

PATA FOUNDATION, INC.

Audited financial statements
For the year ended December 31, 2013

PATA FOUNDATION, INC.

December 31, 2013

Table of Contents

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to the Financial Statements	5 - 7

Independent Auditor's Report

To the Board of Directors
PATA Foundation, Inc.
San Francisco, California

We have audited the accompanying financial statements of PATA Foundation, Inc., which comprise the statements of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PATA Foundation, Inc. as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

PKF Audit (Thailand) Ltd.

PKF Audit (Thailand) Ltd.
Bangkok, Thailand
February 21, 2014

Tel +66 2 108 1591-6 • Fax +66 2 108 1599 • Email: info@pkfthailand.asia • www.pkfthailand.asia
PKF Audit (Thailand) Ltd. • 98 Sathorn Square Office Tower • 28th Fl. Unit 2812 • North Sathorn Road • Silom •
Bangrak • Bangkok • 10500

PATA FOUNDATION, INC.
Statement of financial position
December 31, 2013

Assets

Current assets

Cash and cash equivalents	\$	<u>273,384</u>
Total current assets		<u><u>273,384</u></u>

Liabilities and Net Assets

Current liabilities

Accounts payable	\$	4,500
Due to Pacific Asia Travel Association		<u>59,613</u>
Total current liabilities		<u>64,113</u>

Net assets

Unrestricted		21,822
Temporarily restricted		<u>187,449</u>
Total net assets		<u>209,271</u>

Total liabilities and net assets	\$	<u><u>273,384</u></u>
----------------------------------	----	-----------------------

PATA FOUNDATION, INC.
Statement of Activities
Year Ended December 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public Support, Revenue, and Other Income			
Contributions and donations	\$ 28,884	\$ -	\$ 28,884
Fundraising campaign	11,515	-	11,515
Interest return	58	-	58
	<u>40,457</u>	<u>-</u>	<u>40,457</u>
Gross public support, revenues, and other income	40,457	-	40,457
Net assets released from restrictions	-	-	-
Total public support, revenues, and other income	<u>40,457</u>	<u>-</u>	<u>40,457</u>
Expense:			
Program service	146,060	-	146,060
Management and general	11,224	-	11,224
	<u>157,284</u>	<u>-</u>	<u>157,284</u>
Total expenses	<u>157,284</u>	<u>-</u>	<u>157,284</u>
Change in net assets	(116,827)	-	(116,827)
Net assests at beginning of year	<u>138,649</u>	<u>187,449</u>	<u>326,098</u>
Net assets at the end of year	<u>\$ 21,822</u>	<u>\$ 187,449</u>	<u>\$ 209,271</u>

PATA FOUNDATION, INC
Statement of Cash Flows
Year Ended December 31, 2013

Cash flows from operating activities	
Change in assets	\$ (116,827)
Adjustments to reconcile change in unrestricted net assets to net cash provided by (used in) operating activities	
Increase (decrease) in :	
Accounts payable	2,000
Due from Pacific Asia Travel Association	<u>34,436</u>
Net cash provided by operating activities	<u>(80,391)</u>
Net increase in cash and cash equivalents	(80,391)
Cash and cash equivalents at beginning of year	<u>353,775</u>
Cash and cash equivalents at end of year	<u>\$ 273,384</u>

PATA FOUNDATION, INC.

Notes to the financial statements

1. General

Business of the Foundation

PATA Foundation, Inc. (the Foundation) is a non-for-profit entity organized to further educational and training programs for the development and maintenance of tourism in the member countries of the Pacific Asia Travel Association; to support research and projects for the development of tourism in these countries; and through these educational and research programs, to promote the development and retention of man-made, cultural and natural resources in these countries.

2. Summary of significant accounting policies

Basis of presentation

The Foundation is required to report information regarding its financial position and activities according to three classes of net assets-unrestricted, temporarily restricted, and permanently restricted net assets.

Basis of accounting

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

Classes of net assets

Unrestricted net assets represent funds which are fully available, at the discretion of management and the Board of Directors, for the Foundation to utilize in any of its programs or operations.

Temporarily restricted net assets are comprised of funds which are restricted by donor for specific purposes or time periods.

Permanently restricted net assets are subject to donor-imposed stipulations that they be maintained permanently by the Foundation. There were no permanently restricted net assets during the year.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on assets or liabilities are reported as increases or decrease in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassification between the applicable classes of net assets.

Contributions

Contributions received are reported as unrestricted, temporarily restricted or permanently restricted, depending upon donor restrictions, if any. Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved.

PATA FOUNDATION, INC.

Notes to the financial statements

Cash and cash equivalents

For purpose of the statements of cash flows, the Foundation considers highly liquid cash investments with original maturities of three months or less when purchased, to be cash equivalents.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reporting of assets, liabilities, revenues, expenses and related disclosures. Actual results could differ from those estimates.

Income taxes

The Foundation has been granted tax-exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3) and State income tax under Section 23701(d) of California Revenue and Taxation Code.

The Foundation has adopted the accounting guidance related to uncertain tax position, and has evaluated its tax positions and believes that all of the positions taken by the Foundation in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination. The Foundation's returns for years ended December 31, 2009, 2010, and 2011 are subject to examination by federal and state taxing authorities generally for three years after they are filed.

Donated services

Donated services are reflected in the financial statements at the fair value of the services received. The donations of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

The Foundation receives a significant amount of donated services from Pacific Asia Travel Association who assist in the administrative and management aspect of the Foundation. No amounts have been recognized in the statement of activities for these services because the criteria for recognition under SFAS 116 have not been met.

3. Concentrations of credit risk arising from cash deposits in excess of insured limits

The Foundation maintains its cash balance at one financial institution located in Northern California. Accounts at this bank are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Foundation has a certificate of deposit that is fully insured by the FDIC.

4. Temporarily restricted net assets

Temporarily restricted net assets as of December 31, 2013 are summarized as follows:

Description	Beginning of Year	Awarded/ Received During the Year	Release From restrictions	End of Year
Educational, scholarship and grant programs	\$187,449	\$ -	\$ -	\$187,449

PATA FOUNDATION, INC.
Notes to the financial statements

5. Related party transactions

The Foundation was charged by Pacific Asia Travel Association (PATA) management and accounting fees amounting to \$2,400 for the year ended December 31, 2013. This was included in the management and general expenses in the accompanying financial statements. As of December 31, 2013 due to PATA amounted to \$59,613.

6. Undisbursed grant commitment

The undisbursed grant commitments as of December 31, 2013 are as follows:

Bistrol Conservation and Science Foundation	\$2,500
Community Conservation Centre, Thailand	<u>2,500</u>
Total	<u>\$5,000</u>

7. Program services

Program service expenses for the year ended December 31, 2013 consist of the following:

General grants	\$124,500
EDIT and educational scholarship expense	500,000
Other program expenses	<u>16,560</u>
Total	<u>\$146,060</u>

8. Management and general

Management and general expenses for the year ended December 31, 2012 consist of the following:

Accounting charge	\$2,400
Other administrative expenses	<u>8,824</u>
Total	<u>\$11,224</u>

9. Subsequent events

Subsequent events are events or transactions that occur after the date of the statements of financial position but before the financial statements are available to be issued. The Foundation evaluates all subsequent events and transactions to determine whether any transaction needs to be recognized or disclosed. The Foundation has evaluated all subsequent events through February 21, 2014, which is the date the financial statements were available to be issued, and has determined no events or transactions need to be recognized or disclosed in these financial statements.