El Salvador is a country whose people are warm, hardworking, and proud. It is the smallest country in the Western Hemisphere, one that has struggled with war and natural disasters.

Its current population is more than 7 million, and it is estimated that 2.5 million live in poverty. Of those about 500,000 live in extreme poverty.

Yet, no matter the adversity, the Salvadoran people always seem to pick up the pieces and start anew. Resilience and hard work have always been defining characteristics of the Salvadoran people, but so has their sense of optimism.

When the Salvadoran Civil War took place between the late 1970s and early 1980s, many Salvadorans left the country to flee from conflict. The struggle claimed nearly 75,000 lives. Among those who fled were a group of business leaders who came to the United States. They founded in 1983 the Salvadoran American Humanitarian Foundation (SAHF) in Miami, Florida. SAHF is a 501(c)(3) not-for-profit organization whose purpose is to channel humanitarian assistance in the form of medicines, medical equipment and supplies, food, educational materials, and disaster relief aid to improve the quality of life and meet the needs of hospitals, clinics, rural health posts, orphanages, and nursing homes throughout the country.

Since its inception, SAHF’s considerable success in procuring in-kind donations from U.S. donors imposed a fiduciary responsibility on the Board of Directors to ensure that these donations were appropriately distributed in El Salvador.

Consequently, a sister organization was established in El Salvador that would be responsible for the receiving and distribution of the goods shipped from the United States. FUSAL was chartered under Salvadoran law in 1985 and has been our sister organization ever since.
In 1983, the Salvadoran American Foundation (SAF) was founded in Miami, Florida by Mr. Luis Poma and a group of friends who were concerned about the social issues affecting the less fortunate in El Salvador. Consequently, a sister organization, FUSAL was also formed in-country to be the recipient and distributor of aid being shipped from the United States.

Mr. Poma was an invaluable member of the foundation’s growth and vision until his passing in 1996. Since then, his eldest son Ricardo has led FUSAL as its President and his youngest son, Ernesto has served as SAHF’s Vice President. The Poma Family continues to be one of SAHF’s most important pillars, as they generously continue to support and carry on with the legacy that was left by Mr. Luis Poma.

Since 1997, Mr. Jose Eduardo Siman, along with the unconditional support of the Siman Family, has served as the Foundation’s President. For the last 16 years, he has led SAHF in its growth and has been a constant, and caring ambassador of the Foundation’s mission.

SAHF’s efforts are furthered enhanced by the commitment of the members of the Board, who in many instances have volunteered their time and resources since SAHF’s inception. Additionally, we are very grateful to our network of caring and generous donors who allow SAHF to further its mission.

In May 2001, to reflect the work being done, the name of the Foundation was changed to Salvadoran American Humanitarian Foundation (SAHF).
VISION
We envision El Salvador as a country where all its citizens can meet their basic human needs.

MISSION
To enhance the well being of the under served people in El Salvador through human development programs implemented in partnership with FUSAL, and other organizations.

HUMAN DEVELOPMENT PROGRAMS
- Health Programs
- Nutritional Programs
- Education Programs
- Housing Projects
- Disaster Relief Programs
- Recreational Programs

VALUES
- Integrity: Follow the right path
- Excellence: Shine in every detail
- Love for Work: Accomplish all with passion
- Renovation: Nourish and generate fresh ideas
- Respect: Though different, we are equal
- Solidarity: Do a good deed each day
- Service: Go the extra mile
WHO WE ARE

The Salvadoran American Humanitarian Foundation (SAHF) is a 501 (c) (3), non-profit, non-sectarian, tax-exempt organization that channels aid to El Salvador through its in-country sister foundation FUSAL, and other agencies. Since 1983, SAHF has distributed nearly $500 million in in-kind assistance to more than 550 health-related institutions and programs throughout El Salvador.

SAHF and FUSAL support health, educational and human development programs aiming to improve the quality of life of all Salvadorans. Together, SAHF and FUSAL mobilize the good will, social responsibility and generosity of its caring supporters to promote lasting well-being for the citizens of El Salvador.
In 1985 SAHF’s sister organization was established under Salvadoran law to oversee the receipt and distribution of goods being shipped from the United States. FUSAL is registered as an NGO in El Salvador and it also enjoys the privileges of being a tax-exempt organization.

