



## **Financial Statements**

*For The Year Ended December 31, 2005*



**and  
Report Thereon**





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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
HelpArgentina

CONSULTING

ACCOUNTING

TECHNOLOGY

*Certified Public  
Accountants*

We have audited the accompanying statement of financial position of HelpArgentina as of December 31, 2005, and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of HelpArgentina's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of HelpArgentina as of December 31, 2005, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule of functional expenses included on page 8 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
**RAFFA, P.C.**

Washington, D.C.  
September 22, 2006

**HELPARGENTINA**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2005**

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ASSETS	
Cash	\$ 235,664
Grant receivable	40,000
Contract receivable	9,827
Deposit	1,000
Property and equipment, net of accumulated depreciation of \$243	<u>611</u>
TOTAL ASSETS	<u><u>\$ 287,102</u></u>
LIABILITIES	
Accounts payable and accrued expenses	<u>\$ 4,256</u>
TOTAL LIABILITIES	<u>4,256</u>
Net Assets	
Unrestricted	202,846
Temporarily restricted	<u>80,000</u>
TOTAL NET ASSETS	<u>282,846</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 287,102</u></u>

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

**HELPARGENTINA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2005

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Grants and contributions	\$ 46,910	\$ 209,468	\$ 256,378
Contract revenue	45,000	-	45,000
Interest income	7,031	-	7,031
Donated office space	3,000	-	3,000
Realized loss on sale of investments	(3,795)	-	(3,795)
Net assets released from restrictions:			
Satisfaction of purpose restrictions	129,468	(129,468)	-
	<u>227,614</u>	<u>80,000</u>	<u>307,614</u>
<b>TOTAL REVENUE AND SUPPORT</b>			
	<u>227,614</u>	<u>80,000</u>	<u>307,614</u>
<b>EXPENSES</b>			
Program Services			
Member Organizations	129,465	-	129,465
Economic Development	25,330	-	25,330
Ashoka Mapping	24,014	-	24,014
Insight Argentina	14,550	-	14,550
Authentic Argentina	1,386	-	1,386
	<u>194,745</u>	<u>-</u>	<u>194,745</u>
Total Program Services			
	<u>194,745</u>	<u>-</u>	<u>194,745</u>
Supporting Services			
Management and general	54,197	-	54,197
	<u>54,197</u>	<u>-</u>	<u>54,197</u>
Total Supporting Services			
	<u>54,197</u>	<u>-</u>	<u>54,197</u>
<b>TOTAL EXPENSES</b>	<u>248,942</u>	<u>-</u>	<u>248,942</u>
Change in Net Assets	(21,328)	80,000	58,672
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>224,174</u>	<u>-</u>	<u>224,174</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 202,846</u>	<u>\$ 80,000</u>	<u>\$ 282,846</u>

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

**HELPARGENTINA**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended December 31, 2005  
Increase (Decrease) in Cash

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CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 58,672
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	243
Realized loss on investments	3,795
Changes in assets and liabilities:	
Grant receivable	140,000
Contract receivable	(9,827)
Deposit	(1,000)
Accounts payable and accrued expenses	4,256
	196,139
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(100,795)
Sale of investments	97,000
Purchase of property and equipment	(854)
	(4,649)
NET CASH USED IN INVESTING ACTIVITIES	
NET INCREASE IN CASH	
	191,490
CASH, BEGINNING OF YEAR	
	44,174
CASH, END OF YEAR	
	\$ 235,664

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

# **HELPARGENTINA**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2005**

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### 1. Organization and Summary of Significant Accounting Policies

#### **Organization**

HelpArgentina was incorporated on July 22, 2002 under the laws of the state of New York. It was formed to promote Argentine development creating a competitive, reliable and globally financed social sector. HelpArgentina seeks to build and maintain an international community of investors and social ambassadors that share its mission. These activities are funded primarily through contributions from foundations and individuals.

#### **Property and Equipment and Related Depreciation**

Property and equipment are recorded at cost. Depreciation of furniture and equipment is provided for on a straight-line basis over the estimated useful lives of the assets, which range from 3 to 10 years. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation and any gain or loss is reflected in income or expense in the accompanying statement of activities. Major additions are capitalized while replacements, maintenance and repairs that do not improve or extend the lives of the respective assets are expensed as incurred.

