

# **AFRICAID, INC.**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

**AFRICAID, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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May 14, 2018

Independent Auditors' Report

Board of Directors  
AfricAid, Inc.  
Denver, Colorado

We have audited the accompanying financial statements of **AfricAid, Inc.** (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the 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 AfricAid, Inc. as of December 31, 2017, 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.

***Report on Summarized Comparative Information***

We have previously audited AfricAid Inc.'s 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Taylor, Roth and Company PLLC*  
TAYLOR, ROTH AND COMPANY, PLLC  
CERTIFIED PUBLIC ACCOUNTANTS

**AFRICAID, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash and cash equivalents - unrestricted	\$ 235,910	\$ 199,621
Cash and cash equivalents - temporarily restricted	58,350	12,500
Employee advances	42	810
Prepaid expenses and deposits	4,604	2,915
Grants receivable - temporarily restricted (Note 3)	62,750	113,250
Total assets	<u>\$ 361,656</u>	<u>\$ 329,096</u>
<u>Liabilities and net assets</u>		
Accounts payable	\$ 4,232	\$ 9,731
Payroll and other liabilities	1,234	818
Other payables	3,914	24,892
Commitments (Note 4)		
Total liabilities	<u>9,380</u>	<u>35,441</u>
<u>Net assets</u>		
Unrestricted		
Operating	231,176	167,905
Temporarily restricted (Note 5)	121,100	125,750
Total net assets	<u>352,276</u>	<u>293,655</u>
Total liabilities and net assets	<u>\$ 361,656</u>	<u>\$ 329,096</u>

The accompanying notes are an integral part of these financial statements

**AFRICAID, INC.**

**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	2017			2016
	Unrestricted	Temporarily restricted	Total	Total
<b><u>Revenue and other support</u></b>				
Foundation contributions	\$197,625	\$30,000	\$227,625	\$171,490
Individual and corporate contributions	152,431	28,350	180,781	143,344
Special events, revenue	74,640	-	74,640	1,328
Less: direct expenses	(7,606)	-	(7,606)	(1,810)
Merchandise sales	645	-	645	4,531
Interest income	66	-	66	56
In-kind contributions (Note 6)	1,867	-	1,867	2,801
Net assets released from restrictions (Note 7)	63,000	(63,000)	-	-
<b>Total revenue and other support</b>	<b>482,668</b>	<b>(4,650)</b>	<b>478,018</b>	<b>321,740</b>
 <b><u>Expense</u></b>				
Program services (Note 8)	226,404	-	226,404	226,773
Supporting services				
Management and general	86,663	-	86,663	91,463
Fundraising	106,330	-	106,330	73,718
<b>Total expense</b>	<b>419,397</b>	<b>-</b>	<b>419,397</b>	<b>391,954</b>
Change in net assets	63,271	(4,650)	58,621	(70,214)
Net assets, beginning of year	167,905	125,750	293,655	363,869
Net assets, end of year	\$ 231,176	\$ 121,100	\$ 352,276	\$ 293,655

The accompanying notes are an integral part of these financial statements

**AFRICAID, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**  
**(WITH COMPARATIVE TOTALS FOR 2016)**

	<u>2017</u>			<u>2016</u>	
	<u>Program</u> <u>Services</u>	<u>Supporting Services</u>		<u>Total</u>	<u>Total</u>
		<u>Manage-</u> <u>ment and</u> <u>General</u>	<u>Fundraising</u>		
Officer & directors salaries	\$ 30,677	\$ 26,844	\$ 80,352	\$ 137,873	\$ 105,354
Payroll taxes and benefits	2,342	2,050	6,135	10,527	8,204
Educational grants and cash awards	145,155	-	-	145,155	161,239
Contract services	26,764	5,209	3,494	35,467	34,055
Accounting services	-	32,401	-	32,401	30,290
Travel and meetings expenses	14,617	3,367	1,786	19,770	11,592
Rent	-	10,850	-	10,850	9,740
Printing and copying	-	-	6,763	6,763	7,653
Insurance	3,355	2,591	-	5,946	5,557
Bank and credit card fees	1,360	29	2,750	4,139	3,432
Supplies	2,134	388	1,654	4,176	3,763
IT and software	-	2,608	717	3,325	2,574
Postage	-	99	1,891	1,990	2,198
Sales taxes	-	-	353	353	371
Meals and catering expense	-	-	240	240	1,322
Membership dues	-	60	134	194	989
Telephone	-	127	-	127	127
Advertising and promotion	-	-	20	20	1,250
Small equipment purchases	-	-	-	-	793
Staff development	-	-	-	-	507
Miscellaneous expenses	-	40	41	81	944
<b>Total expenses</b>	<b>\$ 226,404</b>	<b>\$ 86,663</b>	<b>\$ 106,330</b>	<b>\$ 419,397</b>	<b>\$ 391,954</b>

The accompanying notes are an integral part of these financial statements

**AFRICAID, INC.**

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2017  
(WITH COMPARATIVE TOTALS FOR 2016)

