

Volunteers for Interamerican Development Assistance

Financial Statements

Years Ended December 31, 2004 and 2003

**Volunteers for Interamerican Development Assistance
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Years Ended December 31, 2004 and 2003**

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Independent Auditors' Report

Board of Directors
Volunteers for Interamerican Development Assistance
Emeryville, California

We have audited the accompanying statements of financial position of Volunteers for Interamerican Development Assistance as of December 31, 2004 and 2003, and the related statements of activities and net assets (deficit), cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the organization's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 audits 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 Volunteers for Interamerican Development Assistance as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.


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**Volunteers for Interamerican Development Assistance
Statements of Financial Position**

	December 31, 2004	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	\$ 16,078	\$ 10,085
Accounts receivable	2,858	-
Inventory	133,752	-
Prepaid expenses	2,945	3,544
	<u>155,633</u>	<u>13,629</u>
Total current assets	155,633	13,629
Equipment, net of accumulated depreciation	-	123
Deposits	<u>3,250</u>	<u>3,250</u>
	<u>\$ 158,883</u>	<u>\$ 17,002</u>
Liabilities and Net Assets (Deficit)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 12,212	\$ -
Loan payable, related party	-	20,000
	<u>12,212</u>	<u>20,000</u>
Total current liabilities	12,212	20,000
Net assets (deficit) – unrestricted	<u>146,671</u>	<u>(2,998)</u>
	<u>\$ 158,883</u>	<u>\$ 17,002</u>

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

Volunteers for Interamerican Development Assistance
Statements of Activities and Net Assets (Deficit)

	Year Ended December 31, 2004	Year Ended December 31, 2003
Unrestricted support:		
Public support:		
Medical equipment and supplies	\$ 20,772,922	\$ 35,562,696
Institutions	93,458	68,720
Services	13,245	46,450
Grants	15,000	-
Individuals	88,181	53,879
Interest income	43	22
Total unrestricted support	<u>20,982,849</u>	<u>35,731,767</u>
Functional expenses:		
Program services	20,742,475	35,667,741
Management and general	59,481	58,324
Fundraising	31,224	19,651
Total functional expenses	<u>20,833,180</u>	<u>35,745,715</u>
Increase (decrease) in net assets	149,669	(13,948)
Net assets (deficit), beginning of year	<u>(2,998)</u>	<u>10,950</u>
Net assets (deficit), end of year	<u>\$ 146,671</u>	<u>\$ (2,998)</u>

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

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Volunteers for Interamerican Development Assistance
Statements of Cash Flows
Increase (Decrease) in Cash and Cash Equivalents

	Year Ended December 31, 2004	Year Ended December 31, 2003
Cash flows provided by (used for) operating activities - increase (decrease) in net assets (deficit)	<u>\$ 149,669</u>	<u>\$ (13,948)</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Medical equipment, supplies and services donated	(20,786,167)	(35,609,146)
Contribution of loan payable, related party	(20,000)	-
Medical equipment, supplies and services consumed	20,652,415	35,619,646
Depreciation	123	5,631
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts Receivable	(2,858)	-
Grants and contributions receivable	-	4,470
Prepaid expenses	599	(521)
Deposits	-	(200)
Increase (decrease) in liabilities - accounts payable and accrued expenses	12,212	(2,942)
Total adjustments	<u>(143,676)</u>	<u>16,938</u>
Net cash provided by operating activities	5,993	2,990
Cash flows used for investing activity - purchase of property and equipment	-	(314)
Cash flows provided by financing activity - proceeds of loan payable, related party	<u>-</u>	<u>6,000</u>
Net increase in cash and cash equivalents	5,993	8,676
Cash and cash equivalents, beginning of year	<u>10,085</u>	<u>1,409</u>
Cash and cash equivalents, end of year	<u><u>\$ 16,078</u></u>	<u><u>\$ 10,085</u></u>

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

**Volunteers for Interamerican Development Assistance
Statements of Functional Expenses**

	Program Services				Supporting Services				Total	
	Medical Assistance		Management and General		Fundraising				Year Ended	Year Ended
	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2004	Year Ended December 31, 2003	Year Ended December 31, 2004	Year Ended December 31, 2003	December 31, 2004	December 31, 2003
Accounting	\$ -	\$ -	\$ 12,170	\$ 12,750	\$ -	\$ -	\$ -	\$ -	\$ 12,170	\$ 12,750
Advertising	-	-	1,466	616	5,361	2,354	-	-	6,827	2,970
Automobile	582	516	-	-	-	-	-	-	582	516
Bank charges	-	-	130	35	-	-	-	-	130	35
Compensation and related expenses	37,404	25,657	29,850	20,506	24,875	16,996	-	-	92,129	63,159
Depreciation	-	-	123	5,631	-	-	-	-	123	5,631
Dues and subscriptions	-	-	275	135	-	-	-	-	275	135
Graphic design	-	-	2,245	1,850	-	-	-	-	2,245	1,850
Insurance	1,063	986	2,055	1,910	-	-	-	-	3,118	2,896
Legal	-	-	-	5,000	-	-	-	-	-	5,000
Medical equipment and supplies shipped	20,639,170	35,573,196	-	-	-	-	-	-	20,639,170	35,573,196
Miscellaneous	-	-	1,069	5,115	638	-	-	-	1,707	5,115
Printing and postage	-	-	1,798	1,206	350	301	-	-	2,148	1,507
Rent	27,968	26,880	9,322	8,960	-	-	-	-	37,290	35,840
Rental income from sub-lease	(24,862)	(28,905)	(8,288)	(9,635)	-	-	-	-	(33,150)	(38,541)
Repairs	792	1,590	-	-	-	-	-	-	792	1,590
Supplies	3,082	2,490	3,013	1,599	-	-	-	-	6,095	4,089
Telephone	1,500	1,159	1,500	1,158	-	-	-	-	3,000	2,317
Transportation	51,844	59,859	-	-	-	-	-	-	51,844	59,859
Travel	-	-	1,443	51	-	-	-	-	1,443	51
Utilities	3,932	4,313	1,310	1,437	-	-	-	-	5,242	5,750
	\$ 20,742,475	\$ 35,667,741	\$ 59,481	\$ 58,324	\$ 31,224	\$ 19,651	\$ 20,833,180	\$ 35,745,715		

