

**CURAMERICAS
RALEIGH, NORTH
CAROLINA**

**INDEPENDENT AUDITORS'
REPORT**

FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

Year ended September 30, 2004

BUIE. NORMAN & COMPANY. P.A.

Certified Public Accountants Fayetteville, N.C.

CURAMERICAS

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Curamericas

We have audited the accompanying statement of financial position of Curamericas, as of September 30, 2004, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of Curamericas' management. Our responsibility is to express an opinion on the 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 Curamericas as of September 30, 2004, 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 accompanying supplementary schedules as listed in the table of contents are presented for the purpose of additional analysis only and are 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.

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BUIE, NORMAN & COMPANY, P.A.
Celiified Pub\jc Accountants

January 29,2005

**CURAMERICAS STATEMENT OF
FINANCIAL POSITION September 30,2004**

<u>ASSETS</u>		
Current assets:		
Cash	3)	89,172
Sales tax receivable		203
Prepaid expenses		2,430
Total current assets		91,805
Property and equipment:		
Furniture and equipment		72,335
Leasehold improvements		22,110
		94,445
Less: accumulated depreciation		48,371
Net property and equipment		46,074
Investments, at fair value		30,677
Total assets	3)	168,556
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	3)	18,765
Accrued wages and benefits		26,501
Payroll taxes withheld and accrued		78,064
Total current liabilities		123,330
Net assets:		
Unrestricted		(23,928)
Temporarily restricted		43,697
Permanently restricted		25,457
Total net assets		45,226
Total liabilities and net assets	3)	168,556

See accompanying notes to financial statements.

CURAMERICAS
STATEMENT OF
ACTIVITIES Year ended
September 30, 2004

SUPPORT AND REVENUE	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donations	\$ 250,621	\$ 246,923	\$ -	\$ 497,544
Federal Grants	346,027	-	-	346,027
Services and materials	631,197	-	-	631,197
Interest income	809	-	-	809
Other	2,876	-	-	2,876
Net assets released from restrictions	221,332	(221,332)	-	-
Total support and revenue	1,452,862	25,591	-	1,478,453
 EXPENSES				
Program services:				
Program services	1,450,909	-	-	1,450,909
Supporting services:				
Management and general	195,506	-	-	195,506
Fund raising	41,489	-	-	41,489
Total expenses	1,687,904	-	-	1,687,904
Change in net assets	(235,042)	25,591	-	(209,451)
 Net assets:				
Beginning of year	211,114	18,106	25,457	254,677
End of year	(23,928)	\$ 43,697	\$ 25,457	\$ 45,226

**CURAMERICAS STATEMENT OF
FUNCTIONAL EXPENSES** Year ended
September 30, 2004

	Supporting Services			Total
	Program Services	Management and General Services	Fundraising	
Bank and payroll fees	\$	\$ 4,769	\$ -	\$ 4,769
Board expense		733		733
Computer expenses	-	1,558		1,558
Depreciation		12,690		12,690
Donated services	203,159		-	203,159
Donated supplies	428,038	-	-	428,038
Insurance	2,702	4,053		6,755
Lease	-	3,092		3,092
Licenses	-	1,880	-	1,880
Miscellaneous	7,250	7,250	-	14,500
Office	-	4,087	-	4,087
Overseas program costs	385,970	-	-	385,970
Payroll taxes	18,404	5,258	2,629	26,291
Postage	1,033	3,099	-	4,132
Printing	1,124	8,432	1,686	11,242
Professional fees	22,321	11,256		33,577
Rent		28,780	-	28,780
Repairs		753		753
Retirement	6,574	1,879	941	9,394
Telephone and internet	3,865	11,594	-	15,459
Training	-	665	-	665
Travel	24,470	6,341	-	30,811
Utilities		3,118		3,118
Work team expense	92,356	-	-	92,356
Wages	253,643	74,219	36,233	364,095
	\$ 1,450,909	\$ 195,506	\$ 41,489	\$ 1,687,904

CURAMERICAS
STATEMENT OF CASH FLOWS
Year ended September 30, 2004

Cash flows from operating activities:	
Chmlge in net assets	\$ (209,451)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	12,690
(Increase) decrease in:	20,889
Accounts receivable \	
Sales tax receivable	(203)
Increase (decrease) in:	14,289
Accounts payable	
Accllled wages mld benefits Payroll	18,728
taxes withheld and accllled	<u>78,064</u>
Net cash used in operating activities	<u>(64,994)</u>
Cash flows from investing activities: Proceeds	
from disposal of investments Capital	69,355
expenditures	<u>(3,104)</u>
Net cash provided by investing activities	<u>66,251</u>
Net increase in cash and cash equivalents	1,257
Cash and cash equivalents:	
Beginning ofyem'	<u>87,915</u>
End of year	\$ 89,172

