

CENTRAL AMERICA POULTRY EXPORT QUOTA, INC.

2016 ANNUAL REPORT



CA-PEQ Central America Poultry Export Quota, Inc.

MISSION STATEMENT

The Central America Poultry Export Quota, Inc. is a not-for-profit corporation established to manage on an open tender basis the tariff-rate quotas (TRQs) for chicken leg quarters granted by El Salvador, Guatemala, Honduras, and Nicaragua to the United States under the terms of the United States-Dominican Republic-Central America Free Trade Agreement (DR-CAFTA). CA-PEQ is also tasked with distributing the proceeds received from the aforementioned tender process for the benefit of the poultry industries of El Salvador, Guatemala, Honduras, Nicaragua, and the United States.

* CA-PEQ's mission was established under the terms of an Export Trade Certificate of Review, issued by the U.S. Department of Commerce on January 20, 2006, and published in the Federal Register on February 9, 2006/ Vol. 71, No. 27.

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1. Chairman's Letter

CA-PEQ generated \$5.58 million in open tender revenues in 2016, which represents an increase of 12.53% compared to 2015. Net proceeds from open tenders are used to fund market development, educational, scientific and technical projects to benefit the poultry associations of the participating countries of CA-PEQ (see Figure A for distribution of funds).

Projects in 2016 amounted to \$4.11 million and included funding for existing and new programs which may be summarized as follows:

- ❖ Technical and financial support for Sanitary and Phytosanitary national programs (Guatemala, Honduras and Nicaragua);
- ❖ Projects to reduce malnutrition at public schools (El Salvador, and Guatemala with funding contributions from USAPEEC);
- ❖ Technical activities for the benefit of the poultry sector (El Salvador, Guatemala, Honduras, Nicaragua and the United States);
- ❖ Participation in local and international poultry forums (Honduras and Nicaragua);

- ❖ Consumer advertising campaign (El Salvador, Guatemala and Honduras); and
- ❖ Support for scientific research, communications, and marketing programs (United States)

In furtherance of CA-PEQ's mission, CA-PEQ has also created opportunities for collaboration between member associations. This is reflected in the support of the U.S. member association for efforts by Honduras to export poultry to the U.S. market; and funding contributed as a match to expand a successful child nutrition program in Guatemala.

I wanted to take this opportunity to thank CA-PEQ's member associations and their respective governments for their commitment to making CA-PEQ a reality and look forward to serving as Chairwoman during the 2017 term.

Sincerely,

Nancy Haas
 Nancy Haas, Chairwoman 2017

Figure A
 CA-PEQ Project Funding for 2016
 (\$Thousands)



2. Directors and Officers

Pursuant to CA-PEQ's bylaws and the Export Trade Certificate of Review (ETCR) approved by the U.S. Department of Commerce, the members of CA-PEQ are the national trade associations representing the poultry industries of El Salvador, Guatemala, Honduras, Nicaragua, and the United States. An eight-member Board of Directors appointed by these associations governs CA-PEQ.

DIRECTORS FOR 2016:



Alfredo Velez
Chairman
ANAPA - Nicaragua



Nancy Haas
Vice-Chairwoman
USAPEEC - United States



Francisco Arriaza
Director
ANAVI - Guatemala



Agustin Martinez
Director
AVES - El Salvador



Juan Raudales
Director
FEDAVIH - Honduras



James Sumner
Director
USAPEEC - United States



Steven Anderson
Director
USAPEEC - United States



Butch Johnson
Director
USAPEEC - United States

OFFICERS FOR 2016:

In addition to Mr. Velez who served as Chairman, and Mrs. Haas who served as Vice-Chairwoman, Mateo Paz-Soldan and Violeta Gutierrez from DTB Associates, LLP, CA-PEQ's Administrator, were appointed by CA-PEQ's board as Secretary and Treasurer respectively.



