

**PALMER REED**  
CHARTERED ACCOUNTANTS

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**NOTICE TO READER**

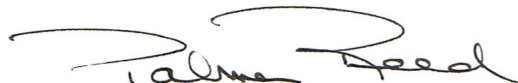
On the basis of information provided by management, we have compiled the balance sheet of Companeros Inc. for the year ended September 30, 2012 and the statement of income and retained earnings for the year then ended.

We have not performed an audit or a review engagement in respect of these financial statements and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purpose.

**TORONTO, CANADA**

**July 26, 2013**



**Chartered Accountants  
Licensed Public Accountants**

# COMPANEROS INC.

## BALANCE SHEET

AS AT SEPTEMBER 30, 2012

(with comparative figures as at September 30, 2011 and September 30, 2010)

“UNAUDITED” – See Notice to Reader

	<u>ASSETS</u>		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Current</b>			
Cash	\$ 53,015	\$ 52,350	\$ 41,276
Due from government agencies	-	842	-
Prepaid expenses	<u>18,238</u>	<u>-</u>	<u>-</u>
	\$ 71,253	\$ 53,192	\$ 41,276
Equipment (Note 2)	<u>963</u>	<u>1,283</u>	<u>919</u>
	<b><u>\$ 72,216</u></b>	<b><u>\$ 54,475</u></b>	<b><u>\$ 42,195</u></b>

	<u>LIABILITIES</u>		
<b>Current</b>			
Due to government agencies	\$ 1,173	\$ -	\$ 2,030
Accounts payable & accrued liabilities	9,760	4,472	9,558
Income taxes payable	4,930	2,139	-
Unearned revenue (Note 1)	17,000	22,026	34,058
Unrealized foreign exchange (Note 1)	-	408	-
Due to shareholder (Note 3)	<u>19,306</u>	<u>20,489</u>	<u>7,257</u>
	\$ 52,169	\$ 49,534	\$ 52,903

### SHAREHOLDER'S EQUITY

Capital stock (Note 4)	\$ 100		
Retained earnings			
- per attached	<u>19,947</u>	<u>20,047</u>	<u>4,941</u>
	<b><u>\$ 72,216</u></b>	<b><u>\$ 54,475</u></b>	<b><u>\$ 42,195</u></b>

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

Approved: Gonzalo Duarte

**COMPANEROS INC.****STATEMENT OF RETAINED EARNINGS****FOR THE YEAR ENDED SEPTEMBER 30, 2012**

(with comparative figures for the years ended September 30, 2011 and 2010)

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	<u>2012</u>	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 4,841	\$ (10,808)	\$ (7,942)
Net income per Statement III	<u>15,106</u>	<u>15,649</u>	<u>(2,866)</u>
<b>Balance, end of year</b>	<b><u>\$ 19,947</u></b>	<b><u>\$ 4,841</u></b>	<b><u>\$ (10,808)</u></b>

**COMPANEROS INC.****STATEMENT OF INCOME****FOR THE YEAR ENDED SEPTEMBER 30, 2012**

(with comparative figures for the years ended September 30, 2011 and 2010)

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	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Revenue</b>			
Program fees	\$ 137,752	\$ 112,082	\$ 180,773
Project fundraising	-	34,050	-
Project donations	111,267	25,099	-
Project fees	53,541	20,549	-
Supplementary fees	11,952	19,899	-
Interest	<u>-</u>	<u>58</u>	<u>-</u>
	<b><u>\$ 314,512</u></b>	<b><u>\$ 211,737</u></b>	<b><u>\$ 180,773</u></b>
<b>Expenses</b>			
Project expenses per Schedule A	\$ 149,325	\$ 67,831	\$ 33,547
Program expenses – per Schedule B	51,154	50,335	67,261
Salaries & administrative - per Schedule C	95,691	75,410	82,646
Amortization	320	373	185
Loss on foreign exchange	<u>125</u>	<u>-</u>	<u>-</u>
	<b><u>\$ 296,615</u></b>	<b><u>\$ 193,949</u></b>	<b><u>\$ 183,639</u></b>
<b>Income (loss) before estimated income taxes</b>	\$ 17,897	\$ 17,788	\$ (2,866)
Estimated income taxes	<u>2,791</u>	<u>2,139</u>	<u>-</u>
<b>Net income (loss)</b>	<b><u>\$ 15,106</u></b>	<b><u>\$ 15,649</u></b>	<b><u>\$ (2,866)</u></b>

**COMPANEROS INC.****STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED SEPTEMBER 30, 2012**

(with comparative figures for the year ended September 30, 2011 and 2010)

