

MAYAN FAMILIES

FINANCIAL STATEMENTS

SEPTEMBER 30, 2012

(AUDITED)



CASHUK, WISEMAN, GOLDBERG, BIRNBAUM, & SALEM, LLP
Certified Public Accountants

MAYAN FAMILIES
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September 30, 2012 and 2011

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OFFICE MANAGER

Heather L. Blake

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Mayan Families

Report on the Financial Statements

We have audited the accompanying financial statements of Mayan Families (a California nonprofit organization), which comprise the statement of financial position as of September 30, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Mayan Families as of September 30, 2012, and the results of its operations and its 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 the Mayan Families 2011 financial statements, and we expressed an unmodified opinion on those financial statements in our report dated April 9, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2011, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cashuk, Wiseman, Kohl, Birnbaum & Salem, LLP

CASHUK, WISEMAN, GOLDBERG, BIRNBAUM AND SALEM, LLP

San Diego, California
May 15, 2013

MAYAN FAMILIES
STATEMENT OF FINANCIAL POSITION
September 30, 2012 with Comparative Totals for September 30, 2011

	2012			2011 Total
	Unrestricted	Temporarily Restricted	Total	
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and Cash Equivalents (Note A)	\$ 42,464	\$ -	\$ 42,464	\$ 107,897
Loans Receivable (Note A)	29,058	-	29,058	44,017
Interfund Due to (from) Balance	(155,416)	155,416	-	-
TOTAL CURRENT ASSETS	(83,894)	155,416	71,522	151,914
PROPERTY AND EQUIPMENT				
Property and Equipment, net of accumulated depreciation of \$29,444 and \$8,076 in 2012 and 2011 (Notes A & D)	160,249	-	160,249	32,528
TOTAL ASSETS	\$ 76,355	\$ 155,416	\$ 231,771	\$ 184,442
<u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES				
Accounts Payable & Accrued Expenses	\$ 991	\$ -	\$ 991	\$ 805
NET ASSETS				
Unrestricted (Note A)	75,364	-	75,364	(30,064)
Temporarily Restricted (Notes A & C)	-	155,416	155,416	213,701
TOTAL NET ASSETS	75,364	155,416	230,780	183,637
TOTAL LIABILITIES AND NET ASSETS	\$ 76,355	\$ 155,416	\$ 231,771	\$ 184,442

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



**MAYAN FAMILIES
STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2012 with Comparative Totals for the Year Ended September 30, 2011

	2012			2011 Total
	Unrestricted	Temporarily Restricted	Total	
REVENUE AND OTHER SUPPORTS				
Contributions and Program Service Revenues (Note A) \$	465,264	\$ 1,087,209	\$ 1,552,473	\$ 1,169,302
Net Assets Released From Restrictions (Note C)	1,145,494	(1,145,494)	-	-
TOTAL REVENUES AND OTHER SUPPORT	1,610,758	(58,285)	1,552,473	1,169,302
EXPENSES				
Program Expenses (Note C)	1,145,494	-	1,145,494	885,941
Supporting Services (Note E)	359,836	-	359,836	379,000
TOTAL EXPENSES	1,505,330	-	1,505,330	1,264,941
INCREASE (DECREASE) IN NET ASSETS	105,428	(58,285)	47,143	(95,639)
NET ASSETS - BEGINNING OF YEAR	(30,064)	213,701	183,637	279,276
NET ASSETS - END OF YEAR	<u>\$ 75,364</u>	<u>\$ 155,416</u>	<u>\$ 230,780</u>	<u>\$ 183,637</u>

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



MAYAN FAMILIES
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2012 with Comparative Totals for the Year Ended September 30, 2011

	2012			2011 Total
	Unrestricted	Temporarily Restricted	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (Decrease) in Net Assets	\$ 105,428	\$ (58,285)	\$ 47,143	\$ (95,639)
Adjustments to Reconcile Net Income to Net Cash				
Depreciation	21,368	-	21,368	5,586
Provided(Used) by Operating Activities:				
Loans Receivable	14,959	-	14,959	(25,010)
Accounts Payable & Accrued Expenses	186	-	186	229
Interfund Due to (from) Balance	(58,285)	58,285	-	-
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	83,656	-	83,656	(114,834)
INVESTING ACTIVITIES				
Purchases of Property & Equipment	(149,089)	-	(149,089)	(16,384)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(65,433)	-	(65,433)	(131,218)
Cash and Cash Equivalents at Beginning of Year	107,897	-	107,897	239,115
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 42,464</u>	<u>\$ -</u>	<u>\$ 42,464</u>	<u>\$ 107,897</u>

