Frontera Women's Foundation

Financial Statements
for the Years Ended
December 31, 2009 and 2008
and Independent Accountants' Report

FRONTERA WOMEN'S FOUNDATION

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Frontera Women's Foundation
El Paso, Texas

We have reviewed the accompanying statements of financial position of the Frontera Women's Foundation (a non-profit organization) as of December 31, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Frontera Women's Foundation.

A review consists principally of inquiries of organization personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

December 28, 2010
El Paso, Texas

FRONTERA WOMEN'S FOUNDATION

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008

	2009	2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,592	$ 13,671
Contributions, grants, and accounts receivable	8,276	10,893
Total current assets	17,868	24,564
INVESTMENTS	328,551	325,498
PROPERTY AND EQUIPMENT - Net	211	4,826
TOTAL ASSETS	$ 346,630	$ 354,888
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	$ 5,266	$ 635
Accrued expenses and other liabilities	2,762	4,417
Line of credit	30,048	24,906
Total current liabilities	38,076	29,958
NET ASSETS:		
Unrestricted	(100,057)	(88,296)
Investment in equipment	211	4,826
Permanently restricted	408,400	408,400
Total net assets	308,554	324,930
TOTAL LIABILITIES AND NET ASSETS	$ 346,630	$ 354,888

See accompanying notes to financial statements and accountants' report.

FRONTERA WOMEN'S FOUNDATION

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
UNRESTRICTED NET ASSETS:		
Support and revenue:		
Contributions	$ 18,895	$ 34,215
Endowments	-	(6,763)
Fundraising events	738	9,974
Grant revenue	30,525	33,000
Investment Fees	-	(2,831)
Interest income	2,883	10,648
Realized (loss)/gain	(24,050)	1,949
Unrealized (loss)/gain	87,342	(121,941)
Other	103	-
Total unrestricted support and revenue	116,436	(41,749)
EXPENSES:		
Program expenses	102,977	105,238
Management and general expenses	16,372	18,798
Fundraising expenses	13,463	11,509
Total expenses	132,812	135,545
CHANGE IN TOTAL NET ASSETS	(16,376)	(177,294)
Net Assets, beginning of year	324,930	502,224
Net Assets, end of year	$ 308,554	$ 324,930

See accompanying notes to financial statements and accountants' report.

FRONTERA WOMEN'S FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Program	Management and General	Fundraising	Total Expenses
Compensation and related expenses:				
Salaries	$ 60,662	$ 5,275	$ -	$ 65,937
Payroll taxes and benefits	4,734	412	-	5,146
Total compensation and related expenses	65,396	5,687	-	71,083
Advertising	100	-	-	100
Bank charges and interest	-	55	-	55
Branding campaign	-	-	400	400
Training	14,569	-	-	14,569
Depreciation	-	4,615	-	4,615
Dues and subscriptions	500	-	-	500
Fundraising	-	-	13,063	13,063
Grants	2,114	-	-	2,114
Insurance	259	259	-	518
Interest expense	-	2,387	-	2,387
Membership	1,919	-	-	1,919
Miscellaneous	415	-	-	415
Occupancy	12,296	3,074	-	15,370
Office equipment	480	-	-	480
Office supplies	296	295	-	591
Printing and postage	38	-	-	38
Professional services	4,525	-	-	4,525
Telephone and communications	70	-	-	70
Total functional expenses	$ 102,977	$ 16,372	$ 13,463	$ 132,812

See accompanying notes to financial statements and accountants' report.

FRONTERA WOMEN'S FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Program	Management and General	Fundraising	Total Expenses
Compensation and related expenses:				
Salaries	$ 59,165	$ 5,145	$ -	$ 64,310
Payroll taxes and benefits	4,526	394	-	4,920
Total compensation and related expenses	63,691	5,539	-	69,230
Advertising	2,006	-	-	2,006
Bank charges	-	557	-	557
Training	4,237	-	-	4,237
Depreciation	-	7,292	-	7,292
Dues and subscriptions	100	-	-	100
Fundraising	-	-	11,509	11,509
Grants	5,000	-	-	5,000
Insurance	1,973	1,973	-	3,946
Miscellaneous	1,026	-	-	1,026
Occupancy	12,241	3,060	-	15,301
Office supplies	377	377	-	754
Printing and postage	2,279	-	-	2,279
Professional services	6,073	-	-	6,073
Telephone and communications	119	-	-	119
Travel	6,116	-	-	6,116
Total functional expenses	$ 105,238	$ 18,798	$ 11,509	$ 135,545

See accompanying notes to financial statements and accountants' report.