Mateo Paz-Soldan
Secretary
DTB Associates, LLP



Violeta Gutierrez
Treasurer
DTB Associates, LLP

3. Open-Tender Process and Results

Under the terms of the ETCR and the DR-CAFTA, CA-PEQ is tasked with managing the tariff rate quota (TRQ) for chicken leg quarters (CLQs) established for each participating country on a yearly basis.¹ CA-PEQ administers these TRQs through an open tender process, or auction, with certificates for duty-free shipments of CLQs awarded to the highest bidders. Notice of each open tender process is published in advance both in the U.S. and in the Central American country whose TRQ tranche is being auctioned. Bid specifications and contents are included in the notice and also published on the CA-PEQ website. Once the open tender period closes, results are audited and bidders are notified of the disposition of their bids. The complete results are sent to the governments and consolidated results are made available to the member poultry associations, and to the public on the CA-PEQ website. Open tender proceeds are then maintained in an interest-bearing bank account until funding requests by the participating member associations are approved by the CA-PEQ Board (see Section 5).

¹ General Notes and Appendix 1 - Tariff Rate Quotas, Annex 3.3 of the text of the DR-CAFTA

Table 1
CA-PEQ Open-Tender Results for 2016

Country/Category	First Tranche	Second Tranche	Third Tranche	Fourth Tranche	Total
Guatemala	Nov 30 - Dec 4	Feb 22- 26	May 30 – June 3	Aug 29 – Sept 2	
Available Quota for Auction (MT)	2,493.00	2,493.00	2,492.00	2,492.00	9,970.00
Certificates Awarded (MT)	2,822.00	2,821.00	2,492.00	2,492.00	9,970.00
Average Successful Bid (\$/MT)	\$94.43	\$93.33	\$117.37	\$46.67	\$87.95
Lowest Successful Bid (\$/MT)	\$66.25	\$88.18	\$110.23	\$23.45	\$23.45
Auction Receipts (\$)	\$235,408.83	\$232,671.28	\$292,476.67	\$116,301.89	\$876,858.67
Honduras	Nov 30 - Dec 11	Feb 29 - Mar 11	July 18 - 29		
Available Quota for Auction (MT)	1,604.00	1,603.00	1,603.00		4,810.00
Certificates Awarded (MT)	1,604.00	1,603.00	1,603.00		4,810.00
Average Successful Bid (\$/MT)	\$397.93	\$431.25	\$386.33		\$405.17
Lowest Successful Bid (\$/MT)	\$320.00	\$430.00	\$275.00		\$275.00
Auction Receipts (\$)	\$638,281.01	\$691,290.00	\$619,285.21		\$1,948,856.22
El Salvador	Feb 8 - 12	June 6 - 10	Sept 5 - 9		
Available Quota for Auction (MT)	1,392.00	1,391.00	1,391.00		4,174.00
Certificates Awarded (MT)	1,392.00	1,391.00	598.80		3,381.80
Average Successful Bid (\$/MT)	\$483.19	\$376.83	\$144.93		\$379.55
Lowest Successful Bid (\$/MT)	\$418.88	\$151.00	\$30.00		\$30.00
Auction Receipts (\$)	\$672,602.42	\$524,165.91	\$86,782.09		\$1,283,550.42
Nicaragua	Nov 16 - 20	Feb 29 - March 4			
Available Quota for Auction (MT)	1,420.00	1,436.00			2,856.00
Certificates Awarded (MT)	1,420.00	1,436.00			2,856.00
Average Successful Bid (\$/MT)	\$548.47	\$486.23			\$517.17
Lowest Successful Bid (\$/MT)	\$489.00	\$452.00			\$452.00
Auction Receipts (\$)	\$778,824.50	\$698,227.00			\$1,477,051.50
YEAR-TO-DATE RECEIPTS					\$5,586,316.81
YEAR-TO-DATE TRQ AWARDED					21,017.80
YEAR-TRQ (MT)					21,810.00

*Data compiled from CA-PEQ's audited financial statements and published information at www.ca-peq.org.

Table 2
CA-PEQ Open-Tender Auction Receipts and Certificates Awarded for 2016 (%)

Country	Certificates Awarded (MT)		Auction Receipts	
	Quantity	Percentage	Revenue	Percentage
Guatemala	9,970.00	47.44%	\$876,858.67	15.70%
El Salvador	3,381.80	16.09%	\$1,283,550.42	22.98%
Honduras	4,810.00	22.89%	\$1,948,856.22	34.89%
Nicaragua	2,856.00	13.59%	\$1,477,051.50	26.44%
Total	21,017.80	100.00%	\$5,586,316.81	100.00%

The list of winners in the open tenders held for shipment in 2016 are published on the CA-PEQ website. These winners were:

