

REACHING U

A FOUNDATION FOR URUGUAY

Financial Report

December 31, 2011

**REACHING U
A FOUNDATION FOR URUGUAY
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the year ended December 31, 2011**

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Manger & Company
Certified Public Accountants
225 Madison Avenue
New York N.Y. 10017

Robert L. Manger
Mark B. Boller

Tel (212) 986-3025
Fax (212) 697-2511

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Reaching U
A Foundation for Uruguay
New York, New York

We have audited the accompanying statement of financial position of Reaching U, A Foundation for Uruguay ("Reaching U") as of December 31, 2011 and the related statements of activities and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from Reaching U's 2010 financial statements and, in our report dated September 27, 2011 we expressed an unqualified opinion on those financial statements.

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 Reaching U, A Foundation for Uruguay as of December 31, 2011, and the changes in its net assets and, 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 schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Manger & Company

August 17, 2012

REACHING U
A FOUNDATION FOR URUGUAY
STATEMENT OF FINANCIAL POSITION
December 31, 2011

	<u>2011</u> <u>Total</u>	<u>2010</u> <u>Total</u> <small>(for comparative purposes only)</small>
ASSETS		
Cash and cash equivalents	\$ 387,582	\$ 358,571
Investments	25,617	25,551
Other assets	<u>8,660</u>	<u>18,340</u>
Total assets	<u>\$ 421,859</u>	<u>\$ 402,462</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued liabilities	\$ 42,886	\$ -
Grants payable	10,000	-
Loans and advances	<u>-</u>	<u>1,000</u>
Total liabilities	<u>52,886</u>	<u>1,000</u>
NET ASSETS		
Unrestricted	368,973	401,462
Temporarily restricted	<u>-</u>	<u>-</u>
Total net assets	<u>368,973</u>	<u>401,462</u>
Total liabilities and net assets	<u>\$ 421,859</u>	<u>\$ 402,462</u>

See independent auditor's report.

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

REACHING U
A FOUNDATION FOR URUGUAY
STATEMENT OF ACTIVITIES
For the year ended December 31, 2011

	Unrestricted	Temporarily Restricted	2011 Total	2010 Total
				(for comparative purposes only)
SUPPORT AND REVENUE:				
Contribution revenues	\$ 80,083	\$ 87,230	\$ 167,313	\$ 259,659
Special events - net of expenses of \$70,292	170,933		170,933	145,475
Interest income	66		66	282
Other income	158		158	-
Net assets released from restrictions	<u>87,230</u>	<u>(87,230)</u>	<u>-</u>	<u>-</u>
	<u>338,470</u>	<u>-</u>	<u>338,470</u>	<u>405,416</u>
EXPENSES:				
Program services	322,244	-	322,244	242,833
Management and general	36,100	-	36,100	18,587
Fundraising	<u>12,614</u>	<u>-</u>	<u>12,614</u>	<u>3,066</u>
	<u>370,959</u>	<u>-</u>	<u>370,959</u>	<u>264,486</u>
Increase (decrease) in net assets	(32,489)	-	(32,489)	140,930
Net assets - beginning of year	<u>401,462</u>	<u>-</u>	<u>401,462</u>	<u>260,532</u>
Net assets - end of year	<u>\$ 368,973</u>	<u>\$ -</u>	<u>\$ 368,973</u>	<u>\$ 401,462</u>

See independent auditor's report.

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

REACHING U
A FOUNDATION FOR URUGUAY
STATEMENT OF CASH FLOWS
For the year ended December 31, 2011

	<u>2011</u> <u>Total</u>	<u>2010</u> <u>Total</u> <small>(for comparative purposes only)</small>
Cash flows from operating activities:		
Change in net assets	\$ (32,489)	\$ 140,930
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Changes in operating assets and liabilities		
Decrease in other assets	9,680	(11,370)
Increase in accounts payable and accrued liabilities	42,886	-
Increase in grants payable	<u>10,000</u>	<u>-</u>
Net cash provided by operating activities	30,077	129,560
(Increase) decrease in investments and		
Net cash (used in) provided by investing activities	<u>(66)</u>	<u>51,902</u>
(Decrease) in loans and advances and		
Net cash (used in) financing activities	<u>(1,000)</u>	<u>-</u>
Net increase in cash and equivalents	29,011	181,462
Cash and equivalents, beginning of year	<u>358,571</u>	<u>177,109</u>
Cash and equivalents, end of the year	<u>\$ 387,582</u>	<u>\$ 358,571</u>

Supplementary Information:

Net cash paid for interest	None	None
Net cash paid for income taxes	None	None

See independent auditor's report.
The accompanying notes are an integral part of these financial statements.