FRONTERA WOMEN'S FOUNDATION

STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	$ (16,376)	$ (177,294)
Adjustments to reconcile change in net asset to net cash used in operating activities:		
Depreciation	4,615	7,292
Changes in assets and liabilities:		
Contributions, grants, and accounts receivable	2,617	200,000
Investments	-	(77,804)
Accounts payable	4,631	(382)
Accrued expenses	(1,655)	164
Line of credit	5,142	24,906
Net cash used in operating activities	(1,026)	(23,118)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Investment income reinvested	(3,053)	-
Net cash provided by financing activities	(3,053)	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,079)	(23,118)
CASH AND CASH EQUIVALENTS - Beginning of year	13,671	36,789
CASH AND CASH EQUIVALENTS - End of year	$ 9,592	$ 13,671
SUPPLEMENTARY CASH FLOW INFORMATION:		
Interest expense	$ 2,387	$ 312

See accompanying notes to financial statements and accountants' report.

1. ORGANIZATION

Frontera Women's Foundation (the "Foundation"), is a not-for-profit organization, formed in 2003, with operations beginning in 2003, which promotes not-for-profit women's organization's that support social change, women's rights, and community development projects to improve the living conditions of women and girls living along the Texas/Mexico border. The Foundation was created by a group of visionary and committed border area women, our long term development plan includes the following strategies: mutual learning and exchange, building strategic partnerships, leveraging resources, and creating an activist/donor culture and base. The Foundation's work is focused on building capacity and strengthening infrastructure, in order to continue to support grass roots organizations through our grant making and technical assistance programs.

In a poor border Community where nearly 25% of women 19 years and older have less than a high school education and the depressed economy contributes to hundreds of domestic violence calls weekly, the Frontera Women's Foundation strives to make a difference.

The FWF has established itself as an emerging force in the Mexico-Texas Border philanthropic community and the women's funding movement. In partnership with philanthropic peers and with individual donors, the Foundation is positioned to play a key role in meeting its Mission increasing resources and expanding opportunities for women, girls and their families who reside along the U.S./Mexico border. This region includes some of the poorest and underserved areas in the U.S. The Foundation's Vision is to improve the conditions and status of women, girls and their families by fostering positive social and economic change, through education, economic empowerment, improved health, and safety in their communities, in one of the poorest and most invisible communities in the nation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation – The accompanying financial statements are presented on the accrual basis of accounting. The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Codification of Financial Accounting Standards (the Codification) FASB ASC 958. Under FASB ASC 958, net assets, revenues, and expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows::

Unrestricted Net Assets – Unrestricted net assets represent resources that are not subject to donor-imposed stipulations and over which the Board of Directors has discretionary control. Net assets received and expended within the reporting period are reported in the Statements of Activities as unrestricted support or revenue.

Investment in Equipment – Investment in equipment is used to accumulate the net investment in equipment. The purchase (sale) of equipment is recognized as an increase (reduction) of available net assets.

Temporarily Restricted Net Assets – Temporarily restricted net assets are those net assets resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Permanently Restricted Net Assets – Permanently restricted net assets are those net assets resulting from endowments and other inflows of assets whose use is permanently restricted. The interest or earnings from these permanently restricted endowments will be paid as stated in the letter of agreement.

Endowment Funds – The Foundation's endowment consists of six (6) donor-restricted funds, all are established for use of the Foundation without restriction. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions, considering the laws of the state for endowment management. In Texas, those laws are found in Texas Property Code, Chapter 163.