- AJC International – Atlanta, GA
- Americas Consulting Group, LLC – Marietta, GA
- Bajamar Trading Corp - Jupiter, FL
- Bassett Walker, Inc. – Wilmington, DE
- Cargill Food Distribution, Wichita, KS
- Northwestern Meat, Inc. - Miami, FL
- Intertrade Purchasing & Consulting, Inc. - Miami, FL
- Interra International, Inc. - Atlanta, GA
- Intervision Foods, LLC - Atlanta, GA
- Merinter, Inc. - Miami, FL
- Oxford Services, Inc. - Miami, FL
- Quirch Foods. – Coral Gables, FL
- Ronald A. Chisholm (USA) Inc., Linden, MI

In 2016, open tender receipts for the right to import CLQs duty free into El Salvador, Guatemala, Honduras and Nicaragua totaled \$5.586 million. Total open tender revenues increased by 12.53% from 2015. A combined quota of 21,017.8 metric tons (MT) or 96% of the 21,810 MT offered for auction was awarded. On a country by country basis, awarded certificates in MT corresponded to: Guatemala (47%); El Salvador (16%); Honduras (23%); and Nicaragua (14%), while their respective open tender revenues amounted to 16%, 23%, 35%, and 26% of the total. The highest average successful bid was \$548.47/MT and the lowest successful bid \$23.45/MT. See Table 1 on page 6 and Table 2 on page 7 for more information.

4. Reporting and Outreach

As established in CA-PEQ's ETCR, an important part of the corporation's responsibilities include maintaining the governments of participating countries informed of open-tender results, the dates selected for open tenders, and other key issues impacting the corporation. In addition, CA-PEQ must comply with annual reporting requirements before the U.S. Department of Commerce and the U.S. Internal Revenue Service, and with requests for information by Central American or U.S. government authorities.

On behalf of CA-PEQ, Mr. Paz-Soldan and Ms. Gutierrez of the CA-PEQ Administration contacted the U.S. Department of Commerce government officers in 2016 to discuss CA-PEQ's operations and matters to date.

5. Disposition of Proceeds

One of the main purposes of CA-PEQ under the ETCR is to distribute net proceeds generated by the open tenders to fund projects in export market development, educational, scientific, and technical categories for the benefit of the poultry industries of El Salvador, Guatemala, Honduras, Nicaragua and the United States. After paying operating expenses at the end of each year, the Administrator distributes the remaining proceeds to fund capacity building projects in the abovementioned areas. As established in the ETCR, proceeds are distributed between USAPEEC (50%) and the poultry industries of El Salvador, Guatemala, Honduras and Nicaragua (50%), based on the TRQ allocated to each Central American country. The following is a country by country overview of how the proceeds were used in 2016.

EL SALVADOR

In 2016, the Poultry Association of El Salvador (AVES) received from CA-PEQ a total of \$940,000 to fund two projects: 1) “Institutional Marketing and Communications Strategy; technical and financial cooperation to improve El Salvador’s Avian Health Program; and pilot project to measure malnutrition in children at early ages and develop a nutritional program to demonstrate the positive effect of poultry product consumption (continuation);” and 2) “pilot project to demonstrate the nutritional and health impacts of poultry product consumption on children under 6 years of age in communities in need; and support for an integrated marketing strategy to increase consumption of poultry products (continuation).” These projects and their respective activities correspond to the following categories under the ETCR:

Market Development

1. **A pilot project to reduce malnutrition while showing the nutritional and health impact of poultry product consumption**, in cooperation with the Catholic University of El Salvador (UNICAES). AVES assigned a weekly supply of chicken products and eggs for families with children under 6 years old from a selected community in need. Children were also tested by medical school personnel to establish baselines and indicators. The program ran for 10 months during the school period, after a one month trial to adjust logistics details. See Figure A.
2. **An integrated public market promotion and media campaign (continuation)**, that informed and educated consumers on the nutritional benefits of eating chicken and eggs through mass media (TV, radio, magazines, and billboards) and sponsored sports events, food festivals and health events. See Figure B.

Scientific and Technical

3. **Strengthening the National Poultry Health and Food Safety Program (continuation)**, in collaboration with the Ministry of Agriculture and Livestock. The project supported food safety, the delivery of diagnostic tests and avian health monitoring activities as well as training and education to help improve programs for prevention, control and eradication of avian diseases.