When FUSAL was established its main offices were at a house that had been converted to accommodate about 5 people. Today the organization has grown tremendously and it is considered to be one of the largest humanitarian organizations in the country. Now it has its own 4-story building, a training center, and a 20,000 square foot warehouse and employs nearly 350 people.
In addition to supporting FUSAL programs, SAHF also supports an extensive network of 728 hospitals, clinics, rural health posts, orphanages, nursing homes, libraries, non-profit organizations and 397 rural health promoters. The outreach of this incentive is nationwide covering all 14 states of El Salvador, regardless of race, religion, political affiliation or gender.

It is important to note however, that we can only mathematically speculate the indirect number of beneficiaries of our vast program that provides in-kind goods to these institutions.

Nevertheless, SAHF is fortunate of several advantages and continues to thrive. Open communication with all beneficiaries via FUSAL staffing maximizes opportunity of our Medical In-Kind Distribution Program.
SAHF supports the In-Kind Distribution program 100%. The aim of the Distribution Program is to supply hospitals, clinics, health centers, orphanages, nursing homes, schools and other non-government agencies with the needed medicines, medical supplies, medical equipment, nutritional supplements, school supplies and other staples needed to provide for an adequate care to their beneficiaries.

During 2013 our sister Foundation FUSAL distributed an approximate $61 million worth of these urgently needed relief items that were shipped by SAHF and partner agencies.
We are very grateful to all the generous contributors around the United States for the solidarity shown to the people of El Salvador.

We would like to thank our 2013 partners: AmeriCares, Breast Cancer Relief Foundation, Catholic Medical Mission Board, Christian Aid Ministries, Direct Relief International, Feed my Starving Children, Food for the Poor, Free Wheel Chair Mission, Globus Relief, International Aid, Intradeco, Ivory International Inc., MAP International, National Cancer Coalition, Superior Uniforms, World in Need, World Vision, and other companies and individuals who made possible the shipping of this aid.

We would like to also thank the Miami-area individuals, doctors, hospitals and other agencies for the continuous support that we received.

El Carmelo clinic, founded by the Carmelite Nuns more than 50 years ago in Soyapango, takes in about 270 patients a day.

IN-KIND DISTRIBUTION

SAHF has been providing medical resources for over 30 years.
In 2004, an extensive nutrition-based program, Libras de Amor or Pounds of Love, was designed to overcome malnutrition.

Over the years, our work in healthcare showcased the intense impact nutrition has on a person’s general well-being and progress. It is the base for health, education, productivity and development.

As a result, Libras de Amor aims to benefit the entire municipality by pin-pointing children under 5, pregnant women or women likely to become pregnant.

Teams consist of doctors, nurses, nutritionists, nutritional promoters, agronomists, and entrepreneurial technicians. To understand and assimilate with families better, teams live within assigned communities Monday through Friday.

From the beginning, we trace a baseline that includes detailed data related to the families and their surroundings. This includes medical files, living conditions, basic services obtained or lacking, educational levels, and family incomes. Our teams then develop a personalized, holistic, and sustainable nutrition model per individual.
The main objective is to enhance the well being of communities we are able to reach.

Beneficiaries are assessed on the types of commodities that we are able to provide and the outreach supplies may have in the target population. To determine the epidemiological profile of each community we carefully evaluate each potential area of work to gauge their precise needs.

Maintenance and improvements for quality control and coverage in these areas require 12 multidisciplinary teams comprised of doctors, nurses, nutritionists, nutritional promoters, agronomists, and entrepreneurial technicians.

Working closely with each community allows us to establish a trusting and enduring relationship. Furthermore, it allows us to provide services and develop an adoption to healthier living.
Libras de Amor provides beneficiaries the opportunity to have a healthy family achieved through 5 basic components:

<table>
<thead>
<tr>
<th>Integral Health Services –</th>
<th>Food Staples –</th>
</tr>
</thead>
<tbody>
<tr>
<td>These are provided to the entire family and include:</td>
<td>Food availability: Through the development of productive agricultural projects where families learn how to produce and grow their own nutritional family farms.</td>
</tr>
<tr>
<td>• General medical consultations</td>
<td>• Food Access: Through the strengthening of abilities and skills that help families to establish a business or access a job that can generate income to buy food.</td>
</tr>
<tr>
<td>• Periodic follow ups for healthy children</td>
<td>• Nutritional Consultations –</td>
</tr>
<tr>
<td>• Prenatal and postnatal services for expecting mothers</td>
<td>Malnourished children are treated periodically by a nutritionist who:</td>
</tr>
<tr>
<td>• Vaccinations</td>
<td>• Monitors their weight and height</td>
</tr>
<tr>
<td>• Reproductive and sexual health awareness</td>
<td>• Measures level of hemoglobin to detect presence of anemia</td>
</tr>
</tbody>
</table>

### Nutritional Consultations –

Malnourished children are treated periodically by a nutritionist who:

- Monitors their weight and height
- Measures level of hemoglobin to detect presence of anemia
- Gives them vitamin supplements according to their needs
Health Promotion -

Through different educational activities, beneficiaries learn to adopt healthier ways of life. Such topics as environmental awareness, hygiene, purification of water for proper human consumption and waste management are discussed.

All health and nutritional services are provided by a Technical Health Team to meet the needs of each specific geographic area. A typical team consists of: 1 doctor, 1 nutritionist, 1 nurse, 4 health promoters, and 20 voluntary nutritional counselors.

Each team has the capacity to assist 1,200 families. The Technical Health Team resides in the community they serve and visit the different families they support every two weeks to monitor their progress.
**Income Generation –**

In municipalities with more tourism potential like Apaneca and Ataco, Libras de Amor promoted activities of technical and vocational training to artisans and entrepreneurs to improve their marketing skills and business management. For income-generating activities, there is a market technician who provides marketing and technical assistance in business management and provides advice to all initiatives, especially those who are already working and need to improve their packaging and presentation for the placement of products in the local market.

In support of these new entrepreneurs, in each municipality agricultural fairs are being developed as places to promote nutritional products and boost marketing.
Social Sustainability: Education & Empowerment

SAHF seeks to accompany families through a process of change, in which they accept the responsibility of their actions and decisions regarding health, both individually and within their community.

To ensure long-term sustainability, involvement lasts between 5 to 7 years. Over time, we work to strengthen the aptitude of communities in subjects like nutrition, productivity and entrepreneurship.

We does this by a means of continuous workshops that empower community leaders. This way, when LDA concludes its intervention, they will be well-versed and able to maintain new living standards.

In the first year of SAHF’s creation we were able to ship one container of goods to El Salvador. During 2013 SAHF was able to ship and coordinate the shipment of 70 ocean freight containers and 12 air shipments of humanitarian aid, valued at approximately $60 million.

Since inception, SAHF has been able to ship and coordinate the delivery of nearly $600 million of humanitarian aid at less than 1% of overhead expenses.

In Apaneca, our first Libras de Amor Program location started in 2004. Since then, the rate of chronic malnutrition went from 47% to 9% in 2013.

Evaluation & Monitoring

Local teams follow 6 specific key performance indicators to gauge the success of our intervention on a semester and annual basis.

Impact Indicators:
- Chronic malnutrition
- Global malnutrition
- Acute Malnutrition
- Per-Capita Income
- Process Indicators:
  - Number of Active Community Volunteers
  - Number of Active Productive Initiatives
In 2013 there were 25,000 families participating in this program. It now reaches 18 of 65 communities determined by the Ministry of Health as the most affected by rural malnutrition.

Operational in seven different rural areas of El Salvador (Santa Ana, Ataco, Apaneca, Guaymango, Santa Catarina Masahuat, San Antonito del Monte and San Julian) with coverage of 104,101 beneficiaries.

We plan to continue to work with communities in every scope to ensure the positive transformation of health habits and practices. Performing consistent surveys and situational analysis throughout the years involved.
Post Emergency Efforts:

In the event of a natural or man-made disaster, SAHF is able to activate this program to augment the aid sent to El Salvador.

For example towards the end of 2009 when Hurricane Ida struck El Salvador, SAHF and FUSAL created a Relief Registry to help victims this hurricane reconstruct their homes by providing them with household items.