Donated Materials, Equipment, and Services – Donated materials and equipment are recorded as contributions at their estimated values at the date of receipt. In-kind services, which are defined as donations of services that would have to be purchased in order for the Foundation to operate if not donated, are recorded as revenue and expenses in the Statements of Activities for the fair market value of the services received. Volunteer services, which are not considered necessary for operations to continue, are not reflected in the financial statements, as no objective basis is available to measure the value of such services.

Equipment – Equipment is carried at cost or, if donated, at the estimated market value at the time of donation. Depreciation is computed by using the straight-line basis over the estimated useful lives of the assets. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is recognized as revenue or expense for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

The Foundation reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Line of Credit – The Organization has a $30,000 line of credit, which has a balance of $30,048 and $24,906 at December 31, 2009 and 2008, respectively. The credit line is secured by a certificate of deposit.

Investments – The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification) FASB ASC 958-320, "Accounting for Certain Investments Held for Not-for-Profit Organizations." Under FASB ASC 958-320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the Statement of Financial Position. Unrealized gains and losses are included as part of the change in net assets.

Federal Income Taxes – Frontera Women's Foundation is a not-for-profit organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no liability or provision for federal income taxes is included in the accompanying financial statements.

Restricted and Unrestricted Support and Revenue – All contributions are considered to be available for unrestricted use unless specifically restricted by donor. Amounts received that are restricted or permanently restricted for future periods or donor-restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor-stipulated time restriction ends or a purpose restriction is accomplished, the restricted net assets are reclassified to unrestricted net assets and are reported in the Statement of Activities as net assets released from restriction. If a restriction is fulfilled in the same period in which the contribution is received, the contribution is reported as unrestricted.

Contributions, Grants, and Accounts Receivable – Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are 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.

The Foundation considers contributions and accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Cash and Cash Equivalents – The Foundation considers all cash accounts, money market accounts, certificates of deposit and other short-term highly liquid investment instruments purchased with original maturities of three months or less to be cash equivalents.

Revenue Recognition – The Foundation recognizes donations as revenue when received. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Concentration of Credit Risk – The Foundation maintains cash balances at a financial institution. Cash accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. Management assesses the financial condition of this bank and believes that the possibility of any credit loss is minimal.

Analysis for Impairment – Management reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In management's opinion, there is no impairment of such assets at December 31, 2009 and 2008.

Management Estimates and Assumptions – The preparation 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 reported amounts of assets and liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from those revenues.

Advertising Cost – The Foundation uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2009 and 2008 was $100 and $2,006, respectively.

Reclassification – Certain amounts in 2008 were reclassified to conform with 2009 presentation.

3. CONTRIBUTIONS, GRANTS, AND ACCOUNTS RECEIVABLE

Included in contributions, grants, and accounts receivable are unconditional promises to give. The contributions are due within one year. The detail of receivables at December 31 consist of:

	2009	2008
Pledge receivables	$ 3,900	$ 6,517
Grant receivables	500	500
Endowment Interest receivable	3,876	3,876
Total	$ 8,276	$ 10,893

4. ENDOWMENTS

The Foundation endowment consists of various individual funds established for scholarships and educational programs. The endowments are donor-restricted.. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification) FASB ASC 958-205, Endowments of Not-for-Profit Organizations: Net Asset Classification of Fund Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds (FASB ASC 958-205) provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also requires additional disclosures about an organization's endowment funds. The Foundation has adopted the net asset classification provisions of FASB ASC 958-205 for the year ending December 31, 2009.

The State of Texas enacted UPMIFA effective September 1, 2007, the provisions of which apply to endowment funds existing on or established after that date. The Foundation has reviewed all of its endowment funds, and based on the Foundation's interpretation of UPMIFA, no amounts needed to be reclassified from unrestricted net assets to temporarily restricted net assets as of January 1, 2010.

The Board of Trustees of the Foundation has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments

6. Other resources of the Foundation
7. The investment policies of the Foundation

Interpretation of Relevant Law – The Board of Trustees of the Foundation has interpreted the law as requiring the preservation of the fair value of a donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of any subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets (that is, its net unspent appreciation and income) is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the Texas Property Code, Chapter 163. That statute states that the Board of Trustees of the Foundation is based on the "total return" concept. In accordance with the Uniform Management of Institutional Funds Act, income will be calculated on the basis of interest, dividends, realized and unrealized gains. In no event shall the percentage be no more than 5 percent of the average market value of the preceding two (2) years.