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



MAYAN FAMILIES
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE A-NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. Mayan Families (“The Organization”) was incorporated under the laws of the State of California on June 4, 2007. The Organization has adopted a September 30 fiscal year end for reporting requirements.
2. Mayan Families is a non-profit organization whose purpose is to raise money to support the Maya indigenous communities of the Atitlan region of Guatemala. The Organization’s purpose is accomplished through the different programs the organization runs, for the benefit of Maya residents. The programs include the following:
 - a. Construction Program-The organization funds building, repairs and maintenance of classrooms and community learning centers which are used for community events, education, medical and veterinary clinics and distribution of donated items. It also has purchased land and built homes for impoverished families victimized by extraordinary circumstances.
 - b. Family Aid Program-The organization provides needy families with beds, sinks to wash their clothes, tables, chairs and other household items, along with the elderly programs. Mayan Families also supplies healthy vital food to those in need. Deliveries include oil, grain, milk, eggs, bread and other basic items. It also provides infant formula for mothers unable to nurse their babies.
 - c. Medical Program-The organization facilitates free clinics for visiting doctors and dentists. It also has made arrangements with Guatemala clinics and physicians to treat the families the organization support. Mayan Families also provides transportation for the sick, wheelchairs and vision care for those in needs.
 - d. General School Program-The organization supports local school in providing a better education through supplies of healthy food for lunches, classroom desks, books and school supplies.
 - e. MicroLoan Program-Mayan Families provides loans through agreements with and guarantees by organized groups.
 - f. Chickens Program-The organization distributes egg laying hens to needy families who are capable of raising them and would like to be part of this program. The organization distributes 10 chicks per family and provides the supply of feeds.
 - g. Christmas Program-The program provides healthy meals, gifts and Christmas parties to families who otherwise would go without during the holiday season.
 - h. Animal Welfare/Hope for the Animal Program-The organization offers food, free and low-cost sterilization clinics for household pets. It also provides adoption services for homeless and rescued animals.



MAYAN FAMILIES
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE A-NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CON'T:

- i. Sewing Program-Mayan Families brings sewing machines, training classes, and class materials to the poor communities.
 - j. Fuel Efficient Stoves Program-Mayan Families provides needy families with fuel-efficient wood stoves that have financial, health, and environmental benefits.
 - k. Student Sponsorships-The organization sponsors children to go to school with special emphasis placed on children from single parent families.
 - l. Water Filter Program-Mayan Families provides water filters to homes and school to provide clean drinking water to the community.
3. Financial Statement Presentation-The Organization follows the Not-For-Profit Entities topic of the FASB Accounting Standards Codification with respect to financial statement presentation. Under this topic, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

The Organization had no permanently restricted net assets as of September 30, 2012 and 2011.

4. 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 the estimates.
5. Contributions-The Organization follows the Not-For-Profit Entities subtopic and Revenue Recognition subtopic of the FASB Accounting Standards Codification with respect to contributions. In accordance with these subtopics, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.
6. Reclassifications-Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.
7. Cash & Cash Equivalents for purposes of the statement of cash flows, include cash on hand, cash in checking and savings accounts with banks. All short-term debt securities with a maturity of three months or less are considered cash equivalents.



MAYAN FAMILIES
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE A-NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CON'T:

8. Unconditional Promises to Give-Unconditional promises to give are stated in the statement of financial position at their estimated realizable value. The Organization accounts for bad debts using the allowance method by expensing the promises to give by what management considers to be uncollectible, or realizable at less than full value. There were no outstanding unconditional promises to give as of September 30, 2012 and 2011.
9. Contributed Services-During the years ended September 30, 2012 and 2011, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the organization at its facilities, but these services do not meet the criteria for recognition as contributed services.
10. Concentration of Cash and Credit Risk-The Organization maintains cash balance which, at times, may exceed federally insured limits. Management believes it is not exposed to any significant risk on its cash balances. At year end, the organization had no uninsured cash balances.
11. Property and Equipment are recorded at cost, or if donated, at approximate value at the date of the gift. The straight-line method of depreciation is followed for financial reporting purposes and for federal income tax purposes. Depreciation is provided in amounts sufficient to relate the cost of assets to operations over their estimated service lives or the lives of the respective leases, whichever is shorter. Maintenance and repairs are charged to expense. Gains and losses on dispositions are credited or charged to earnings as incurred. Depreciation is provided at rates based on the following estimated useful lives:
- | | |
|-------------------------|-----------|
| Furniture and Equipment | 5-7 years |
| Vehicles | 5 years |
12. Leases that meet the criteria for capitalization are classified as capital leases. As of year end, there were no such leases. Leases that do not meet such criteria are classified as operating leases and related rentals are charged to expense (Note F).
13. Advertising Costs-The Organization follows the policy of charging the costs of advertising to expense as incurred. The organization incurred no advertising expense in the years ended September 30, 2012 and 2011, respectively.
14. Fair Value of Financial Instruments-The Organization's financial instruments are cash, loans receivable, accounts payable and accrued expenses. The recorded values of cash, loans receivable, accounts payable and accrued expenses approximated their fair values based on their short term nature.