	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 58,621	\$ (70,214)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
<u>Changes in operating assets and liabilities</u>		
(Increase)decrease in employee advances	768	90
(Increase)decrease in prepaid expenses and deposits	(1,689)	(545)
(Increase)decrease in grants receivable	50,500	(14,500)
Increase(decrease) in accounts payable	(5,499)	(5,331)
Increase(decrease) in payroll and other liabilities	416	(2,041)
Increase(decrease) in grants payable	<u>(20,978)</u>	<u>(685)</u>
Net cash provided(used) by operating activities	<u>82,139</u>	<u>(93,226)</u>
Cash and cash equivalents, beginning of year	<u>212,121</u>	<u>305,347</u>
Cash and cash equivalents, end of year	<u>\$ 294,260</u>	<u>\$ 212,121</u>

The accompanying notes are an integral part of these financial statements



**AFRICAID, INC.**

**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2017**

**NOTE 1 - NATURE OF ACTIVITIES**

AfricAid, Inc. (Organization or AfricAid) was formed as a not-for-profit corporation on June 22, 2000 to support girl's education in Africa in order to provide young women with the opportunity to transform their lives and the futures of their communities.

The vision of the Organization is a future in which all African girls have access to high-quality educational opportunities that empower them to identify needs in their own communities and take action to address their needs.

Since its founding, the Organization has raised approximately \$4.2 million principally through contributions from individuals, corporations, foundations, and trusts. The Organization has impacted the lives of thousands of young Tanzanians since its inception through various programs including conducting teacher training workshops, funding vocational initiatives, providing scholarships, supplying school materials, building classrooms, installing computer labs, installing solar power, and supporting a school lunch program. AfricAid mentors girls, develops leaders, and transforms communities. Beginning in 2010 with the launch of the Kisa Project, an extracurricular mentoring program for secondary school girls, AfricAid has focused on offering leadership and life skills training, and creating student-led community development opportunities. In 2017, AfricAid launched its second mentoring program, Binti Shupavu, for younger, more vulnerable girls, giving them the tools they need to stay in, complete, and transition from secondary school to additional education or meaningful employment.

AfricAid carries out its mission through a joint effort between AfricAid in the U.S. and its sister organization in Tanzania (AfricAid (TZ)). AfricAid (TZ) is a fully independent legal entity with its own governing board and staff. Until 2016, AfricAid had been the primary funding source for the operations of AfricAid (TZ). As its work in Tanzania has grown and as AfricAid's two principal programs, the Kisa Project and Binti Shupavu have expanded, grantors are increasingly providing funding directly to AfricAid (TZ), a testament to the strengths, professionalism and sustainability of its operations. As a result, AfricAid (US) absorbs the majority of the administrative and fundraising costs associated with obtaining funding for AfricAid (TZ), allowing AfricAid (TZ) to devote substantially all of its resources toward programs. While this tends to unfavorably skew AfricAid's functional expense ratios, with significant program dollars now going directly to its sister organization in Tanzania, AfricAid considers this trend to be a highly desirable demonstration of the confidence that grantors have in the work of the Organization and its programs.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES**

**1. Basis of Accounting**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

2. Basis of Presentation

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

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

4. Donations

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities, as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless the explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

5. Capitalization and Depreciation

The Organization follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$5,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. As of December 31, 2017, the Organization did not have any capitalized assets nor depreciation expense in 2017.

6. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

7. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

8. Functional Reporting of Expenses

For the year ended December 31, 2017, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

9. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

10. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

11. Subsequent Events

Management has evaluated subsequent events through May 14, 2018, the date the financial statements were available to be issued.

NOTE 3 - GRANTS RECEIVABLE

AfricAid has received commitments from three foundations for future funding. Management has evaluated these commitments and does not believe an allowance for doubtful accounts is needed and that any present value discount would be immaterial to these financial statements. The commitments are anticipated to be received during 2018.

NOTE 4 - COMMITMENTS

The Organization has entered into a lease agreement for office space in Denver, Colorado. The future minimum lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2018	<u>\$ 8,757</u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets represent year-end grants receivable and other donations received shortly before year-end which will be spent for future program purposes.

NOTE 6 - IN-KIND DONATIONS

Donated goods and services are reflected in the accompanying financial statements at their estimated value at date of receipt. For the year, in-kind contributions consisted of:

<u>Description</u>	<u>Amount</u>
Special events supplies	\$ 1,205
Meals	548
Office and other expenses	<u>114</u>
Total	<u>\$ 1,867</u>

No amounts have been reflected in the financial statements for donated services not requiring specific expertise. The Organization pays for most services requiring professional level skills. However, volunteers donated approximately 3,330 hours of non-professional level service during 2017.

NOTE 7 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from restrictions by incurring expenses satisfying the program purposes.

NOTE 8 - PROGRAM SERVICES

The majority of the Organization's program service expenditures represent annual grants to AfricAid (TZ) to support girl's education programs in Tanzania. The Organization and AfricAid (TZ) share the services and costs of an Executive Director. At December 31, 2017, the Organization has no remaining 2017 grant obligations.

NOTE 9 - CONCENTRATIONS OF REVENUE SOURCE AND CREDIT

During the year, the Organization received approximately 25% of its revenue and other support from one foundation. Under the terms of the grant, the foundation retained the option to grant an additional \$120,000 to the Organization in 2018. The additional grant contribution will be recognized upon receipt.