

ANCOP Foundation (USA), Inc.

**FINANCIAL STATEMENTS
AT DECEMBER 31, 2012**



ANCOP Foundation (USA), Inc.

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Independent Auditor's Report

To The Board of Directors of
ANCOP Foundation (USA), Inc.
Monrovia, California

We have audited the accompanying statements of financial position of ANCOP Foundation (USA), Inc. as of December 31, 2012, and the related statements of activities and of cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 provide 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 the Inc. as of December 31, 2012, and the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

August 16, 2013
Union, New Jersey

ANCOP FOUNDATION USA, INC.
Statement of financial position
December 31, 2012

ASSETS

Current assets:

Cash in banks (Note 3)	\$ 1,141,297
Prepaid items and other current assets	16,324

Total Current Assets	1,157,621
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Property and equipment- at cost (net of accumulated depreciation of \$780) (Note 4)	6,534
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Security deposits	500
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TOTAL ASSETS	\$ 1,164,655
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable and accrued expenses	\$ 14,827
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Net Assets

Unrestricted	173,253
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Temporarily restricted (Note 5)	976,575
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Total net assets	1,149,828
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TOTAL LIABILITIES AND NET ASSETS	\$ 1,164,655
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See notes to financial statements

ANCOP Foundation (USA), Inc
Statement of activities
For the Year Ended December 31, 2012

	Unrestricted	Temporarily Restricted	Total
Grants and Other Revenue			
Contributions	\$ 75,559	\$ 302,235	\$ 377,794
Special Events	48,999	195,997	244,996
Interest and other Income	10,902	-	10,902
Net assets released from restrictions- Satisfaction of restrictions by payments	<u>564,956</u>	<u>(564,956)</u>	<u>-</u>
Total revenue	<u>700,416</u>	<u>(66,724)</u>	<u>633,692</u>
Expenses			
Program services	548,881	-	548,881
Supporting Services- Management and General Fund raising	<u>157,095</u> -	<u>-</u> -	<u>157,095</u> -
Total Expenses	<u>705,976</u>	<u>-</u>	<u>705,976</u>
Changes in Net Assets	(5,560)	(66,724)	(72,284)
Net Assets at beginning of year	<u>178,813</u>	<u>1,043,299</u>	<u>1,222,112</u>
Net assets at end	<u>\$ 173,253</u>	<u>\$ 976,575</u>	<u>\$ 1,149,828</u>

See notes to financial statements

ANCOP Foundation (USA), Inc.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ (5,560)
Depreciation	<u>780</u>
Net cash provided before adjustments	(4,780)
Adjustment to reconcile net income to net cash provided by (used for) operating activities:	
Increase/decrease in accounts receivable	576
Increase/decrease in other current assets	(13,289)
Increase/decrease in other assets	-
Increase/decrease in accounts payable and accrued expenses	<u>6,774</u>
Net cash provided by (used for) operating activities	<u>(10,719)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>-</u>
Net cash used for investing activities	<u>-</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Unrestricted funds reclass	<u>(66,724)</u>
Net cash used for financing activities	<u>(66,724)</u>

NET INCREASE (DECREASE) IN CASH (77,444)