**REACHING U
A FOUNDATION FOR URUGUAY
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2011**

NOTE 1. ORGANIZATION

Founded in 2001, Reaching U a Foundation for Uruguay (Reaching U) is a Delaware not-for-profit organization, based in New York. The purpose of the Foundation is to improve living conditions and opportunities for the neediest children and women in Uruguay, and help them gain self-confidence and the will to go forward to a more dignified life. Its objectives are accomplished through volunteer working groups who raise monies through events and fund raisers in the United States and Uruguay for specially identified projects to accomplish its objectives and to promote social, intellectual and material exchanges between Uruguayans living at home and abroad.

Reaching U is exempt from Federal Income Tax as an organization described in Section 501(c) (3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509 (a) (2).

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification 958-205 ("ASC 958-205"), "Financial Statements of Not-for-Profit Organizations". Under ASC 958-205, Reaching U is required to report information regarding its financial position and activities according to three classes of net assets. The net assets of Reaching U are reported as follows:

Unrestricted

Unrestricted net assets are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations and are available for the general operations of Reaching U. The net assets also include those funds that are designated for specific purposes by the Board of Directors.

**REACHING U
A FOUNDATION FOR URUGUAY
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2011**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Temporarily Restricted

Temporarily restricted net assets include gifts of cash and other assets received with donor stipulations that limit the use of the donated assets. When a donor restriction expires or a 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. As of December 31, 2011 there were no temporarily restricted net assets subject to future time restrictions.

Permanently Restricted

Permanently restricted net assets include funds that have been restricted by donor to be held in perpetuity. Reaching U had no permanently restricted net assets at December 31, 2011.

Contributions

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases 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 and reported in the Statement of Activities as net assets released from restrictions.

Cash Equivalents

The Foundation considers all unrestricted highly liquid investments with initial maturities of three months or less to be cash equivalents.

Investment Policy and Objective

Investments in securities with readily determinable fair values are measured at fair value in the accompanying statement of financial position. Realized and unrealized gains or losses are reported in the accompanying statements of activities as increases and decreases in net assets. Reaching U's primary investment objective is to maximize total return with minimal risk. The stated goal is to preserve capital intended for Reaching U's charitable mission while generating cash flows to support current operations.

**REACHING U
A FOUNDATION FOR URUGUAY
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture and Equipment

If an expenditure results in an asset having an estimated useful life, which extends beyond the year of acquisition, the expenditure is capitalized and depreciated. Furniture and equipment are recorded at cost. Depreciation of furniture and equipment is provided under the straight-line method over the estimated useful lives of the assets

Expense Allocation

Expenses are charged to programs on the basis of specific identification and periodic time and expense studies. Agency administration expenses include those not directly identifiable with any specific program and have been allocated in accordance with regulatory agency guidelines.

Concentration of Credit Risk

Reaching U's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments. Reaching U maintains cash and cash equivalent and investment balances that, at times, may exceed federally insured limits. To minimize such risks, Reaching U maintains its cash and cash equivalents in various financial institutions and invests only in certificates of deposit. Reaching U's cash and investment accounts are placed with high credit quality financial institutions. Reaching U monitors its credit risk on a regular basis and has neither experienced any loss from this neither excess nor does it anticipate nonperformance by these financial institutions. At December 31, Reaching U's cash and cash equivalent and investments balances in excess of federally insured limits totaled \$120,436.

Income Taxes

Reaching U has adopted Accounting Standards Codification 740 ("ASC 740") "Income Taxes." ASC 740 requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positions taken or expected to be taken in a tax return. The implementation of ASC 740 did not have an impact on the foundation's tax-exempt status or on its financial statements. Reaching U currently has procedures in place to ensure the maintenance of its tax-exempt status. These include identifying and reporting unrelated business income, determining and meeting its filing and tax obligations in jurisdictions in which it operates. The management does not believe its financial statements include any uncertain tax positions.

