

**PEACE BRIGADES INTERNATIONAL
FINANCIAL STATEMENTS**

At December 31, 2010

In the opinion of the independent auditors

PEACE BRIGADES INTERNATIONAL SOCIETY

At December 31, 2010

AUDIT REPORT

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Independent Auditors' Report

Mrs.

Board of Directors

Peace Brigades International

Guatemala, City.

Introduction

We have audited the accompanying financial statements of the Peace Brigades International society Guatemala Project, which comprise the balance sheets at December 31, 2010, and the activities statement, for the year ended, on that date, as well as a summary of significant accounting policies and other explanatory notes.

Management responsibilities for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of modified cash accounting, which is a comprehensive basis of accounting other than the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements are free of material misstatement of materiality, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with International Standards on Auditing issued by the International Federation of Accountants (IFAC). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement presentation.

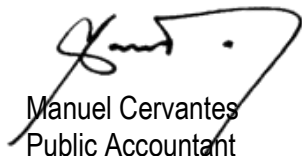
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's opinion, including the assessment of the risks of material misstatement on the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of financial statements for the entity, 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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.

Unqualified opinion

In our opinion, the financial statements referred to above present fairly, in all material financial position of the Peace Brigades International Society Guatemala Project, to December 31, 2010, and its financial performance for the year then ended, in accordance with the cash basis of accounting modified as described in note 3.



Manuel Cervantes
Public Accountant
License No. CPA-45

Guatemala,
August 18, 2011

PEACE BRIGADES INTERNATIONAL SOCIETY GUATEMALA PROJECT

STATEMENTS OF FINANCIAL POSITION

At December 31, 2010

(Expressed in Euros)

ASSETS	€
<u>Non-current assets</u>	
Property, plant and equipment	3,575
Total non-current assets	<u>3,575</u>
<u>Current assets</u>	
Accounts Receivable	2,480
Accounts and grants receivable	13,217
National banks (note 4)	15,860
Foreign banks (note 4)	148,760
Cash (note 4)	4,903
Total current assets	<u>185,220</u>
TOTAL ASSETS	<u><u>188,795</u></u>
LIABILITIES AND NET ASSETS	
PATRIMONY	
Patrimony (Note 5)	69,032
Total Patrimony	<u>69,032</u>
<u>Current liabilities</u>	
Grants received in advance	104,023
Accounts payable	6,760
Payable out of Guatemala	8,980
TOTAL CURRENT LIABILITIES	<u>119,763</u>
TOTAL LIABILITIES AND PATRIMONY	<u><u>188,795</u></u>

The attached notes are part of the financial statements

PEACE BRIGADES INTERNATIONAL SOCIETY GUATEMALA PROJECT

STATEMENTS OF ACTIVITIES

For the year ended at December 31, 2010
(Expressed in Euros)

	€
INCOME	
Assignments national groups of PBI (note 6)	128,084
Direct subsidies to the project (note 7)	94,894
Others	13,491
Bank interest	55
Total income	<u>236,524</u>
EXPENSES	
Project expenditure (note 8)	250,482
Excess of expenses over income	<u><u>(13,958)</u></u>

The attached notes are part of the financial statements

PEACE BRIGADES INTERNATIONAL SOCIETY GUATEMALA PROJECT

NOTES TO FINANCIAL STATEMENTS

At December 31, 2010

(1) Organization and fiscal position

The organization Peace Brigades International Society (PBI), registered in the Registro Nacional de Personas (RENAP) in Guatemala, part of the international non-governmental organization called Peace Brigades International, and thus anchors in the larger structure, participating in their workspaces, coordination, communication, monitoring, evaluation and audit of the overall work of the organization. The maintaining stable relations of coordination with accompanying projects PBI in four countries and national groups of PBI in Europe, America and Australia.

PBI uses a decision making model is not hierarchical, consensus-based, people who value relationships and processes and not just the results.

The principles governing the operation of the organization is non-violence, non-interference and non-partisanship. In this context, the term of PBI in Guatemala is "To help improve the situation of human rights in Guatemala and the development of democratic process, ensuring an international presence that would support the retention of the political work of rights defenders human and civil society organizations faced repression because of their work".

State law - formal relation to the legislation of the country

Legal status: non-profit organization working in Guatemala to provide international accompaniment to human rights organizations and their members. It was established in 1982 and has legal Guatemalan was granted on March 10, 1995 by Ministerial Agreement number 148-95 from the Interior Ministry. Was registered dated July 4, 2003, in Book 50, page 30, line 30, the Civil Registry of the Municipality of Guatemala.

It also presents accounts of the organization to the Superintendencia de Administración Tributaria (SAT), for which require the services of a registered accountant in the Colegio de Contadores Públicos y Auditores de Guatemala, who has all the financial requirements that the State of Guatemala requests international organizations operating in the country. All the volunteer international, work as a temporary residence visa entitling the holder to reside and work temporarily in the country. In Guatemala, all activities performed PBI are conducted with full transparency and with the consent of the authorities. PBI maintains regular dialogue meetings with various authorities and public institutions in Guatemala and monthly reports, including a monthly summary of work organization.