CURAMERICAS NOTES TO
FINANCIAL STATEMENTS September 30,
2004

NOTE] ORGANIZATIONAL STRUCTURE AND PURPOSE

Curamericas (the Organization) is a not-for-profit corporation that works to alleviate suffering by improving the health education and access to care for families and communities living in dire human need. With a special focus on women of reproductive age and their children, Curamericas teaches women how to detect and treat the symptoms of illness that, if untreated, will decrease their own survival and that of their children.

A portion of the Organization's activities is conducted through Latin American nonprofit institutions. These institutions are legally separate entities working cooperatively to promote health programs. For financial reporting purposes, these institutions are considered to be subrecipients of federal funds, and financial statements are not combined.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Curamericas is presented to assist in understanding its financial statements. The financial statements and notes are representations of Curamericas' management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

Curamericas' financial statements are prepared on the accrual basis of accounting, recognizing revenues when earned and expenses when incurred. 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. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property and Equipment

Property and equipment are stated at historical cost at the date of acquisition. Donated assets are recorded at fair market value at the date of donation. Depreciation is computed using the straight line method over the estimated useful life of the asset. Repairs and maintenance are expensed as incurred and betterments and improvements are capitalized. Management has elected to expense property and equipment forwarded to foreign locations rather than to capitalize and depreciate these assets over their estimated useful lives. Since it is unlikely that these assets could be economically returned for other uses, their costs are reflected as a part of the program expenditures in the year incurred.

Accounts Receivable

All accounts receivable are reviewed regularly. Any considered doubtful as to collection are written off directly.

Investments

The Organization carries investments in marketable securities at their determinable fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

CURAMERICAS NOTES TO
FINANCIAL STATEMENTS September
30,2004

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation

Curamericas presents its cash flow statement using the indirect method. For purposes of cash flow presentation, the organization considers demand deposits with financial institutions to be cash equivalents.

Income Taxes

Curamericas files Form 990, *Return of Organization Exempt from Income Tax*. The organization is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code (IRC). Therefore, no provision for income taxes is made in the accompanying financial statements. In addition, the Internal Revenue Service has determined that Curamericas is not a "private foundation" within the meaning of §509(a) of the IRE. There was no unrelated business income during the fiscal year.

Estimates

The presentation 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 the reported accounts 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.

Functional Allocation

Curamericas allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

Financial Statement Presentation

The organization employs Statement of Financial Accounting Standards (SF AS) Number 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS Number 117, the organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted assets. In addition, the organization presents a statement of cash flows. Temporarily or permanently restricted net assets at September 30, 2004 was \$43,697 and \$25,457 respectively.

Temporarily restricted net assets are available for the following purposes at September 30, 2004;

Maternal Health Guatemala	\$ 5,381
Work Teams	5,724
Montero Patients	1,755
Donor restrictions - Bolivia	5,837
NC Initiative	5,000
CSRA - Bolivia	<u>20,000</u>
Total	\$ 43,697

Permanently restricted net assets consist of endowment fund assets to be held indefinitely. Based on the donor's instructions, the Board has discretion in the use of income earned from endowment assets.

**CURAMERICAS NOTES TO
FINANCIAL STATEMENTS September
30,2004**

Contributions

Curamericas employs SFAS Number 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SF AS Number 11 G, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. Temporarily restricted donations during the year ended September 30, 2004 was \$246,923. These donations are donor restricted for specific use in overseas locations and for support of work teams in these locations.

NOTE 3 GRANTS

Grants received during the year ended September 30,2004 were as follows:

US AID CS 18 - Guatemala	\$ 135,929
US AID CS 18 - Bolivia	<u>210,098</u>
	<u>\$ 346,027</u>

NOTE 4 - CREDIT CONCENTRATION

Curamericas is required by SF AS Number 105, *Disclosure of Information about Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments with Concentrations of Credit Risk*, to disclose significant concentrations of credit risk regardless of the degree of risk. The Organization maintains bank deposits in one bank located in Raleigh, North Carolina. Accounts are secured by the Federal Deposit Insurance Corporation up to \$100,000. At September 30, 2004, bank deposits totaled \$101,520 of which \$1,520 was uninsured.