Endowment net asset composition by type of fund as of December 31, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowments	$ (111,804)	$ -	$ 408,400	$ 296,596

Changes in endowment net assets for year ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ (111,896)	$ -	$ 408,400	$ 296,504
Investment return:				
Investment income	(15,654)	-	-	(15,654)
Investment expense	(1,596)	-	-	(1,596)
Net gains (losses) (realized and unrealized)	87,786	-	-	87,786
Total investment return	70,536	-	-	70,536
Amounts approriated by:				
Spending-rate policy	(11,500)	-	-	(11,500)
Other changes:				
Margin loan	(70,444)	-	-	(70,444)
	92	-	-	92
Endowment on December 31, 2009	$ (111,804)	$ -	$ 408,400	$ 296,596

Endowment net asset composition by type of fund as of December 31, 2008:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowments	$ (112,846)	$ -	$ 408,400	$ 295,554

Changes in endowment net assets for year ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ -	$ 408,400	$ 408,400
Investment return:				
Investment income	10,648	-	-	10,648
Investment expense	(2,831)	-	-	(2,831)
Net gains (losses) (realized and unrealized)	(112,950)	-	-	(112,950)
Total investment return	(105,133)	-	-	(105,133)
Amounts approriated by:				
Spending-rate policy	(6,763)	-	-	(6,763)
	(111,896)	-	-	(111,896)
Endowment on December 31, 2008	$ (111,896)	$ -	$ 408,400	$ 296,504

Funds with deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or Pennsylvania statutes require the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets. At December 31, 2009, because of the severity of the economic downturn and the fact that all funds were established within the past decade, five of the six endowment funds have fallen below their original gift amounts. The total deficits were $111,804 and $111,896 for years ended December 31, 2009 and 2008 respectively.

Return objectives and risk parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce results that exceed the spending rate, aggregate costs of portfolio management, the long-term inflation rate and any growth factor that the Board may, from time to time, determine appropriate while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 8.5 percent net of inflation annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a balanced portfolio in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends)consisting of a diversified portfolio of 70 percent in equities, 30 percent in fixed income securities and 10 percent in cash and equivalents. The Foundation targets a balanced asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policies and how the investment objectives relate to spending policy - The Foundation has a policy of appropriating for distribution each year no more than 5 percent of its endowment fund's average fair value over the prior 8 quarters through the calendar year end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of 1 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	Useful Lives (Years)	2009	2008
Property and equipment	3	$ 21,868	$ 21,868
Less accumulated depreciation		(21,657)	(17,042)
Total		$ 211	$ 4,826

Depreciation expense for the period ended December 31, 2009 and 2008 was $4,615 and $7,292, respectively.

6. ACCOUNTS PAYABLE

Included in accounts payable are trade accounts payable and grants payable. The payables are due within one year. The detail of payables at December 31, 2009 and 2008 consist of:

	2009	2008
Trade payables	$ 5,266	$ 635

7. CONTRIBUTIONS

Included in contributions are amounts received from individuals, board members, and amounts designated for the Susan Law Fund. The detail of contributions received during 2009 and 2008 are as follows:

	2009	2008
Individuals and Businesses	$ 9,999	$ 31,797
Board members	8,896	16,121
Total	$ 18,895	$ 47,918

7. PERMANENTLY RESTRICTED NET ASSETS

Beginning in 2006, the Foundation was able to offer donors either a one to one match, or a two to one match for endowments that were set up and permanently restricted at the Foundation through a grant from the Synergos Institute. At December 31, 2009 and 2008, permanently restricted net assets, including the respective matches, are as follows:

	Endowment	Endowment Match	Total Permanently Restricted Endowments
Susan Law Fund	$ 21,700	$ 21,700	$ 43,400
Individuals	80,000	90,000	170,000
Nonprofit Organizations	97,500	97,500	195,000
Total	$ 199,200	$ 209,200	$ 408,400