#### **Net Assets**

The net assets of HelpArgentina are classified as follows:

- Unrestricted net assets represent funds that are available for support of HelpArgentina's operations.
- Temporarily restricted net assets represent amounts that are subject to donor-imposed restrictions to be used for a particular purpose or within a specific time period.

#### **Revenue Recognition**

Grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support. Conditional promises to give are not included as support until such time as the conditions are substantially met. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions.

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# HELPARGENTINA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

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1. Organization and Summary of Significant Accounting Policies (continued)

### **Revenue Recognition (continued)**

HelpArgentina receives contracts from foundations in exchange for services. Revenue from these contracts is recognized as direct costs are incurred on the basis of direct costs plus allowable indirect costs and based on the percentage of the task completed. Amounts earned but not received are reported as contract receivable on the accompanying statement of financial position.

### **Donated Office Space**

The fair market value of donated office space is recognized as revenue and expense in the accompanying statement of activities.

### **Functional Allocation of Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities based on direct costs.

### **Transactions in Foreign Currencies**

HelpArgentina conducts its programs through a field office in Argentina and, accordingly, transacts in the local currency. These foreign currency transactions are translated into U.S. dollars at the appropriate exchange rates when each transaction is executed. The net loss from foreign currency transactions was \$326 for the year ended December 31, 2005 and is included in program services in the accompanying statement of activities. The U.S. dollar is considered to be the functional and reporting currency of HelpArgentina.

### **Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Grant Receivable

Grant receivable represents an unconditional promise to give and is recorded at net realizable value. The full amount is expected to be received within one year and is deemed fully collectible. Total grant receivable at December 31, 2005 was \$40,000.

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# HELPARGENTINA

## NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2005

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### 3. Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2005 totaling \$80,000 were available for a project entitled *Social Sector Development through Principles of Transparency and Best Practices*.

### 4. Commitments

#### **Office Lease**

On December 22, 2005, HelpArgentina signed a lease for space under a non-cancelable agreement that expires on December 31, 2008. The agreement stipulates that the monthly lease payment is subject to reevaluation annually. Future minimum lease payments required under this operating lease are as follows:

For the Year Ending <u>December 31,</u>	
2006	\$ 6,000
2007	6,000
2008	<u>6,000</u>
Total	<u>\$ 18,000</u>

### 5. Risks and Contingencies

#### **Concentration of Credit Risk**

HelpArgentina maintains its cash in several bank accounts which, at times, may exceed federally insured limits. As of December 31, 2005, the amount in excess of the Federal Deposit Insurance Corporation (FDIC) insured limit was \$115,850. HelpArgentina has not experienced any losses in such accounts and does not anticipate any in the future.

#### **Foreign Operations**

HelpArgentina has a field office in Argentina to work with local nonprofit organizations on various programs for the purpose of providing vocational training for low-income people. The future results of these programs could be adversely affected by a number of potential factors such as currency devaluations or changes in the political climate. As of December 31, 2005, HelpArgentina had cash in Argentina totaling approximately \$20,000, representing approximately 7% of HelpArgentina's total assets.

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# **HELARGENTINA**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2005**

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6. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, HelpArgentina is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required as of December 31, 2005 as HelpArgentina had no taxable net unrelated business income.

**SUPPLEMENTAL INFORMATION**

**HELPARGENTINA**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2005

	Program Services	Management and General	Total
Grants to others	\$ 156,481	\$ -	\$ 156,481
Salaries and wages	9,555	22,781	32,336
Professional fees	14,091	11,149	25,240
Telephone and fax	1,178	4,409	5,587
Volunteer expenses	5,175	-	5,175
Travel	3,645	-	3,645
Bank charges	-	3,234	3,234
Web design	2,857	371	3,228
Printing and publications	125	2,883	3,008
Donated rent	-	3,000	3,000
Occupancy	105	2,435	2,540
Office supplies	592	1,433	2,025
Taxes and licenses	-	1,096	1,096
Equipment rental	28	655	683
Postage and delivery	462	127	589
Miscellaneous	326	81	407
Meetings	125	213	338
Depreciation	-	243	243
Staff development	-	87	87
<b>TOTAL EXPENSES</b>	<b>\$ 194,745</b>	<b>\$ 54,197</b>	<b>\$ 248,942</b>