PEACE BRIGADES INTERNATIONAL SOCIETY GUATEMALA PROJECT

NOTES TO FINANCIAL STATEMENTS

At December 31, 2010

(2) Monetary unit and exchange rates

The financial statements are expressed Quetzales (Q), the official currency of the Republic of Guatemala. The acquisition and selling of currencies takes place in the national banking system, through free negotiation, according to Decree 94-2000 in force since May 1, 2001.

The Bank of Guatemala, which is authorized by the Monetary Board to implement monetary policies, calculated and published daily reference exchange rate of the Quetzal against the Dollar in the United States of America, to be used in the settlement of tax liabilities or other payments involving the state or the state and its institutions as well as for conflict resolution in the administrative and judicial review. As of December 2, 2006, entered into force the use of a single exchange rate according to resolution JM-126-2006, issued by the Monetary Board. At December 31, 2010 and 2009, the reference exchange rates were Q.8.01358 and Q. 8.35439.

At December 31, 2010 has converted the assets and current liabilities at a rate of GTQ 10.69015 and USD1.33408 for 1 Euro. To convert the asset from Quetzales in Euros or Dollars have been used historical exchange rates.

The accounts in the income statement 2010 were converted into Euros using the average exchange rate for the month in which revenues are recorded. The weighted average exchange rate was Q 10.61333 for 1 Euro.

(3) Summary of significant accounting policies

A summary of significant accounting policies adopted by the Society in preparing its financial statements are presented in the following way:

Basis of accounting

The accounting records of the Peace Brigades International Society are operated in accordance with the modified cash basis, which is an accepted basis of accounting other than to International Financial Reporting Standards-IFRS.

Income

They are recognized as income all amounts which arise as a result of disbursement by donors, services and other financial income.

PEACE BRIGADES INTERNATIONAL SOCIETY GUATEMALA PROJECT

NOTES TO FINANCIAL STATEMENTS

At December 31, 2010

Expenditures

Are recognized when they are actually disbursed, registering provisions for unpaid at year end.

(4) Cash and banks

The cash balance at December 31 is presented as follows:

Bank	€
National banks	
Banco Reformador	3,976
Banco Industrial	11,884
Total national banks	15,860
Foreign banks	
La Caixa Bank	35,325
Cash Cantabria Bank	113,435
Total foreign banks	148,760
Cash	
Cash equipment	4,645
Cash food	258
Total cash	4,903

PEACE BRIGADES INTERNATIONAL SOCIETY GUATEMALA PROJECT

NOTES TO FINANCIAL STATEMENTS

At December 31, 2010

(5) Patrimony fund

The movement of the Patrimony of Peace Brigades International Society for the period from January 1 to December 31, were as follows:

Description	€
Results	(13,958)
Patrimony	82,990
Total	69,032

(6) Assignments national groups

At December 31, revenues from national assignments for the Peace Brigades International Society are described as follows:

PEACE BRIGADES INTERNATIONAL SOCIETY GUATEMALA PROJECT

NOTES TO FINANCIAL STATEMENTS

At December 31, 2010

Description	€
PBI-Belgium	361
PBI-USA Overbrook Foundation	3,586
PBI-Italy	3,000
PBI-Switzerland	3,112
PBI German	
ZFD-SCP (multiple input)	33,446
Diakonia 2010/2011	9,000
Diakonia 2009/2010	22,491
VN 06	30,015
PBI Spanish State	8,283
PBI UK	13,309
PBI Canada	1,481
Total	128,084

PEACE BRIGADES INTERNATIONAL SOCIETY GUATEMALA PROJECT

NOTES TO FINANCIAL STATEMENTS

At December 31, 2010

(7) Direct subsidies to the project

At December 31, direct subsidies for the Peace Brigades International Society are described as follows:

Description	€
CSF Ireland	6,667
Misereor - Germany	29,727
Oxfam - Belgium	3,500
European Union - IEDDH	72,000
EU-IEDDH deferred portion 2011	(17,000)
Total	94,894

(8) Project expenditure

Disbursements for expenditures to December 31 are integrated as shown in the following:

PEACE BRIGADES INTERNATIONAL SOCIETY GUATEMALA PROJECT

NOTES TO FINANCIAL STATEMENTS

At December 31, 2010

Description	€
Costs of field equipment	
Stipend, food and health insurance	46,867
Establishment	16,670
Communication	3,337
Project publications	6,803
Equipment and supplies	4,730
Travel expenses	20,830
Professional services	15,068
Other expenses	3,012
Expenses other project activities	
Training	5,760
Training manager salary	8,384
Events, Contributions of experts, workshops	14,945
Project meetings	8,590
Regional support work	8,102
Project Office and international support	
Project office	63,983
Telephone, supplies, shipping, etc..	1,937
Other expenses	507
Bank charges	2,692
International support and overhead	18,265
Total	250,482