowance for uncollectible	(1,590)
Net pledges receivable	<u>\$ 26,118</u>

Note 5 – Temporarily Restricted Net Assets

The temporarily restricted net assets balance represents amounts donated to the Foundation where the donor has imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Foundation pursuant to the stipulation. For the year ended December 31, 2015, the Foundation recorded \$653,372 in temporarily restricted contributions.

Note 6 – Permanently Restricted Net Assets

The Foundation established an endowment fund to be held indefinitely, which is held in investment accounts. Income from the endowment is to be used for the support of the Foundation (See Note 2).

Note 7 – In-Kind Contributions and Inventory

The Foundation has recorded the fair value of in-kind contributions received. However, for the year ended, December 31, 2015, several donations received from a donor were accepted in an agency transaction and shipped to El Salvador. As a result, the Foundation agreed not to record the value of those donations in its financial statements. The value of those contributions received which are not included as in-kind contributions totaled approximately \$13,000,000.

In addition, at year end, the Foundation held in a warehouse \$53,367 of in-kind goods received, but not shipped. These goods were pledged to FUSAL at year end and shipped subsequently. A corresponding liability for the same amount of inventory held has been recorded in the financial statements.