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

**Volunteers for Interamerican Development Assistance
Notes to Financial Statements
Years Ended December 31, 2004 and 2003**

(1) Summary of Significant Accounting Policies:

Organization

Volunteers for Interamerican Development Assistance ("VIDA") is a non-profit organization incorporated in 1991 under the laws of California. The mission of VIDA is to provide assistance to health institutions in Latin America and to assist in the development of projects, which support people in need in Latin America regardless of race, religion, or support. VIDA's primary focus is to obtain the donations of medical supplies and equipment, and then ship these donated medical items to Latin America.

Income Tax Status

VIDA qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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 those estimates.

Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Grants and Contributions Receivable

Grants are receivable on a reimbursement basis and are recorded as receivables when billed.

Inventory of Medical Equipment and Supplies, Donated

The inventory of donated medical equipment and supplies is valued at estimated fair market value. Donors' quoted wholesale market prices, where available, are used for the determination of estimated fair market value. When quoted wholesale market prices are not available from the donor, quoted wholesale market prices and catalogs for similar items, or valuation by medical industry professionals, are used.

Equipment

Equipment is valued at cost, if purchased, and at fair market value if donated. Depreciation is provided using the straight-line method over estimated useful lives of the assets.

(1) Summary of Significant Accounting Policies (Continued):

Contributions

Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is made. Conditional promises to receive and indications of intentions to receive are reported at fair value at the date when contribution is received. Such contributions are recorded as unrestricted support unless restricted as to use. Resources restricted as to use for specific operating purposes are recorded as either temporarily or permanently restricted support. Externally restricted contributions may be utilized only in accordance with the purposes established by the donor and are in contrast with unrestricted contributions over which the Board of Trustees retains control to use in achieving any of its purposes.

Donated property is recorded at the estimated fair value at the date of receipt. VIDA reports gifts of property as unrestricted support unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as temporarily restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, VIDA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed Services

Contributed services and costs are assessed at the fair value of the services received. The contributions of services and costs are recognized if the services received (a) create or enhance non-financial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and the services and costs would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated hours each year; however, these donated services are not reflected in the financial statements, since the services do not require special skills. The following is a summary of the contributed services recorded in the financial statements:

	<u>2004</u>	<u>2003</u>
Transportation	\$ -	\$ 27,600
Accounting	11,000	12,000
Professional fees	-	5,000
Graphic design	<u>2,245</u>	<u>1,850</u>
	<u>\$ 13,245</u>	<u>\$ 46,450</u>

Functional Expenses

Functional expenses have been allocated between program services and fundraising support services based on an analysis of time and space utilized for the related activities.

Volunteers for Interamerican Development Assistance
Notes to Financial Statements
Years Ended December 31, 2004 and 2003

(1) Summary of Significant Accounting Policies (Continued):

Net Assets (Deficit)

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based on the existence or absence of donor-imposed restrictions.

There were no temporarily or permanently restricted assets as of December 31, 2004 and 2003.

(2) Equipment:

A summary is as follows:

	<u>December 31, 2004</u>	<u>December 31, 2003</u>
Automobile	\$ 28,087	\$ 28,087
Warehouse equipment	7,307	7,307
Computer equipment	<u>4,301</u>	<u>4,301</u>
	39,695	39,695
Less accumulated depreciation	<u>(39,695)</u>	<u>(39,572)</u>
	<u>\$ -</u>	<u>\$ 123</u>

(3) Loan Payable, Related Party:

The Organization has borrowed funds, interest free, from a party related through a common board member. On January 5, 2004, the entire loan of \$20,000 was canceled by a personal donation to the organization of the loan amount.

(4) Major Donor:

During 2004, approximately 80% of the donated medical supplies and equipment was received from six donors. During 2003, approximately 90% of the donated medical supplies and equipment was received from two donors.

Volunteers for Interamerican Development Assistance
Notes to Financial Statements
Years Ended December 31, 2004 and 2003

(5) Commitments:

The Organization leases office and warehouse space under a noncancelable operating lease. The initial term of the lease expired July 2003 but has been extended to July 2008. The lease provides for escalations in the base monthly rental payment, as well as a five-year renewal option. Certain areas of the rented office and warehouse space are sublet to the related party referred to in Note 3 on a month-to-month basis. Minimum lease commitments as of December 31, 2004, are as follows:

Year ending December 31,	
2005	\$ 36,000
2006	38,750
2007	39,000
2008	<u>22,750</u>
	<u>\$ 136,500</u>

Rent expense under the operating lease amounted to \$37,290 and \$35,840 for 2004 and 2003, respectively. Sub-lease rental income from the related party was \$33,150 and \$38,541 for 2004 and 2003, respectively.