Figure A
Pilot project to reduce malnutrition in school in El Salvador



Source: AVES

Figure B
Integrated marketing campaign (continuation)

Nutrition and healthy eating



Sports and healthy life



Culinary creativity



Family economics



Source: AVES

GUATEMALA

In 2016, the Poultry Association of Guatemala (ANAVI) received from CA-PEQ a total of \$540,000 to fund four projects: 1) “The use of poultry products to reduce malnutrition in Guatemalan children (continuation);” 2) “Technical and financial cooperation for national poultry health program (continuation);” 3) “Consumer advertising campaign (continuation);” and 4) “Consumer TV advertising campaign (continuation).” These projects and their respective activities correspond to the following categories under the ETCR:

Market Development

1. **A project to reduce malnutrition in 1,050 children from indigenous communities in a vulnerable economic situation (continuation)**, with complementary CA-PEQ funds from USAPEEC to serve 500 of those children (see page 15). This project delivered a year-long supply of cost-effective daily lunches of high nutritional value made with chicken and egg products as well as health services in four schools in the rural areas of Alotenango, Barberena, and Cuilapa. The daily lunch consisted of one egg or chicken sausage and a tortilla prepared, in creative ways to add variety to the menu, by volunteer parents organized in newly created committees. The project has resulted in higher school attendance and substantially improved educational performance. See Figure C.
2. **A yearly consumer advertising campaign nationwide (continuation)**, using mass media (radio and TV). Under the slogan “Coma Sano, Coma Pollo” (Eat Healthy, Eat Chicken), the campaign aimed to promote the nutritional benefits of poultry meat as a healthy and affordable food source, and to increase public awareness and consumption.

Scientific and Technical

3. **Collaboration with the national poultry health program (continuation)**, between the Ministry of Agriculture, Cattle and Animal Feed (MAGA) and ANAVI in order to: 1) control, eradicate and certify disease-free zones of low pathogenic avian influenza, Newcastle disease and salmonella, and 2) minimize the risk and prevent the entry of foreign diseases to Guatemala and the Central America region. In 2016, the project provided for: 1) logistical support by covering travel expenses for monitoring purposes, 2) financial support by delivering diagnostic tests and laboratory materials, and 3) technical support, including training to poultry producers to increase biosafety, in order to comply with national and World Organization for Animal Health (OIE) regulations.

Figure C

Pilot project to reduce malnutrition in four schools in Guatemala (continuation)

Providing deworming services in Los Bijagues elementary school in Barberena (350 children)



Mario Mendez elementary school in Alotenango (250 children)



Los Esclavos elementary school in Cuilapa (100 children)



Victor Monterroso afternoon elementary school in Cuilapa (350 children)



Source: ANAVI

HONDURAS

In 2016, the Poultry Federation of Honduras (FEDAVIH) received from CA-PEQ a total of \$525,000 to fund the following project: “Keep Honduras free from avian diseases; comply with the U.S. Department of Agriculture (USDA) requirements to export poultry meat to the U.S. and other countries; market development campaign and other marketing activities; and educational programs for professionals in related fields (continuation).” The activities developed under this project are grouped into the following ETCR categories:

Market Development

1. **A nationwide consumer advertising campaign**, designed to promote the nutritional benefits and affordability of chicken meat to enjoy good health through increased consumption.

Scientific and Technical

2. **An ongoing collaboration between FEDAVIH and SENASA-SAG**, the Honduran Ministry of Agriculture’s sanitary and phytosanitary (SPS) agency, for the National Poultry Program, to keep Honduras free from avian diseases, and to comply with USDA requirements to access the U.S. market.

In 2016, funds were used to, among others, provide epidemiological surveillance by monitoring backyard birds and farms; two vaccination campaigns in 70 communities covering 145,413 backyard birds; communication programs reaching out to 170 community leaders; registration for 576 farms; newsletters to 63 communities in reference to a management program for prevention, control and eradication of Newcastle disease; and chemical reagents and antigens for laboratories. In addition, cooperation agreements were signed with municipalities, and 12,900 birds were seized as part of a plan of action against poultry smuggling. See Figure D.