**REACHING U
A FOUNDATION FOR URUGUAY
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2011**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

Reaching U presents its financial instruments in accordance with Accounting Standards Codification 820 ("ASC 820") "Fair Value Measurements". For financial statements elements currently required to be measured at fair value, this standard clarifies the definition of fair value for financial reporting by focusing on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of market-based information over entity-specific information within the measurement of fair value, and it establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of an asset or liability as of the measurement date.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories under ASC 820:

- Level 1 This level consists of quoted prices in active markets for identical assets or liabilities as of the reporting date.
- Level 2 This level includes pricing inputs (including broker quotes), that are other than exchange quoted prices in active markets. These pricing inputs are either directly or indirectly observable as of the reporting date and fair value is determined through the use of models or other valuation methodologies.
- Level 3 This level consists of pricing inputs that are unobservable for the asset or liability and it includes situations where there is little (if any) market activity for the asset or liability. The inputs used in the determination of fair value requires significant management judgment or estimation. Investments that are included in this category generally include privately held investments and partnership interests.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principle includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to current year presentation.

REACHING U
A FOUNDATION FOR URUGUAY
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2011

NOTE 3. INVESTMENTS

Investments at fair value held by Reaching U at December 31, 2011 consisted of the following:

	<u>2011</u>	<u>2010</u>
Certificates of deposit	<u>\$ 25,617</u>	<u>\$ 25,551</u>
Total investments	<u>\$ 25,617</u>	<u>\$ 25,551</u>

Investment income of \$66 for the year ended December 31, 2011 is included in the accompanying statements of activities.

The following table summarizes investments by fair value hierarchy levels as of December 31, 2011

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	<u>\$ 25,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,617</u>
Total investments	<u>\$ 25,617</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,617</u>

The following table summarizes investments by fair value hierarchy levels as of December 31, 2010

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit	<u>\$ 25,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,551</u>
Total investments	<u>\$ 25,551</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,551</u>

NOTE 4. GRANTS PAYABLE

Grants payable as of December 31, 2011, consist of grant obligations to other charitable organizations in the amount of \$10,000.

**REACHING U
A FOUNDATION FOR URUGUAY
NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 2011**

NOTE 5. CONCENTRATION OF CONTRIBUTIONS

The Foundation received approximately 60% of its contribution revenues from two major donors during the year ended December 31, 2011.

NOTE 6. DONATED SERVICES

Substantial amounts of services and space are donated by volunteers in carrying out the mission of Reaching U. No amounts have been reflected in the financial statements for those services either because the amounts cannot be quantified, or the volunteers' time does not meet the criteria for recognition under ASC 958.

NOTE 7. SPECIAL EVENT ACTIVITIES

Included in direct special event expenses are donated assets (including artwork and other goods) estimated to be valued at \$1,690 sold at auction during a fundraising event in 2011. Such assets are also included in event revenues.

Total donated assets received during 2011 and reflected in revenues amounted to \$11,370.

Other assets consist of donated goods intended for auction, but not sold during the year and held by Reaching U at December 31, 2011. They are reflected at estimated fair value based on anticipated future auction proceeds.

NOTE 8. SUBSEQUENT EVENTS

Reaching U adopted the Accounting Standard Codification No. 855 "Subsequent Events" ("ASC 855"). ASC 855 introduces new terminology, defines a date through which management must evaluate subsequent events, and lists the circumstances under which an entity must recognize and disclose events or transactions occurring after the statement of financial position date.

Reaching U evaluated its December 31, 2011 financial statements for subsequent events through August 17, 2012, the date the financial statements were available to be issued. Reaching U is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

REACHING U
A FOUNDATION FOR URUGUAY
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2011

	Program	Management and General		Fundraising	2011 Total	2010 Total
		Management and General	Fundraising			
	\$ 314,423	\$ -	\$ -	\$ -	\$ 314,423	\$ 237,997
Program and charitable grants	-	21,390	-	-	21,390	16,169
Professional fees	-	10,800	3,600	-	14,400	-
Consultants	4,947	2,473	2,473	-	9,893	3,392
Printing and copying	-	-	5,103	-	5,103	647
Marketing and promotion	1,536	768	768	-	3,073	2,311
Bank charges	237	119	119	-	475	368
Postage	169	85	85	-	339	1,358
Travel, meetings and conferences	146	73	73	-	291	454
Telephone	39	19	19	-	77	80
Office expense	31	15	15	-	61	244
Licenses and fees	20	10	10	-	40	-
Software	697	348	348	-	1,394	1,467
Miscellaneous						
Total expenses	\$ 322,244	\$ 36,100	\$ 12,614	\$ 370,959	\$ 264,486	

(for comparative purposes only)

See independent auditor's report.
The accompanying notes are an integral part of these financial statements.