

EAST AFRICAN CENTER

FINANCIAL STATEMENTS

DECEMBER 31, 2007

EAST AFRICAN CENTER

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
East African Center

We have audited the accompanying statement of financial position of the East African Center as of December 31, 2007, and the related statement of activities, functional expenses, 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. Prior year comparative information has been derived from the audited 2006 financial statements.

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 misstatements. 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 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 East African Center, 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.

Haymaker & Associates

Washington, DC
October 31, 2008

EAST AFRICAN CENTER

Statement of Financial Position

December 31, 2007

(with comparative totals for 2006)

	<u>2007</u>	<u>2006</u>
ASSETS		
Current		
Cash and cash equivalent	\$ 78,904	\$ 47,659
Accounts receivable	19,390	17,699
Total current assets	<u>98,294</u>	<u>65,358</u>
Fixed assets		
Equipment	3,512	3,512
Less: accumulated depreciation	<u>(1,559)</u>	<u>(682)</u>
Total fixed assets	<u>1,953</u>	<u>2,830</u>
Total assets	<u><u>\$ 100,247</u></u>	<u><u>\$ 68,188</u></u>
LIABILITIES		
Current		
Accounts payable and accrued expenses	2,181	2,246
Notes payable - current portion	<u>0</u>	<u>4,204</u>
Total current liabilities	<u>2,181</u>	<u>6,450</u>
Non-current		
Notes payable - non-current portion	<u>0</u>	<u>18,643</u>
Total non-current liabilities	<u>0</u>	<u>18,643</u>
Total liabilities	2,181	25,093
NET ASSETS		
Unrestricted	<u>98,066</u>	<u>43,095</u>
Total net assets	<u>98,066</u>	<u>43,095</u>
Total liabilities and net assets	<u><u>\$ 100,247</u></u>	<u><u>\$ 68,188</u></u>

EAST AFRICAN CENTER

Statement of Activities

December 31, 2007

(with comparative totals for 2006)

	<u>2007</u>	<u>2006</u>
REVENUE		
Grants / contributions	\$ 190,509	\$ 108,782
Sales	16,889	17,040
Reimbursed expenses	2,147	1,202
Special events	<u>0</u>	<u>6,588</u>
Total revenue	209,545	133,612
EXPENSES		
Program services	127,740	69,712
Management and general	9,604	20,085
Fundraising	<u>17,230</u>	<u>8,248</u>
Total expenses	154,574	98,045
CHANGE IN NET ASSETS	54,971	35,567
NET ASSETS, BEGINNING OF YEAR	<u>43,095</u>	<u>7,528</u>
NET ASSETS, END OF YEAR	<u><u>\$ 98,066</u></u>	<u><u>\$ 43,095</u></u>

EAST AFRICAN CENTER

Statement of Functional Expense
December 31, 2007
(with comparative totals for 2006)

	Program Services	Support Services	Fundraising	Total 2007	Total 2006
Salaries and wages	\$ 9,539	\$ 2,385	\$ 0	\$ 11,924	\$ 9,731
Payroll taxes	662	166	0	828	884
Direct program expenses - Kenya	102,624	0	0	102,624	60,638
Website	3,689	0	0	3,689	846
Travel	1,526	0	0	1,526	3,927
Books and supplies	2,579	645	0	3,224	2,620
Computer and technology	159	0	0	159	592
Consultants	500	0	0	500	3,350
Telephone	890	296	0	1,186	953
Payroll processing fees	949	264	0	1,213	0
Bank processing fees	2,643	67	0	2,710	567
Insurance	0	1,131	0	1,131	1,420
Meetings	379	378	0	757	244
Postage	890	100	0	990	1,359
Accounting	0	1,750	0	1,750	1,295
Training	195	0	0	195	294
Storage	0	523	0	523	0
Miscellaneous	0	373	0	373	713
Printing	0	0	0	0	1,391
Events / fundraising expenses	0	0	17,230	17,230	5,145
Interest	0	1,065	0	1,065	1,501
Licenses and permits	0	100	0	100	105
Depreciation	526	351	0	877	470
Total Expense	\$ 127,750	\$ 9,594	\$ 17,230	\$ 154,574	\$ 98,045

EAST AFRICAN CENTER

Statement of Cash Flows

December 31, 2007

(with comparative totals for 2006)

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 54,971	\$ 35,567
Depreciation	877	470
Adjustments to reconcile net income to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	(1,691)	(17,019)
Increase (decrease) in:		
Accounts payable	<u>(65)</u>	<u>2,114</u>
Net cash provided (used) by operating activities	54,092	21,132
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Purchase of equipment	<u>0</u>	<u>(1,928)</u>
Net cash provided (used) by investment activities	0	(1,928)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on notes payable	<u>(22,847)</u>	<u>(3,961)</u>
Net cash provided (used) by financing activities	(22,847)	(3,961)
NET CHANGE IN CASH AND CASH EQUIVALENTS	31,245	15,243
CASH, BEGINNING OF YEAR	<u>47,659</u>	<u>32,416</u>
CASH, END OF YEAR	<u><u>\$ 78,904</u></u>	<u><u>\$ 47,659</u></u>

EAST AFRICAN CENTER

Notes to Financial Statements
December 31, 2007

A. ORGANIZATION

The East African Center for the Empowerment of Women and Children (East African Center) is a 501(c)(3) organization organized in Washington State in 2002 to help provide women and children living in extreme poverty with the knowledge and skills they need to improve their lives. They serve approximately 1,100 women and children each week through their Vutakaka center located in the very poor rural village of Takaungu, Kenya. Programs include women's literacy and business skills training, children's education, maternal and child health, technology education, and agriculture and livestock development.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

▪ Basis of Accounting and Financial Statement Presentation

These financial statements were prepared using the accrual basis of accounting in accordance with generally accepted auditing principles, and accordingly reflect all significant receivables, payables, and other liabilities.

▪ Property

The furniture and equipment is stated at cost and is depreciated using the straight-line method over its estimated useful life.

▪ Revenue Recognition

The East African Center support consists primarily of individual and small Foundation contributions and grants. Grants and contributions are recognized when received.

▪ Functional Allocation of Expenses

Expenses are charged directly to program, or support and fundraising categories based on specific identification. The costs of providing program, support and fundraising activities are summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses.

EAST AFRICAN CENTER

Notes to Financial Statements (continued)

December 31, 2007

- **Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted auditing principles. Those estimates and assumptions affect the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

C. INCOME TAX

The East African Center is exempt from federal income taxes in accordance with Internal Revenue Code Section 501(c)(3), and they did not have any unrelated business income for the year ended December 31, 2007.