Figure D
Keeping Honduras free of Newcastle disease, avian influenza and other diseases
(continuation)

Vaccination campaigns for backyard birds



Actions against bird smuggling



Source: FEDAVIH

NICARAGUA

In 2016, the National Association of Egg, Poultry and Animal Feed Producers of Nicaragua (ANAPA) received from CA-PEQ a total of \$253,500 to fund the following project: “ANAPA’s support for enhancing regional trade capabilities, poultry animal health status recognition, and education and participation in international poultry organizations (continuation).” The activities funded are grouped into the following ETCR categories:

Scientific and Technical

1. **For the eighth consecutive year, CA-PEQ funds helped finance the National Poultry Health and Surveillance Program**, a joint program between ANAPA and the Animal Health and Protection Agency (IPSA) of the Ministry of Agriculture and Forestry (MAG-FOR). This program aims to keep Nicaragua free of avian influenza, Newcastle disease, and avian infectious Laryngotracheitis in order to strengthen surveillance, food security and improve production in local and export markets. 2016 contributions supported IPSA in conducting a national poultry census, providing biosecurity awareness among poultry farmers participating in commercial and social programs, and carrying out a national simulation exercise on avian diseases. See Figure E.
2. **ANAPA’s participation in technical meetings** of the International Poultry Council (IPC) and membership.
3. **The continued participation of ANAPA technical staff in regional meetings** of the Regional Technical Committee on Avian Health established to develop technical regulations within the Central American Customs Union, as well as participation at meetings of other avian technical committees in the Latin American region.
4. **Strengthening avian health and food safety measures (continuation)**, through the continued hiring of a Sanitary and Phytosanitary (SPS) expert to organize activities for the National Avian Health Technical Commission, act as liaison between ANAPA and the Nicaraguan government, and participate in activities of the International and Regional Organization for Plant and Animal Health (OIRSA) and other technical institutions on issues related to avian health and food safety. In addition, this expert managed funds linked to the National Poultry Program.

Figure E
Signing of cooperation agreement (ANAPA-IPSA)



Source: <https://www.comunicarelacionespublicas.com>

UNITED STATES

In 2016, the United States Poultry & Egg Export Council (USAPEEC) received from CA-PEQ a total of \$1,850,000 to fund the following projects: 1) “Expansion of USAPEEC Scientific/Technical Programs to counter trade barriers; expansion of USAPEEC’s Communications Services which will allow more outreach through web based and social media program; and expansion of market development activities in an effort to maintain, expand and open new markets for U.S. poultry & eggs, and upgrade of USAPEEC Program Management Systems (continuation);” 2) “Expansion of Market for U.S. Poultry & Eggs in Cuba (continuation);” and, 3) “The use of poultry products to reduce malnutrition in Guatemalan children.” The activities funded are grouped into the following ETCR categories:

Market Development

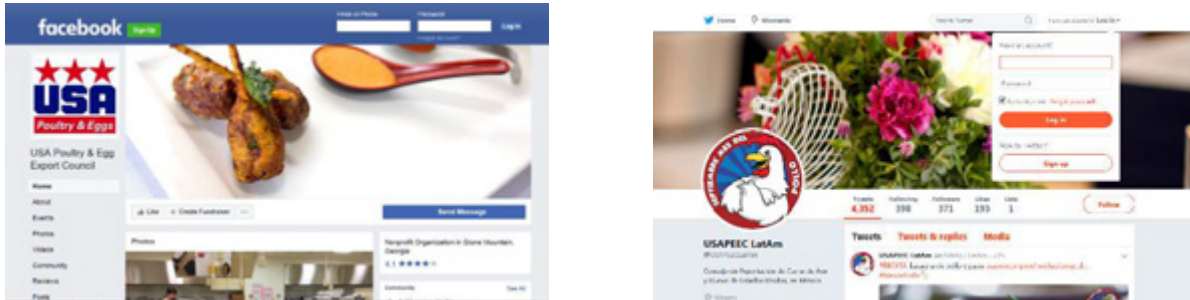
1. **Support for ANAVI’s project to reduce malnutrition in schools of indigenous communities.** CA-PEQ funds, from USAPEEC’s distribution, provided lunch meals to an additional 500 Guatemalan children. See page 11.
2. **Continued support for USAPEEC Communications Program** that focused on expansion of web based programs and social media to educate targeted audiences worldwide on the safety, reliability and versatility of U.S. poultry and egg products as well as the need to be more proactive with international media to address issues affecting the exports of U.S. poultry and eggs. See Figure F.
3. **Continued funding for USAPEEC Marketing programs** to maintain, expand and open new markets throughout the world, including trade development and marketing research. The project included partial funding for 14 international offices and consultants.
4. **Market development and market intelligence in Cuba,** with an emphasis on

providing the poultry trade in Cuba and the U.S. industry with the necessary information and services to achieve USAPEEC’s objectives. USAPEEC exhibited at the Havana trade show in November 2016, visited local government authorities and briefed them with regards to biosecurity measures undertaken by the U.S. concerning avian influenza.