Each family would receive a family package including:

• 1 gas burner/ cook top
• 4 beds or 2 bunk beds
• 4 sheet sets
• 6 glasses
• 6 plate settings
• silverware for 6
• plastic containers
• 4 towels
• 1 dining room table and 4 chairs
• 1 crib
Proyecto País is our newest human development program, whose main objective is to build together with the community, an environment of harmony and peaceful coexistence in the context of primary social violence prevention.

This is achieved through recreational activities or sports in public spaces, as a stimulus, for children 6-18 years of age from various communities. Currently active in six communities with over 8,070 kids in participation.

On site are expert teams of psychologists that guide them and help them to start transforming their personal reality, strengthen their self-esteem and other areas of positive development such as autonomy, tolerance, capacity for decision-making, among others. In a community level, they work with assertiveness skills for conflict resolution and social commitment, to name a few.
2012
FINANCIAL
OVERVIEW

(AUDITED 2013 FINANCIALS WILL
BE AVAILABLE APRIL 2014)
SALVADORAN AMERICAN HUMANITARIAN FOUNDATION, INC.
Miami, Florida

Financial Statements and
Independent Auditors' Report
December 31, 2012

TABLE OF CONTENTS

Independent Auditors’ Report ....................................... 1-2

Financial Statements
Statement of Financial Position .................................. 3
Statement of Activities ........................................ 4
Statement of Cash Flows ........................................ 5
Statement of Functional Expenses ............................. 6
Notes to Financial Statements ................................... 7-11
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, 2012 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, 2012, 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 on a Statement of Cash Flows

We have previously audited the Salvadoran American Humanitarian Foundation's 2011 financial statements and, our report dated March 9, 2012, expressed an unqualified opinion on those audited financial statements. In our opinion, the statement of cash flows presented herein is, in all material respects, consistent with the audited financial statements from which it has been derived.

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
April 17, 2013
**Salvadoran American Humanitarian Foundation, Inc.**  
**Statement of Financial Position**  
December 31, 2012 (with comparative totals as of December 31, 2011)

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>96,029</td>
<td>94,268</td>
</tr>
<tr>
<td>Pledges receivable, net</td>
<td>14,280</td>
<td>48,945</td>
</tr>
<tr>
<td>Inventory - in-kind goods received but not shipped</td>
<td>516,664</td>
<td>1,665,695</td>
</tr>
<tr>
<td>Other current assets</td>
<td>11,200</td>
<td>12,794</td>
</tr>
<tr>
<td>Cash equivalent, board-designated</td>
<td>20,058</td>
<td>25,020</td>
</tr>
<tr>
<td>Investments, board-designated</td>
<td>458,297</td>
<td>358,777</td>
</tr>
<tr>
<td>Investments, restricted</td>
<td>447,475</td>
<td>447,475</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>1,550,003</td>
<td>2,658,842</td>
</tr>
</tbody>
</table>

|                |       |       |
| **Liabilities and Net Assets** |       |       |
| Current liabilities: |       |       |
| Pledged in-kind goods - net shipped at year end | 516,664| 1,665,695|
| Accounts payable and accrued expenses | 18,423| 17,096|
| **Total Liabilities** | 535,087| 1,882,791|
| **Net assets:** |       |       |
| Unrestricted, including $404,355 in board-designated assets | 567,441| 528,577|
| Permanently restricted | 447,475| 447,475|
| **Total Liabilities and Net Assets** | 1,550,003| 2,658,842|

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, 2012 (with comparative totals for the year ended December 31, 2011)