NOTE 5 LEASE COMMITMENTS

The Organization leases certain equipment and office space for its operations. Total lease and rent payments for the year ended September 30, 2004 totaled \$31,872. The lease of office space is under a lease agreement that expires June 30, 2006. At that time the tenancy shall automatically become a month to month tenancy upon the same terms and conditions contained in the original lease. Assuming that Curamericas maintains its current lease arrangements, minimum lease payments for the next five years will be as follows:

<u>Year ended September 30.</u>	
2005	\$ 32,876
2006	33,696
2007	33,696
2008	33,696
2009	33,696
	\$ 167,660

**CURAMERICAS NOTES TO
FINANCIAL STATEMENTS** September 30,
2004

NOTE 6 IN-KIND CONTRIBUTIONS

Donated services consist of specialized services by medical personnel. These services would ordinarily be purchased by the Organization. They are recorded at the fair value of the service on the date of donation. The value of the donated services given during the year ended September 30, 2004 is \$203,159. This amount is reflected as revenue and expense in the accompanying financial statements.

Goods donated consist of medical supplies for use in Curamericas' programs. The amount of contributed materials, valued at \$428,038 for 2004 are reflected as revenue and expense in the accompanying financial statements.

NOTE 7 RETIREMENT BENEFIT PLAN

CUTamericas maintains a profit sharing pension plan. The plan invites exempt employees to participate and contribute to a 401 (k) fund that is administered by a third pmiy. Curamericas matches employee contributions up to a maximum of 4% of gross salary, Employer contributions for 2004 were \$9,394.

NOTE 8 COMPENSATED ABSENCES

Employees must be full-time, permanent employees to accrue leave. Accrued leave available at September 30, 2004 was \$8,418 and is included in accrued wages and benefits in the current liabilities section of the statement of financial position.

NOTE 9 INVESTMENTS

Investments consist of money market funds and a mutual fund. They are stated at estimated fair value at September 30, 2004.

	Fair Value	Cost basis
Money market funds	\$ 30,547	\$ 30,548
Putnam growth	130	112
Total	\$ 30,677	\$ 30,660

NOTEIO- SUBSEQUENT EVENTS

September 23, 2004, the Organization negotiated a line of credit with Bank of America for the sum of \$126,250. Repayment is interest only for twelve months beginning October 23, 2004. The interest rate is prime and the loan is secured by the personal guarantees from the Organization's directors. As of September 30, 2004, no money had been borrowed on the line of credit. A total of \$100,000 was borrowed in October and November of 2004 to pay current liabilities at September 30, 2004.

**CURAMERICAS SCHEDULE OF COMPUTATION OF
INDIRECT COST RATE Year ended September 30,2004**

	Total	Exclusion/ Unallowable Expenses	Direct Costs	Indirect Cost Pool
BanJe and payroll fees	\$ 4,769	\$ -	\$ -	\$ 4,769
Board expense	?"	-	-	?"
Computer expenses	1,558	-	-	1,558
Depreciation	12,690	-	-	12,690
Donated services	203,159	-	203,159	
Donated supplies	428,038	-	428,038	
Insurance	6,755	-	2,702	4,053
Lease	3,092	-	-	3,092
Licenses	1,880	-	-	1,880
Miscellaneous	14,500	-	7,250	7,250
Office	4,087	-	-	4,087
Overseas program costs	385,970	-	385,970	-
Payroll taxes	26,291	2,629	18,404	5,258
Postage	4,132	-	1,033	3,099
Printing	11,242	1,686	1,124	8,432
Professional fees	33,577	-	22,321	11,256
Rent	28,780	-	-	28,780
Repairs	753	-	-	753
Retirement	9,394	941	6,574	1,879
Telephone and internet	15,459	-	3,865	11,594
Training	665	-	-	665
Travel	30,811	-	24,470	6,341
Utilities	3,118	-	-	3,118
Work team expense	92,356	-	92,356	-
Wages	364,095	36,233	253,643	74,219
	<u>\$ 1,687,904</u>	<u>\$ 41,489</u>	<u>\$ 1,450,909</u>	<u>\$ 195,506</u>
Indirect Costs		195,506		
		=		= 23%
Total adjusted expenses - Indirect costs		1,056,707 -		195,506

CURAMERICAS SCHEDULE OF EXPENDITURES OF
 FEDERAL AWARDS For the Year ended September 30, 2004

Federal Grantor/ Program Title	Federal CFDA Number	Federal Expenditures
Federal Awards:		
US Agency for International Development Child Survival IS-Guatemala	N/A	\$ 135,929
US Agency for International Development Child Sm-vivaliS-Bolivia	N/A	210,098
Total Federal expenditures		\$ 346,027