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	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b>Operating Activities</b>			
Net income per Statement III	\$ 15,106	\$ 15,649	\$ (2,866)
Item not affecting cash			
Amortization	320	373	185
Change in non-cash working capital items	<u>(13,938)</u>	<u>(17,444)</u>	<u>40,698</u>
<b>Net change/operations</b>	<u>\$ 1,488</u>	<u>\$ (1,422)</u>	<u>\$ 38,017</u>
<b>Investing Activity</b>			
Purchase of equipment	<u>\$ -</u>	<u>\$ (736)</u>	<u>\$ (1,104)</u>
<b>Financing Activity</b>			
Advances from shareholder	<u>\$ (823)</u>	<u>\$ 13,232</u>	<u>\$ 1,372</u>
<b>Increase in cash</b>	\$ 665	\$ 11,074	\$ 38,285
Cash – beginning of year	<u>52,350</u>	<u>41,276</u>	<u>2,991</u>
<b>Cash, end of year</b>	<u><b>\$ 53,015</b></u>	<u><b>\$ 52,350</b></u>	<u><b>\$ 41,276</b></u>

**COMPANEROS INC.****SCHEDULE OF PROJECT EXPENSES****FOR THE YEAR ENDED SEPTEMBER 30, 2012**

(with comparative figures for the years ended September 30, 2011 and 2010)

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	<u>2012</u>	<u>2011</u>	<u>2010</u>
Public infrastructure	\$ 52,875	\$ 11,938	\$ 3,217
Family housing	28,808	16,337	-
Children, youth & education	23,825	24,582	27,041
Well-being	12,704	6,258	3,289
Contracted labour & miscellaneous	<u>31,313</u>	<u>8,716</u>	<u>-</u>
	<b><u>\$ 149,325</u></b>	<b><u>\$ 67,831</u></b>	<b><u>\$ 33,547</u></b>

**COMPANEROS INC.****SCHEDULE OF PROGRAM EXPENSES****FOR THE YEAR ENDED SEPTEMBER 30, 2012**

(with comparative figures for the year ended September 30, 2011 and 2010)

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	<u>2012</u>	<u>2011</u>	<u>2010</u>
Accommodation & food	\$ 39,000	\$ 38,094	\$ 48,546
Excursions	654	593	3,715
Transportation	<u>11,500</u>	<u>11,648</u>	<u>15,000</u>
	<b><u>\$ 51,154</u></b>	<b><u>\$ 50,335</u></b>	<b><u>\$ 67,261</u></b>

**COMPANEROS INC.****SCHEDULE OF SALARIES AND ADMINISTRATIVE EXPENSES****FOR THE YEAR ENDED SEPTEMBER 30, 2012**

(with comparative figures for the year ended September 30, 2011 and 2010)

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	<u>2012</u>	<u>2011</u>	<u>2010</u>
Accounting	\$ 8,982	\$ 5,150	\$ -
Communication	794	2,239	-
Computers	2,662	2,993	-
Couriers	-	909	-
Graphics	1,133	2,504	-
Legal	1,485	2,022	-
Office and administration	14,671	6,814	32,208
Payroll tax	1,191	1,015	-
Refunds	-	2,870	-
Salaries	56,881	45,804	50,438
Supplies	2,421	703	-
Travel	<u>5,471</u>	<u>2,387</u>	<u>-</u>
	<u>\$ 95,691</u>	<u>\$ 75,410</u>	<u>\$ 82,646</u>



# COMPANEROS INC.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED SEPTEMBER 30, 2012

“UNAUDITED” – See Notice to Reader

#### NATURE OF OPERATIONS

Companeros Inc. was incorporated under the Business Corporations Act of Ontario on February 7, 2002 and its primary business activity is providing travel consulting for volunteering abroad, international development and service learning in Nicaragua.

#### 1. Significant Accounting Policies

##### (a) Revenue Recognition

Revenue is recognized when services are provided.

##### (b) Equipment

Equipment is recorded at cost. The company provides for amortization using the declining balance method at rates designed to amortize the cost of the equipment over its estimated useful life. The annual amortization rates are as follows:

Office equipment	20 %
Computer equipment	45%

##### (c) Unearned Revenue

Unearned revenue represents fees received relating to the period subsequent to the year end date which will be recognized in the following year.

##### (d) Foreign Exchange

Monetary assets and liabilities of the company which are denominated in foreign currencies are translated at year end exchange rates. Other assets and liabilities are translated at rates in effect at the date the assets were acquired and liabilities incurred. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included in operations.

# COMPANEROS INC.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED SEPTEMBER 30, 2012

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#### 2. Equipment

	<u>2012</u>			<u>2011</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Office equipment	\$ 1,245	\$ 422	\$ 823	\$ 1,029
Computer equipment	<u>595</u>	<u>455</u>	<u>140</u>	<u>254</u>
	<u>\$ 1,840</u>	<u>\$ 877</u>	<u>\$ 963</u>	<u>\$ 1,283</u>

#### 3. Due to Shareholder

The amount due to the shareholder is unsecured, non-interest bearing with no specific terms of repayment.

#### 4. Share Capital

	<u>2011</u>	<u>2012</u>
Issued		
100 Common shares	<u>\$ 100</u>	<u>\$ 100</u>