<table>
<thead>
<tr>
<th></th>
<th>Temporarily Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Permanently Restricted</th>
<th>Total</th>
<th>Comparative Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Support and revenue:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 188,349</td>
<td>$ 669,924</td>
<td>-</td>
<td>$ 858,264</td>
<td>$ 816,249</td>
</tr>
<tr>
<td>Government grant</td>
<td>34,000</td>
<td>-</td>
<td>34,000</td>
<td>38,953</td>
<td></td>
</tr>
<tr>
<td>In-kind contributions (Note 7)</td>
<td>20,482,709</td>
<td>-</td>
<td>-</td>
<td>20,482,709</td>
<td>48,888,411</td>
</tr>
<tr>
<td>Fundraising events</td>
<td>302,303</td>
<td>-</td>
<td>302,303</td>
<td>322,546</td>
<td></td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>55,818</td>
<td>-</td>
<td>55,818</td>
<td>29,767</td>
<td></td>
</tr>
<tr>
<td>Unrealized gains, net</td>
<td>23,873</td>
<td>-</td>
<td>23,873</td>
<td>3,616</td>
<td></td>
</tr>
<tr>
<td>Released from restrictions</td>
<td>669,924</td>
<td>(669,924)</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td>$ 39,736,867</td>
<td>-</td>
<td>39,736,867</td>
<td>50,099,665</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>39,494,107</td>
<td></td>
</tr>
<tr>
<td>Fundraising</td>
<td>142,299</td>
<td></td>
</tr>
<tr>
<td>General and administrative</td>
<td>61,086</td>
<td></td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>39,638,405</td>
<td></td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>58,814</td>
<td></td>
</tr>
<tr>
<td><strong>Net assets-beginning of year</strong></td>
<td>526,577</td>
<td></td>
</tr>
<tr>
<td><strong>Net assets-end of year</strong></td>
<td>$ 585,441</td>
<td></td>
</tr>
</tbody>
</table>

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, 2012 (with comparative totals for the year ended December 31, 2011)

Cash Flows From Operating Activities
Change in net assets $38,864 $20,056

Adjustments to reconcile change in net assets to net cash provided by operating activities:
Depreciation - 282
Unrealized gain on investments, net (23,873) (3,656)
Change in assets and liabilities:
Decrease in pledges receivable 34,628 8,499
Decrease (increase) in other current assets 6,594 (14,350)
Increase (decrease) in accounts payable and accrued expenses 1,137 (9,959)
Net Cash Provided by Operating Activities 57,537 6,832

Cash Flows From Investing Activities
Investment purchases (35,647) (29,500)
Net Cash Used in Investing Activities (35,647) (29,500)

Net increase (decrease) in cash 1,890 (22,668)
Cash at beginning of year 120,197 142,865
Cash at end of year $122,087 $120,237

Cash 95,029 94,268
Cash, board designated 26,058 25,929

$122,087 $120,237

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, 2012 (with comparative totals for the year ended December 31, 2011)

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Fund Raising</th>
<th>General &amp; Administrative</th>
<th>Total</th>
<th>Comparative Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank charges</td>
<td>$3,814</td>
<td>$1,055</td>
<td>$1,055</td>
<td>$5,274</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>-</td>
<td>-</td>
<td>1,726</td>
<td>-</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>38,482,710</td>
<td>-</td>
<td>-</td>
<td>38,482,710</td>
</tr>
<tr>
<td>Contributions</td>
<td>672,708</td>
<td>-</td>
<td>-</td>
<td>672,708</td>
</tr>
<tr>
<td>Cargo and labor</td>
<td>7,875</td>
<td>7,875</td>
<td>-</td>
<td>15,750</td>
</tr>
<tr>
<td>Licenses and taxes</td>
<td>-</td>
<td>565</td>
<td>-</td>
<td>565</td>
</tr>
<tr>
<td>Media and public relations</td>
<td>-</td>
<td>-</td>
<td>3,500</td>
<td>-</td>
</tr>
<tr>
<td>Office rent</td>
<td>34,890</td>
<td>4,963</td>
<td>4,963</td>
<td>24,816</td>
</tr>
<tr>
<td>Office expense</td>
<td>4,264</td>
<td>4,264</td>
<td>4,264</td>
<td>-</td>
</tr>
<tr>
<td>Postage and printing</td>
<td>2,816</td>
<td>732</td>
<td>732</td>
<td>7,273</td>
</tr>
<tr>
<td>Professional fees</td>
<td>8,728</td>
<td>2,913</td>
<td>2,913</td>
<td>14,554</td>
</tr>
<tr>
<td>Salaries and wages</td>
<td>111,806</td>
<td>37,289</td>
<td>37,289</td>
<td>185,485</td>
</tr>
<tr>
<td>Insurance</td>
<td>36,023</td>
<td>3,341</td>
<td>3,341</td>
<td>36,364</td>
</tr>
<tr>
<td>Travel</td>
<td>3,029</td>
<td>1,010</td>
<td>1,010</td>
<td>5,050</td>
</tr>
<tr>
<td>Telephone</td>
<td>3,419</td>
<td>1,180</td>
<td>1,180</td>
<td>5,789</td>
</tr>
<tr>
<td>Events</td>
<td>-</td>
<td>78,438</td>
<td>-</td>
<td>78,438</td>
</tr>
<tr>
<td>Warehouse and handling</td>
<td>140,244</td>
<td>-</td>
<td>-</td>
<td>140,244</td>
</tr>
</tbody>
</table>