MAYAN FAMILIES
 NOTES TO THE FINANCIAL STATEMENTS
 September 30, 2012

NOTE B-INCOME TAXES:

The Organization's activities are generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Franchise Tax Code. Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income tax expense.

Income tax benefits are recognized for income tax positions taken, or expected to be taken, in a tax return only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service and the state of California. The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operation, or cash flows. Accordingly, the Organization has not recorded any tax assets or liabilities, or related accruals for interest and penalties for uncertain tax positions at September 30, 2012 and 2011. The Organization would recognize interest and penalties, if any, related to unrecognized tax benefits in interest expense.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. There currently are no audits of the Association's returns in progress.

NOTE C-TEMPORARILY RESTRICTED NET ASSETS:

Temporarily restricted net assets as of September 30, 2012 and 2011 are available for the following programs:

	2012	2011
Construction	\$ (27,035)	\$ 42,022
Food & Milk	(19,091)	3,445
Micro Lending	27,978	22,472
Family Support	9,902	54,976
Schooling	163,662	90,786
Total	\$ 155,416	\$ 213,701



MAYAN FAMILIES
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE C-TEMPORARILY RESTRICTED NET ASSETS-CON'T:

For the years ended September 30, 2012 and 2011, net assets released from restricted donations amounted to \$1,089,235 and \$885,941, respectively. These funds were used for the following programs:

	<u>2012</u>	<u>2011</u>
Chickens	\$ 5,315	\$ 6,955
Christmas	41,428	47,369
Construction	122,858	92,960
Easter Baskets	17,349	18,277
Fathers' Day Baskets	6,091	1,926
Family Support	211,365	181,669
Food and Milk	110,718	20,660
Healthy Pets	34,186	39,975
Medical	60,346	42,727
Microlending	16,406	58,696
Mothers' Day Baskets	10,248	6,755
Schooling	466,754	332,303
Sewing	4,167	5,090
Stoves	26,120	17,668
Water Filters	12,143	12,911
Total	<u>\$ 1,145,494</u>	<u>\$ 885,941</u>

NOTE D-PROPERTY AND EQUIPMENT:

At September 30, 2012 and 2011, the Organization had the following property and equipment:

	<u>2012</u>	<u>2011</u>
Furniture & Equipment	\$ 164,798	\$ 15,709
Vehicles	17,241	17,241
Land	7,654	7,654
	<u>189,693</u>	<u>40,604</u>
Accumulated Depreciation	<u>(29,444)</u>	<u>(8,076)</u>
Net Property & Equipment	<u>\$ 160,249</u>	<u>\$ 35,528</u>

For the year end September 30, 2012, gifts in kind donations of furniture and equipment, valued by management at \$149,089, were received and recorded in property and equipment.



MAYAN FAMILIES
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE E-SUPPORTING SERVICES:

Supporting services for the years ended September 30, 2012 and 2011 consisted of the following:

	<u>2012</u>	<u>2011</u>
Accounting	\$ 2,635	\$ 4,907
Automobile/Vehicle	36,788	19,541
Computer	2,921	4,329
Contract Labor	126,655	178,698
Depreciation	21,368	5,586
Fund Raising	8,481	-
General and Administrative	37,489	34,398
Insurance	3,803	3,165
Kitchen	5,454	19,913
Leases	24,352	23,195
Marketing	505	1,568
Miscellaneous	15,386	10,717
Phone Cards	3,739	8,745
Postage	221	1,611
Private Transportation	1,892	3,388
Professional Fees	12,616	5,965
Public Transportation	14,729	10,720
Recollection	2,345	3,242
Repairs and Maintenance	24,168	14,049
Supplies	3,027	3,241
Telephone	7,736	7,593
Tools and Equipment	2,212	3,827
Utilities	769	3,991
Web Page and Maintenance	545	6,611
Total	<u>\$ 359,836</u>	<u>\$ 379,000</u>

NOTE F-COMMITMENTS AND CONTINGENCIES / RELATED PARTY TRANSACTIONS:

The facilities presently used as the Organization's office are leased on a month to month basis from one of the members of the board of directors. For the fiscal year ended September 30, 2012, the Organization paid a total of \$24,352 as rent expense.



MAYAN FAMILIES
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

NOTE G-RETIREMENT PLAN:

The Organization currently does not sponsor a retirement plan for its employees.

NOTE H-FAIR VALUE MEASUREMENTS:

FASB ASC 820 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with FASB ASC 820, the following summarizes the fair value hierarchy:

Level 1 Inputs—Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.

Level 2 Inputs—Inputs other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs—Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

FASB ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of September 30, 2012, there were no assets and liabilities measured at fair value.

NOTE I-SUBSEQUENT EVENT:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 15, 2013, the date the financial statements were available to be issued. There were no subsequent events requiring adjustments to and disclosures in the financial statements as of and for the year ended September 30, 2012.