Scientific and Technical

5. **Sustained funding for the expansion of scientific research, through the USAPEEC Technical Services Program,** designed to identify barriers to trade, as well as for educational outreach of foreign government officials regarding the U.S. health and inspection system for poultry and eggs, and U.S. production systems.
6. **Upgrade of USAPEEC program management systems,** through an electronic document management system to reduce paperwork and increase efficiencies in the management of multiple programs.

Figure F
USAPEEC Communications Program



Source: USAPEEC

Figure G
Expansion of Technical Service Programs

Cold chain seminar in San Pedro Sula, Honduras

Seminar on food security and product handling



Source: USAPEEC

6. Audited Financial Statements

A. Statements of Financial Position / December 31, 2016 and 2015

	2016	2015
ASSETS		
Current Assets		
Cash in bank	\$ 10,988,060	\$ 9,626,328
Accounts receivable	37,508	37,498
Prepaid expenses	-	587
Total Current Assets	<u>11,025,568</u>	<u>9,664,413</u>
TOTAL ASSETS	<u>\$ 11,025,568</u>	<u>\$ 9,664,413</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 5,450	\$ 3,111
Deferred auction revenue	1,751,650	1,652,515
Total Current Liabilities	<u>1,757,100</u>	<u>1,655,626</u>
Net Assets		
Temporarily Restricted Funds		
Project Funds-Central America		
El Salvador	634,940	953,728
Guatemala	479,636	638,369
Honduras	946,991	529,660
Nicaragua	1,687,581	1,220,372
Project Funds-United States	5,519,320	4,666,658
Total Net Assets	<u>9,268,468</u>	<u>8,008,787</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,025,568</u>	<u>\$ 9,664,413</u>

*Information in this annual report is compiled from audited financial statements.

B. Statement of Activities and Changes in Net Assets / Years ended December 31, 2016 and 2015, Including Operating Expenses

2016

	General Operating Fund	Temporarily Restricted Funds					Total
		El Salvador	Guatemala	Honduras	Nicaragua	United States	
Revenues							
Auction revenues							
El Salvador	\$ 1,283,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,283,550
Guatemala	876,859	-	-	-	-	-	876,859
Honduras	1,948,856	-	-	-	-	-	1,948,856
Nicaragua	1,477,051	-	-	-	-	-	1,477,051
Total Auction Revenues	5,586,316	-	-	-	-	-	5,586,316
Membership fees	37,500	-	-	-	-	-	37,500
Investment income	-	667	1,442	567	1,221	6,049	9,946
Total Revenues Collected	5,623,816	667	1,442	567	1,221	6,049	5,633,762
Expenses Paid							
Accounting and auditing	8,974	-	-	-	-	-	8,974
Advertising	35,462	-	-	-	-	-	35,462
Bank fees	364	-	-	-	-	-	364
Consulting and management fees	155,840	-	-	-	-	-	155,840
Insurance	8,505	-	-	-	-	-	8,505
Legal fees	12,191	-	-	-	-	-	12,191
Licenses and filing fees	538	-	-	-	-	-	538
Meetings	10,293	-	-	-	-	-	10,293
Office expense	687	-	-	-	-	-	687
Postage and delivery	4,021	-	-	-	-	-	4,021
Printing and reproduction	488	-	-	-	-	-	488
Project costs	-	940,000	540,000	525,000	253,500	1,850,000	4,108,500
Telephone	281	-	-	-	-	-	281
Travel	16,460	-	-	-	-	-	16,460
Website expenses	11,477	-	-	-	-	-	11,477
Total Expenses Paid	265,581	940,000	540,000	525,000	253,500	1,850,000	4,374,081
Change in Net Assets	5,358,235	(939,333)	(538,558)	(524,433)	(252,279)	(1,843,951)	1,259,681
Transfer from general to temporarily restricted funds	(5,358,235)	620,545	379,825	941,764	719,488	2,696,613	-
Net Change After Transfer	-	(318,788)	(158,733)	417,331	467,209	852,662	1,259,681
Net Assets, Beginning of Year	-	953,728	638,369	529,660	1,220,372	4,666,658	8,008,787
Net Assets, End of Year	\$ -	\$ 634,940	\$ 479,636	\$ 946,991	\$ 1,687,581	\$ 5,519,320	\$ 9,268,468