Cash at beginning of year 1,218,740

Cash at end of year **\$ 1,141,296**

See notes to financial statements

ANCOP Foundation (USA), Inc.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Service				Support Service		Total Expenses
	Educational assistance	Community development	Health	Disaster relief	General & Administrative	Fund raising	
Salaries	\$ -	\$ -	-	\$ -	\$ -	-	\$ -
Employee benefits/payroll taxes	-	-	-	-	1,200	-	1,200
Total personnel expenses	-	-	-	-	1,200	-	1,200
Grants/subrecipients (Note 7)	237,156	257,656	10,000	44,069	-	-	548,881
Professional fees	-	-	-	-	55,401	-	55,401
Office supplies and expense	-	-	-	-	28,895	-	28,895
Donations	-	-	-	-	1,785	-	1,785
Telephone & telecommunications	-	-	-	-	5,440	-	5,440
Postage, shipping, delivery	-	-	-	-	1,213	-	1,213
Office equip, rental & maintenance	-	-	-	-	315	-	315
Printing & copying	-	-	-	-	690	-	690
Rent, parking, other occupancy	-	-	-	-	3,397	-	3,397
Travel	-	-	-	-	7,447	-	7,447
Conference, convention, meeting	-	-	-	-	28,544	-	28,544
Travel & meetings expenses - other	-	-	-	-	394	-	394
Insurance - non-employee	-	-	-	-	6,347	-	6,347
Advertising Expenses	-	-	-	-	3,665	-	3,665
Misc expenses	-	-	-	-	7,229	-	7,229
Credit Card Charges	-	-	-	-	1,707	-	1,707
Bank Charges	-	-	-	-	1,060	-	1,060
Taxes - other	-	-	-	-	1,586	-	1,586
Total expenses before depreciation	237,156	257,656	10,000	44,069	156,315	-	705,196
Depreciation	-	-	-	-	780	-	780
Total	<u>\$ 237,156</u>	<u>\$ 257,656</u>	<u>\$ 10,000</u>	<u>\$ 44,069</u>	<u>\$ 157,095</u>	<u>\$ -</u>	<u>\$ 705,976</u>

See notes to financial statements

ANCOP Foundation (USA), Inc.
Notes to Financial Statements
December 31, 2012

Note 1 –History and Organization:

ANCOP Foundation (USA), Inc. (“ANCOP”) was incorporated under the State of California as a nonprofit public benefit corporation on November 27, 2000. The term “ANCOP” is an acronym for “Answering the Cry of the Poor”. ANCOP provides assistance to the needy and the poor by supplying money, goods and services in targeted depressed areas of the world. The Organization provides funding for the construction of low cost housing donated to eligible poorest of the poor families in the world. The organization is active in seven major regional areas in the United States.

Since 2004, ANCOP has raised and remitted \$14,003,508 to grantees and sub recipients in poor countries, particularly in the Philippines.

At the inception until 2010, ANCOP had an agency agreement with GK CDFI to carry out programs in the Philippines.

Agreement with CFC ANCOP- TEKTON FOUNDATION INC (amended July 2, 2011)

In 2010, the organization entered into an agency agreement with CFC ANCOP- TEKTON FOUNDATION INC (the “Agency”), a non-profit organization incorporated under the laws of the Philippines to carry out programs intended to alleviate poverty through education and community development, eg, building of ANCOP houses.

Educational Assistance program.

a.Pre-elementary Level (for children aged 3-5)

Program for pre-elementary children, aged 3 to 5, deserving poor children are given quality early childhood education and care with value-based curriculum promoting social, emotional, cognitive and physical development.

b.Elementary Level (for children aged 6-13)

Program for children, aged 6 to 13, which is either school or community based educational curriculum in depressed and marginalized communities which aims to rebuild hope and allow opportunities for growth and development, and provides assistance in keeping indigent, deserving elementary children in school or provide an out-of-school child non-formal or alternative education program and other basic social services.

c. High School Level (for youth aged 14 and above)

Program for youth, aged 14 to 18, that empowers them to become active agents of change in their social environment through their access in a formal school or non formal education program. This program aims to give indigent high school, out-of-school youth, juvenile delinquents, drug addicts and gang members a second lease on life through

ANCOP Foundation (USA), Inc.
Notes to Financial Statements (Contd)
December 31, 2012

Note 1 –History and Organization (contd)

opportunities for a formal or non-formal or alternative education and access to social services.

d. Vocational/College Level or Degree or Non degree courses (for youth aged 18 and above)

The program also helps the poor who are gifted or deserving youth, to pursue their dreams of obtaining further education through a vocational, college, degree or non degree educational program through a scholarship.

