



SARAHUARO, AC.

**FINANCIAL STATEMENTS AT DECEMBER
31st 2018 AND 2017
AND AUDITOR'S OPINION**

SARAHUARO, A.C.

FINANCIAL STATEMENTS AT DECEMBER 31st 2018 AND 2017 AND AUDITOR'S OPINION

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To the Board of Associates of
SARAHUARO, A.C.

We have audited the accompanying financial statements of SARAHUARO, A.C., which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion the financial statements before mentioned present fairly in all material aspects, the financial situation of SARAHUARO, A.C. at December 31 2018, and the result of their operations and the cash flow for the year then ended, in accordance with the Financial Reporting Standards.

The figures and other information corresponding to the fiscal year ended December 31, 2017 are an integral part of the aforementioned financial statements and are presented for the purpose of being interpreted exclusively in relation to the figures and the information of the current fiscal year.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of Code of Ethics for Public Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Association's financial statements have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Management is responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

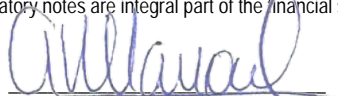
C.P.C. Israel Ojeda Guluarte
Professional Certificate No. 3856719

La Paz, Baja California Sur, July 25th, 2019.

SARAHUARO, A.C.
FINANCIAL SITUATION STATEMENT
TO DECEMBER 31ST 2018 COMPARATIVE WITH 2017
AMOUNTS ARE EXPRESSED IN MEXICAN PESOS

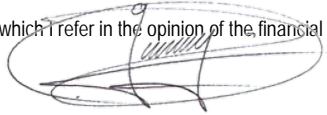
	2018	2017		2018	2017
ASSETS			LIABILITIES		
CURRENT ASSETS:			CURRENT LIABILITIES:		
Cash and cash equivalents	\$ 722,079	\$ 480,931	Taxes and quotas liabilities	\$ 39,610	\$ 47,069
Accounts receivable	179,534	167,489	Sundry creditor	40,043	24,389
			Advances	9,150	9,150
<i>Total current assets</i>	<u>901,613</u>	<u>648,420</u>	Salaries to pay	14,543	5,542
			<i>Total liabilities</i>	<u>103,346</u>	<u>86,150</u>
FIXED ASSETS :			SURPLUS		
Property, plant and equipment	328,503	342,358	Permanently restricted	1,126,770	904,628
<i>Total fixed assets</i>	<u>328,503</u>	<u>342,358</u>	<i>Total net surplus</i>	<u>1,126,770</u>	<u>904,628</u>
			TOTAL LIABILITIES AND SURPLUS	<u>\$ 1,230,116</u>	<u>\$ 990,778</u>
TOTAL ASSETS	<u>\$ 1,230,116</u>	<u>\$ 990,778</u>			

The explanatory notes are integral part of the financial statements



Mrs. Adriana Vellanoweth
Legal Representative

This financial statement is which I refer in the opinion of the financial position at December 31, 2018

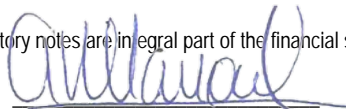


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SARAHUARO, A.C.
STATEMENT OF ACTIVITIES OF THE PERIOD
JANURY 1ST TO DECEMBER 31ST 2018 COMPARATIVE WITH 2017
 AMOUNTS ARE EXPRESSED IN MEXICAN PESOS

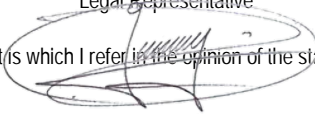
	2018	2017
Changes in permanently restricted surplus:		
Incomes:		
Cash donations	\$ 3,145,284	\$ 3,115,139
In-kind donations	16,880	68,942
Other incomes	209	
Total incomes	3,162,373	3,184,081
Expenses:		
Children's kitchen	1,641,581	1,236,506
Cabo San Lucas Center	1,245,951	1,557,189
Administrative expenses	27,256	32,357
Center building	11,487	
Events		3,439
Lost exchange	12,775	
ISR tax	2,194	
Total expenses	2,941,244	2,829,491
Other changes in permanently restricted surplus:		
Prior year adjustments	(1,013)	
Sum	(1,013)	-
Net surplus of the year	222,142	354,590
Net surplus of the year	222,142	354,590
Surplus at beginning of year	904,628	550,038
Surplus at end of year	\$ 1,126,770	\$ 904,628

The explanatory notes are an integral part of the financial statements



Mrs. Adriana Vellanoweth
 Legal Representative

This financial statement is which I refer in the opinion of the statement activities of 2018

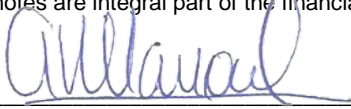


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SARAHUARO, A.C.
CASH FLOW STATEMENT
OF THE 2018 AND 2017 PERIOD
 AMOUNTS ARE EXPRESSED IN MEXICAN PESOS