$39,494,817 $142,209 $61,688 $59,898,085 $50,107,629

The accompanying notes are an integral part of these financial statements.
Note 1 – Significant Accounting Policies and Operations

Nature of Activities
Salvadoran American Humanitarian Foundation, Inc. (formerly 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 note, 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, 2011, from which the summarized information was derived.

The Foundation has adopted the provisions of FASB Accounting Standards Codification (ASC) 958, Accounting for 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 Equivalencies
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.

Note 2 – 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 increased 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 non-profit 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 Uncertainly 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 remains subject to examination.
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 320, Fair Value Measurements and Disclosures. In accordance with ASC 320, 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 320 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, 2012, 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 17, 2013, which is the date the financial statements were available to be issued.

Note 2 – Investments and Endowment Fund
The Foundation has adopted ASC 958-220, accounting for Debt and Equity Investments Held by Not-for-Profit Organizations, which requires that investments in 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, 2012:

<table>
<thead>
<tr>
<th></th>
<th>Cost</th>
<th>Unrealized Appreciation</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock</td>
<td>$4,223</td>
<td>$1,208</td>
<td>$5,431</td>
</tr>
<tr>
<td>Mutual Funds</td>
<td>840,307</td>
<td>40,054</td>
<td>880,341</td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>26,058</td>
<td>-</td>
<td>26,058</td>
</tr>
<tr>
<td>Total Endowment Fund</td>
<td>$876,588</td>
<td>$41,242</td>
<td>$917,830</td>
</tr>
</tbody>
</table>

The net unrealized gain recorded for the year ended December 31, 2012 was $23,873.

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:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Current (Permanently Restricted)</td>
<td>$447,473</td>
</tr>
<tr>
<td>Board Designated</td>
<td>464,335</td>
</tr>
<tr>
<td>Total Endowment Fund</td>
<td>$912,808</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment</td>
<td>$52,592</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>($52,592)</td>
</tr>
</tbody>
</table>

There was no depreciation expense for 2012.
Note 4 – Pledges Receivable

Unconditional promises to give consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>$15,870</td>
</tr>
<tr>
<td>Less allowance for uncollectible</td>
<td>(1,590)</td>
</tr>
<tr>
<td>Net pledges receivable</td>
<td>$14,280</td>
</tr>
</tbody>
</table>

Note 5 – Temporarily Restricted Net Assets and Related Party Transactions

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, 2012, the Foundation recorded $669,924 in temporarily restricted contributions.

These temporarily restricted contributions include approximately $375,000 received from a corporation affiliated to a board member. The contributions were restricted to and delivered by the Foundation to the board members’ charitable family foundation in El Salvador.

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, 2012, 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 $23,010,282.

In addition, at year end, the Foundation held in a warehouse $516,664 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.
BOARD OF DIRECTORS

Jose Eduardo Siman  
President

Ernesto Poma  
Vice President

William Freund  
Treasurer

Magda Lie-Nielsen  
Secretary

DIRECTORS

Guillermo Argumedo  
Leon R. Avila  
Silvia Dueñas Luna  
Jacobo Gadala-Maria  
Roberto Gadala-Maria  
Raul Henriquez  
Roberto Interiano  
Ernesto Mathies  
Fernando Melo  
Matilde Siman  
Pilarin Siman  
Daniel Schwartz  
Roberto Schaps  
Julio Villafañe  
Enrique Yaffar  
Lia Yaffar-Peña

George Befeler  
Legal Counsel

STAFF

Carlos Reyes  
Executive Director

Loli Sangiovanni  
Director of Donor Relations

Ana G. Dono  
Administrative Assistant

Marjorie Figueroa  
Communications Coordinator

2050 Coral Way  
Suite 600  
Miami, FL 33145

Tel: 305.860.0300  
Fax: 305.860.1415  
www.sahf.org