

The Malawi Project, Inc.
Financial Statements
December 31, 2007
(See Independent Auditors' Report)

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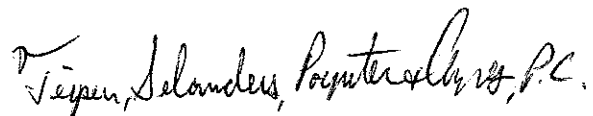
INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Malawi Project, Inc.
Indianapolis, Indiana

We have audited the accompanying Statement of Financial Position of The Malawi Project, Inc. (the Organization) a not-for-profit organization as of December 31, 2007 and the related Statement of Activities and Changes in Net Assets, and Cash Flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Malawi Project, Inc. as of December 31, 2007, and the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Teipen, Selanders, Poynter & Ayres, P.C.
Certified Public Accountants

December 22, 2008

The Malawi Project, Inc.
Statement of Financial Position
December 31, 2007
(See Independent Auditors' Report)

Assets

Current Assets

Cash and Cash Equivalents - Note 1 \$ 144,898

Total Current Assets 144,898

Total Assets \$ 144,898

Liabilities and Net Assets

Liabilities

Accounts Payable \$ 3,250

Total Current Liabilities 3,250

Total Liabilities 3,250

Net Assets

Unrestricted 141,548

Temporarily Restricted - Note 2 100

Total Net Assets 141,648

Total Liabilities and Net Assets \$ 144,898

The Malawi Project, Inc.
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2007
(See Independent Auditors' Report)

	Unrestricted	Temporarily Restricted	Total
Revenue			
Corporate, Churches, Other	\$ 88,292	\$ 12,585	\$ 100,877
Individual	29,948	2,200	32,148
Interest Income	2,964	-	2,964
	121,204	14,785	135,989
Program and Services			
Food Purchase, Storage and Shipping Fees	30,902	-	30,902
Bunda College Fund	-	6,534	6,534
Hospital Building Donations	8,000	-	8,000
Backhoe & Vehicle Donation	42,017	-	42,017
Moses Fund	-	5,570	5,570
Medical Salaries	4,000	-	4,000
Widow Living Expense	-	2,581	2,581
Drip Irrigation System & Other Misc.	3,476	-	3,476
	88,395	14,685	103,080
Support Services			
General and Administrative	12,207	-	12,207
Fundraising	6,519	-	6,519
	18,726	-	18,726
Total Expenses	107,121	14,685	121,806
Change in Net Assets	14,083	100	14,183
Net Assets - Beginning of Year	127,465	-	127,465
Net Assets - End of Year	\$ 141,548	\$ 100	\$ 141,648

The Malawi Project, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2007
(See Independent Auditors' Report)

Cash Flows from Operating Activities	
Change in Net Assets	\$ 14,183
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Net (Decrease) Accounts Payable	<u>(450)</u>
Net Cash Provided by Operating Activities	<u>13,733</u>
Net Increase in Cash and Cash Equivalents	13,733
Cash and Cash Equivalents - Beginning of Year	<u>131,165</u>
Cash and Cash Equivalents - End of Year	<u>\$ 144,898</u>

The Malawi Project, Inc.
Notes to Financial Statements
December 31, 2007
(See Independent Auditors' Report)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - The Malawi Project, Inc. (the Organization), is a not-for-profit organization incorporated under the laws of the State of Indiana and commenced operations in June 2001. The Organization's primary purpose is to engage in fundraising and solicitation of in-kind contributions to provide medical supplies and equipment to hospitals in Malawi, Africa.

BASIS OF PRESENTATION - The Organization records income and expense using the accrual method of accounting and accordingly reflects all significant receivables, payables and other liabilities. Financial statement presentation follows Financial Accounting Standards Board (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, 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.

Unrestricted Net Assets: Unrestricted net assets include general and board-designated assets and liabilities of the Organization. Unrestricted net assets are expendable resources over which the Organization's Board of Directors has discretionary control and are used to carry out the Organization's operations in accordance with its bylaws.

Temporarily Restricted Net Assets: Temporarily restricted net assets include resources expendable only for those purposes specified by the donor or grantor. The restrictions are satisfied either by the passage of time or by actions by the Organization.

Permanently Restricted Net Assets: Permanently restricted net assets include resources subject to donor-imposed stipulations that they are maintained permanently by the Organization. There were no permanently restricted net assets for the period of audit.

CASH AND CASH EQUIVALENTS AND CREDIT RISK - For the purposes of the Statements of Cash Flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. During the year, the Organization may maintain cash balances in excess of the \$100,000 limit insured by the FDIC. At December 31, 2007, the Organization had \$41,762 in uninsured cash and cash equivalents.

DONATIONS AND REVENUE - All donations are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classifications.

When a donor-stipulated time restriction ends or a purpose restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets and are replaced in the Statement of Activities as net assets released from restriction.

USE OF 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.

INCOME TAXES - The Organization is a not-for-profit, charitable organization other than a private foundation as defined by Internal Revenue Code Section 501(c)(3) and is not subject to federal or Indiana income taxes.

(Continued)

The Malawi Project, Inc.
Notes to Financial Statements
December 31, 2007
(See Independent Auditors' Report)

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

DONATED MATERIALS AND AGENCY TRANSACTIONS - The Organization, along with churches and other not-for-profit agencies, act as a facilitator and conduit for non-cash donations that are sent to Africa. The donations include medical supplies, medical equipment, food, hygiene supplies, farming equipment, irrigation equipment, ambulatory equipment, and other humanitarian aid. Donated materials are shipped when contributions by donors fill a 40-foot trailer. In its capacity as a facilitator and transfer agent, the Organization does not record the value of donated materials.

NOTE 2 - TEMPORARILY RESTRICTED ASSETS

The Organization's temporarily restricted assets at December 31, 2007 are as follows:

Bunda College Fund	\$	566
Moses Fund		(84)
Widow Fund		<u>(382)</u>
Total Temporarily Restricted Net Assets	\$	<u>100</u>

NOTE 3 - DONATIONS

Donations were received from individuals and other not-for-profit organizations which exceeded ten percent of the organization's total donations for the audit period. The following contributor's donated amounts in excess of ten percent of total donations for the audit period.

Revenue-Corporate, Churches, Other		
Steve Glass	\$ 35,000	25.59%
Aid for Africa	<u>18,894</u>	<u>13.81%</u>
Total Corporate, Churches, Other	<u>53,894</u>	<u>39.40%</u>
 Revenue-Individual		
Mid and LaVorise McKnight	<u>14,200</u>	<u>10.38%</u>
Total Individual	<u>14,200</u>	<u>10.38%</u>
Total	<u>\$ 68,094</u>	<u>49.78%</u>