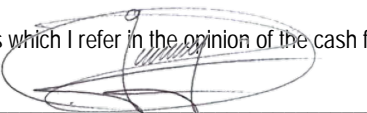
	2018	2017
OPERATIONAL ACTIVITIES		
Change in surplus	\$ 222,142	\$ 354,590
<i>Operational activities entries</i>		
Depreciation	27,256	32,356
<i>Total</i>	249,398	386,946
Receivable account increases	(12,045)	(26,550)
Trade account payable applications	31,374	43,294
<i>Net cash flow from operational activities</i>	268,727	403,690
INVESTMENT ACTIVITIES		
Fixed assets acquisitions	(27,579)	(97,607)
<i>Net cash flow from investment activities</i>	(27,579)	(97,607)
CASH		
Net decrease in cash and cash equivalents in the year	241,148	306,083
Cash and cash equivalents at the beginning of the year	480,931	174,848
Cash and cash equivalents at the end of the year	\$ 722,079	\$ 480,931

The explanatory notes are integral part of the financial statements



Mrs. Adriana Vellanoweth
 Legal Representative

This financial statement is which I refer in the opinion of the cash flow statement of 2018



C.P.C. Israel Ojeda Guluarte
 Professional Certificate No. 3856719

SARAHUARO, AC.
EXPLANATORY NOTES TO FINANCIAL STATEMENT TO
DECEMBER 31ST 2018

NOTE 1
DESCRIPCIÓN DE LA ENTIDAD

SARAHUARO, A.C. was constituted as an non-lucrative Association in December 7th 2005, with the objective to granting, providing, supporting, in any lawful way to people with few economic resources, whether in education, health, and basic needs.

NOTE 2
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by the Association are in accordance with financial reporting standards in Mexico (NIF), which require the Management to make certain estimates and assumptions used to determine the valuation of some items included the Financial Statements and related disclosures required to submit to them. Even as they come to differ from its final effect, the Management believes that the estimates and assumptions used are adequate under the circumstances.

The main accounting policies and practices, which are observed by the company for the development of its financial statements, are described below:

A) Accounting basis

The Association adopted the accounting policy to recognize their income at the moment when are accrue and the expenses are paid respectively.

B) Formulation basis

The attached financial statements were prepared on the basis of the original historical value. These do not incorporate the effects of inflation on financial information in accordance with the NIF B-10 Financial Reporting Standards issued by the CINIF.

C) Investments in fixed assets

The goods that integrate the fixed assets are expressed to their historic value.

D) Depreciation.

Accounting depreciation is determined by straight line depreciation method to the maximum rates authorized by Income Tax Law:

Computer Equipment	25%
Kitchen and Equipment	10%
Furniture and office equipment	10%

E) Cash flow statement (NIF B-2).

The Association decided to present the Cash Flow statement under the indirect method, this method departs from the net income before taxes, adjusted by the effects of items associated with investing and financial activities, as well as changes during the period in accounts receivable or accounts payable arising from operating activities.

NOTE 3 RECEIVABLE ACCOUNTS

To December 31 2018 and 2017 the main receivable accounts of the association are integrated as it follows.

	2018	2017
Donators	\$ 163,027	\$ 152,796
Sundry debtors	10,124	13,324
Advances to suppliers	4,773	-
Employment subsidy	1,610	1,369
TOTAL	\$ 179,534	\$ 167,489

NOTE 4 PROPERTIES AND EQUIPMENT

To December 31 2018 and 2017 the main properties and equipment of the association are integrated as it follows:

	2018	2017
Land	\$ 58,670	\$ 58,670
Furniture and office equipment	54,361	50,054
Computer Equipment	896	896
Kitchen Equipment	111,286	126,477
Service Equipment	120,516	97,243
Constructions in progress	121,584	121,584
Total	\$ 467,313	\$ 454,924
Accrued depreciation	138,810	112,566
FIXED ASSETS NET	\$ 328,503	\$ 342,358

NOTE 5

PERMANENTLY RESTRICTED EQUITY

The permanently restricted equity of the Association is integrated by ordinary and extraordinary contributions of its members, donations received and the funds raised by events held for the benefit of the association.

The assets of the association shall be used exclusively for purposes relating to his Corporate Purpose, unable to achieve profits of the remaining distributable to any physical person or its members.

NOTE 6

FISCAL SURROUNDINGS

By the nature of its operations, in accordance with the Mexican Tax provisions, the Association is not subject to pay income tax, nor the add valued tax, provided that they do not dispose of other property than the operative assets or provides services to different persons to its associates or members.

NOTE 7

NORMS OF FINANCIAL INFORMATION.

The Mexican Council for Research and Development of Financial Reporting Standards (CINIF), an independent body in charge of the development of the Mexican Accounting Standards, has made public the submission of the following FRS (Financial Reporting Standards) listed below:

Financial Reporting Standards for 2019

- NIF B-11, Disposition of long-lived assets and discontinued operations.
- NIF E-1, Agricultural activities.
- Improvements to NIF 2019

These FRS, will become effective on January 1°, 2019, allowing its advanced application in the terms established in each FRS.

Is important to note, the use of FRS increases the quality of the financial information contained in the financial statements, thus ensuring their greater acceptance, not only nationally, but also internationally.

The present notes are integral part of the financial statements that are shown, to December 31 2018.

A handwritten signature in blue ink, appearing to read 'Adriana Vellanoweth', is positioned above a solid horizontal line.

Mrs. Adriana Vellanoweth
Legal Representative.