*Information in this annual report is compiled from audited financial statements.

2015

	General Operating Fund	Temporarily Restricted Funds					Total
		El Salvador	Guatemala	Honduras	Nicaragua	United States	
Revenues							
Auction revenues							
El Salvador	\$ 1,930,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,930,475
Guatemala	626,058	-	-	-	-	-	626,058
Honduras	1,116,068	-	-	-	-	-	1,116,068
Nicaragua	<u>1,263,725</u>	-	-	-	-	-	<u>1,263,725</u>
Total Auction Revenues	4,936,326	-	-	-	-	-	4,936,326
Membership fees	37,500	-	-	-	-	-	37,500
Investment income	-	477	1,295	307	971	5,344	8,394
Total Revenues Collected	<u>4,973,826</u>	<u>477</u>	<u>1,295</u>	<u>307</u>	<u>971</u>	<u>5,344</u>	<u>4,982,220</u>
Expenses Paid							
Accounting and auditing	7,874	-	-	-	-	-	7,874
Advertising	28,188	-	-	-	-	-	28,188
Bank fees	1,254	-	-	-	-	-	1,254
Consulting and management fees	157,194	-	-	-	-	-	157,194
Legal fees	16,567	-	-	-	-	-	16,567
Licenses and filing fees	307	-	-	-	-	-	307
Meetings	10,487	-	-	-	-	-	10,487
Office expense	50	-	-	-	-	-	50
Postage and delivery	3,905	-	-	-	-	-	3,905
Printing and reproduction	1,261	-	-	-	-	-	1,261
Project costs	-	492,400	300,000	256,605	186,000	1,250,000	2,485,005
Telephone	185	-	-	-	-	-	185
Travel	8,672	-	-	-	-	-	8,672
Website expenses	<u>10,445</u>	-	-	-	-	-	<u>10,445</u>
Total Expenses Paid	<u>246,389</u>	<u>492,400</u>	<u>300,000</u>	<u>256,605</u>	<u>186,000</u>	<u>1,250,000</u>	<u>2,731,394</u>
Change in Net Assets	4,727,437	(491,923)	(298,705)	(256,298)	(185,029)	(1,244,656)	2,250,826
Transfer from general to temporarily restricted funds	<u>(4,727,437)</u>	<u>943,882</u>	<u>252,467</u>	<u>532,709</u>	<u>617,120</u>	<u>2,381,259</u>	<u>-</u>
Net Change After Transfer	-	451,959	(46,238)	276,411	432,091	1,136,603	2,250,826
Net Assets, Beginning of Year	-	501,769	684,607	253,249	788,281	3,530,055	5,757,961
Net Assets, End of Year	<u>\$ -</u>	<u>\$ 953,728</u>	<u>\$ 638,369</u>	<u>\$ 529,660</u>	<u>\$ 1,220,372</u>	<u>\$ 4,666,658</u>	<u>\$ 8,008,787</u>

*Information in this annual report is compiled from CA-PEQ's audited financial statements.

C. Statements of Cash Flows / Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash Flows From Operating Activities:		
Net change in net assets	\$ 1,259,681	\$ 2,250,826
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	(10)	-
Prepaid expenses	587	(587)
Increase (decrease) in:		
Accounts payable	2,339	(696)
Deferred auction income	<u>99,135</u>	<u>666,799</u>
Net Cash Provided (Used) by Operating Activities	1,361,732	2,916,342
Cash and Cash Equivalents at Beginning of Year	<u>9,626,328</u>	<u>6,709,986</u>
Cash and Cash Equivalents at End of Year	<u>\$ 10,988,060</u>	<u>\$ 9,626,328</u>

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CA-PEQ Central America Poultry Export Quota, Inc.