Community Development Programs

a. Shelter

Homes are built or improved into housing structures that are fit for human habitation, approximately 20 square meters in floor area, with working toilet and kitchen, concrete walls and flooring; galvanized iron roof, sturdy wall frame, exterior and interior finish and based on engineered certified plans and drawings and technical specifications of a typical ANCOP house or according to the type of house agreed upon between CHARITY and AGENCY.

b. Community facilities

Programs that improve overall landscape of the community and provide common facilities and infrastructures such as multi-purpose center, communal water systems, drainage, pathways, parks or playground.

Economic and Livelihood Programs

Agency shall be paid the amount of approved budget based on accepted proposals for economic and livelihood programs.

Aside from program expenses, ANCOP agrees to remunerate the Agency the cost of personnel, office utilities and other incidental expenses equivalent to ten percent (10%) of all payments to Agency.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

ANCOP Foundation (USA), Inc.
Notes to Financial Statements (Contd)
December 31, 2012

Note 2 – Summary of Significant Accounting Policies (contd)

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted and permanently restricted net assets. The Corporation does not have any permanently restricted net assets.

Restricted and Unrestricted Revenue and Support

The Organization also adopted SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires within the reporting period in which the support is recognized. When a 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 Statement of Activities as net assets released from restrictions.

Cash and cash equivalents

For purposes of the Statements of Cash Flows, the Organization considers all unrestricted highly liquid investments with maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

Purchases of equipment, furniture, leasehold improvements, renovations and other capital items covered by government funding are charged as expenditures as incurred and not capitalized and depreciated over the useful lives of the assets. The Organization maintains a fixed asset register for such purchases.

ANCOP Foundation (USA), Inc.
Notes to Financial Statements (Contd)
December 31, 2012

Note 2 – Summary of Significant Accounting Policies (Contd)

Expense Allocation

The costs of providing various programs and activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Donated Services

Donated Services or equipment are recorded at fair market value at the time of donation. The financial statements do not reflect the value of the services for volunteers in the organization's various programs because, although substantial, no reliable basis exists for determining the appropriate amount.

Income Tax Status

The Corporation is exempt from federal income taxes under Section 501 (c)(3) of the U.S. Internal Revenue Code and, accordingly, no provision for income taxes is included in the financial statements.

Note 3 – Cash and Cash equivalents

The Organization maintains the following bank accounts:

Operating accounts	\$ 398,005
Savings accounts	<u>743,292</u>
Total cash in bank	<u><u>\$1,141,297</u></u>

The cash maintained in this financial institution is covered by FDIC insurance up to the maximum allowed by law (currently, \$250,000 per depositor).

ANCOP Foundation (USA), Inc.
Notes to Financial Statements (Contd)
December 31, 2012

Note 4: Property and equipment

This consist of the following:

Furniture and equipment	\$8,094
Less: accumulated depreciation	(1,560)
Net	<u>\$6,534</u>

Depreciation expense for the year amounted to \$780.

Note 5 – Temporarily restricted net assets

This account represents donor restricted contributions and board designated temporarily restricted net assets. Breakdown of the account as follows:

Region A Northwest	\$ 30,322
Region B North Central	34,227
Region C Northeast	155,672
Region D Southwest A	173,020
Region E South Central	33,600
Region F Southeast	76,930
Region G Southwest B	181,402
Region I Capital Region	<u>14,438</u>
Total	\$699,611
Disaster relief-	46,626
GK Trust fund	83,764
Board designated-	
variance fund	<u>146,574</u>
Totals	\$ 976,575

During the year, total amount of grants to sub recipients amounted to \$548,881 (see Note 6)

ANCOP Foundation (USA), Inc.
Notes to Financial Statements (Contd)
December 31, 2012

Note 6- Grants/Sub recipients

In 2012, \$548,881 was granted to CFC ANCOP Tekton Foundation to benefit various programs, among which:

Community development program	\$ 257,656
Disaster relief	44,069
St Martin Child Sponsorship program	12,380
Handmaid Assistance scholarship program	13,731
Health program	10,000
Child sponsorship program	<u>211,045</u>
Total	<u>\$ 548,881</u>