

**PATA FOUNDATION, INC.**

Audited financial statements  
For the year ended December 31, 2018

PATA FOUNDATION, INC.

December 31, 2018

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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 statement of financial position as of December 31, 2018, 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, 2018, 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.

**Emphasis of a Matter**

As discussed in Note no.1(B) to the financial statements, during the year ended December 31, 2018, PATA Foundation, Inc. adopted new accounting guidance resulting in a change in the manner in which it presents net assets and reports certain aspects of its financial statements. Our opinion is not modified with respect to this matter.

*PKF Audit (Thailand) Ltd.*

PKF Audit (Thailand) Ltd.  
Bangkok, Thailand  
April 11, 2019

**PATA FOUNDATION, INC.**  
**Statement of Financial Position**  
**December 31, 2018**

**Assets**

Current assets

Cash and cash equivalents	\$ 360,151
Due from Pacific Asia Travel Association	539
Total current assets	<u>\$ 360,690</u>

**Liabilities and Net Assets**

Current liabilities

Accounts payable	\$ 3,800
Accrued salary	7,873
Total current liabilities	<u>11,673</u>

Net assets

Net assets without donor restrictions	186,299
Net assets with donor restrictions	162,718
Total net assets	<u>349,017</u>

Total liabilities and net assets	<u>\$ 360,690</u>
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**PATA FOUNDATION, INC.**  
**Statement of Activities**  
**Year Ended December 31, 2018**

	Net assets without donor restrictions	Net assets with donor restrictions	Total
<b>Public Support, Revenue, and Other Income</b>			
Fundraising campaign	\$ 7,468	\$ -	\$ 7,468
Contributions and donations	1,330	-	1,330
Interest return	1,109	-	1,109
	<u>9,907</u>	<u>-</u>	<u>9,907</u>
Gross public support, revenues, and other income	9,907	-	9,907
Net assets release from restrictions	13,281	(13,281)	-
<b>Total public support, revenues, and other income</b>	<b><u>23,188</u></b>	<b><u>(13,281)</u></b>	<b><u>9,907</u></b>
<b>Expense:</b>			
Program service	13,888	-	13,888
Management and general	17,280	-	17,280
	<u>31,168</u>	<u>-</u>	<u>31,168</u>
<b>Total expense</b>	<b><u>31,168</u></b>	<b><u>-</u></b>	<b><u>31,168</u></b>
Change in net assets	(7,980)	(13,281)	(21,261)
Net assets at beginning of year	<u>194,279</u>	<u>175,999</u>	<u>370,278</u>
<b>Net assets at the end of year</b>	<b><u>\$ 186,299</u></b>	<b><u>\$ 162,718</u></b>	<b><u>\$ 349,017</u></b>

**PATA FOUNDATION, INC.**

**Statement of Cash Flows**

**December 31, 2018**

Cash flows from operating activities	
Change in net assets	\$ (21,261)
Adjustments to reconcile change in net assets to net cash from operating activities	
Change in operating :	
Due from Pacific Asia Travel Association	(539)
Due to Pacific Asia Travel Association	(6,021)
Accrued salary	<u>7,873</u>
Net cash from operating activities	(19,948)
Cash and cash equivalents at beginning of year	<u>380,099</u>
Cash and cash equivalents at end of year	\$ <u><u>360,151</u></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**

**A. Basis of accounting**

The financial statements of the Foundation have been prepared in conformity with accounting principles generally accepted in the United States of America on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

**B. Change in Accounting Principle**

On January 1, 2018, the Foundation adopted new accounting guidance regarding the Presentation of Financial Statements for Not-for-Profit Entities. This guidance requires the Foundation to collapse the three-category (unrestricted, temporarily restricted, and permanently restricted) classification of net assets into two categories: with donor restrictions and without donor restrictions. In addition, the new guidance requires the Foundation to make certain expanded disclosures relating to (1) the liquidity of financial assets, and (2) expenses by both their natural and functional classification in one location in the financial statements. As a result of implementing this standard prior year amounts for temporarily restricted and permanently restricted net assets were reclassified as net assets with donor restrictions.

**C. Classes of net assets**

- Net assets without donor restrictions 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.
- Net assets with donor restrictions are comprised of funds which are restricted by donor for specific purposes or time periods or subject to donor-imposed stipulations that they be maintained permanently by the Foundation.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.



**PATA FOUNDATION, INC.**  
**Notes to the financial statements**

D. Contributions

Contributions received are reported as net assets with or without donor restrictions, 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 the following year are discounted at an appropriate discount rate commensurate with the risks involved.

E. Cash and cash equivalents

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

F. 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 reported amounts of assets, liabilities, revenues, expenses and related disclosures. Actual results could differ from those estimates.

G. 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, 2015, 2016, 2017 and 2018 are subject to examination by federal and state taxing authorities generally for three years after they are filed.

H. 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 assists in the administrative and management aspect of the Foundation.

**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.

**PATA FOUNDATION, INC.**  
**Notes to the financial statements**

**4. Net assets with donor restrictions**

Net assets with donor restrictions as of December 31, 2018 are summarized as follows:

Description	Beginning of Year	Release From restrictions	End of Year
Educational, scholarship and grant programs	\$175,999	\$(13,281)	\$162,718

**5. Related party transactions**

The Foundation was charged by Pacific Asia Travel Association (PATA) for general expenses in the accompanying statement of activities. As of December 31, 2018 due from PATA amounted to \$539.

**6. Program services**

Program service expenses for the year ended December 31; 2018 consist of the following:

General grants	\$ 3,000
Edit program expenses	5,000
Other program expenses	5,888
Total	<u>\$13,888</u>

Program services expenses which are subjected to the activities below:

- To further educational and training programs for the development and maintenance of tourism in the member countries of the Pacific Asia Travel Association (PATA); to support research and projects for the development of tourism in these countries; to promote the development and retention of man-made, cultural and natural resources in these countries through education and research programs and projects; and
- To engage in recovery efforts following a natural disaster which hinders the development and regular operation of tourism in the member countries of PATA.

Applications for program service activities must be submitted to PATA Foundation Secretariat who will review and prepare summary of application for Chairman and Trustee. Trustees are responsible for review and approve program service application.

All program services expenses are direct amounts and do not require allocation.

**7. Management and general**

Management and general expenses for the year ended December 31, 2018 consist of the following:

Management and general	\$ 53
Accounting fees	2,000
Other administrative expenses	15,227
Total	<u>\$17,280</u>

All management and general expenses are direct amounts and do not require allocation.

**PATA FOUNDATION, INC.**  
**Notes to the financial statements**

**8. Liquidity and Availability of Financial Assets**

The Foundation's financial assets and resources available to meet cash needs for general expenditures within one year of the date of the statement of financial position were as follow for December 31, 2018:

<b>Financial assets:</b>	
Cash and cash equivalents	\$ 360,151
Due from Pacific Asia Travel Association	539
<b>Total Financial assets</b>	<u>360,690</u>
<i>Less : Contractual or donor imposed restrictions amounts</i>	
Net assets with donor restrictions	<u>162,178</u>
<b>Financial assets available to meet general expenditures over the next twelve months</b>	<u><u>\$ 198,512</u></u>

As part of the Foundation's liquidity management strategy, the Foundation structures its financial assets to be available as its grant payments and expenses related to direct charitable activities come due. The withdrawals are adjusted based on grant and direct charitable expenditures to be disbursed and other factor affecting available cash such as receipt of grant funding, general operating expense, program costs and other factors affecting available cash.

**9. Subsequent events**

Subsequent events are events or transactions that occur after the date of the financial statements 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 April 11, 2019, 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.