

ALLIANCE FOR AFRICAN ASSISTANCE  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2009



**MacNeill & Wolski**

Certified Public Accountants

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 9
Supplementary Information:	
Schedule of Functional Expenses	10



Mark J. MacNeill, CPA  
A Professional Corporation

Theodore E. Wolski, CPA  
A Professional Corporation

## MacNeill & Wolski

Certified Public Accountants

### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Alliance for African Assistance  
San Diego, California

We have audited the accompanying statement of financial position of Alliance for African Assistance (a non-profit corporation) as of June 30, 2009, and the related statements of activities and of 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. The prior-year summarized comparative information has been derived from the Organization's 2008 financial statements and, in our report dated December 20, 2008, we expressed an unqualified opinion on those 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 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 Alliance for African Assistance as of June 30, 2009, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of functional expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

December 29, 2009

5575 Lake Park Way, Suite 200, La Mesa, CA 91942    Phone 619.464.6050, Fax 619.464.0241

ALLIANCE FOR AFRICAN ASSISTANCE  
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2009

(With Comparative Totals for 2008)

ASSETS

	<u>2009</u>	<u>2008</u> (Memorandum Only)
<b>CURRENT ASSETS</b>		
Cash (Note 7)	\$ 276,888	\$ 206,272
Receivables (Note 2)	520,320	235,788
Prepaid expenses	<u>15,316</u>	<u>3,438</u>
Total Current Assets	<u>812,524</u>	<u>445,498</u>
PROPERTY AND EQUIPMENT Net (Notes 3, 6 and 10)	<u>928,177</u>	<u>921,732</u>
<b>OTHER ASSETS</b>		
Deposits	7,365	7,365
Loans to refugees (Note 4)	2,174	400
Micro loans receivable (Note 5)	<u>          </u>	<u>          </u>
Total Other Assets	<u>9,539</u>	<u>7,765</u>
Total Assets	<u>\$1,750,240</u>	<u>\$1,374,995</u>

LIABILITIES AND NET ASSETS

**CURRENT LIABILITIES**

Current maturities of long-term debt (Note 6)	\$ 12,550	\$ 12,550
Deferred income	21,028	
Accounts payable	13,502	23,822
Accrued payroll and burden	29,967	16,009
Accrued liabilities	25,083	40,220
Bank line of credit (Note 10)	<u>200,551</u>	<u>          </u>
Total Current Liabilities	<u>302,681</u>	<u>92,601</u>
LONG-TERM DEPT (Note 6)	<u>872,701</u>	<u>884,844</u>

**COMMITMENTS AND CONTINGENCIES (Note 9)**

**NET ASSETS (Note 7)**

Unrestricted	549,503	372,195
Temporarily restricted	<u>25,355</u>	<u>25,355</u>
Total Net Assets	<u>574,858</u>	<u>397,550</u>
Total Liabilities and Net Assets	<u>\$1,750,240</u>	<u>\$1,374,995</u>

See Notes to Financial Statements.

ALLIANCE FOR AFRICAN ASSISTANCE

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2009

(With Comparative Totals for 2008)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>June 30, 2008 Total (Memorandum Only)</u>
<b>SUPPORT AND REVENUE</b>				
Government Appropriations (Note 8)	\$1,896,728		\$1,896,728	\$1,189,364
Contributions Program	42,408	\$ 132,635	175,043	65,231
Thrift Store	270,051		270,051	108,205
Investment	191,809		191,809	182,849
Rent (Note 11)	813		813	(205)
Other	144,674		144,674	100,281
Net Assets Released from Restrictions: Restrictions Satisfied by Payments	551		551	9,804
	<u>132,635</u>	<u>(132,635)</u>	<u>                    </u>	<u>                    </u>
Total Support and Revenue	<u>2,679,669</u>	<u>                    </u>	<u>2,679,669</u>	<u>1,655,529</u>
<b>EXPENDITURES</b>				
Program:				
MICRO Enterprise	62,622		62,622	55,656
Homestart	36,901		36,901	47,260
Work Force Partnership	374,388		374,388	
ECDC	866,167		866,167	572,451
Refugee Interpretation Services	91,898		91,898	89,115
Refugee Employment Services	248,825		248,825	218,253
Other	412,774		412,774	176,020
Thrift Store	222,077		222,077	210,534
Building	72,952		72,952	118,453
Management and General	80,734		80,734	251,732
Fundraising	<u>33,023</u>	<u>                    </u>	<u>33,023</u>	<u>6,000</u>
Total Expenditures	<u>2,502,361</u>	<u>                    </u>	<u>2,502,361</u>	<u>1,745,474</u>
CHANGE IN NET ASSETS	177,308		177,308	(89,945)
NET ASSETS, BEGINNING OF YEAR	<u>372,195</u>	<u>25,355</u>	<u>397,550</u>	<u>487,495</u>
NET ASSETS, END OF YEAR	<u>\$ 549,503</u>	<u>\$ 25,355</u>	<u>\$ 574,858</u>	<u>\$ 397,550</u>

See Notes to Financial Statements.

ALLIANCE FOR AFRICAN ASSISTANCE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

(With Comparative Totals for 2008)

	<u>2009</u>	<u>2008</u> (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 177,308	\$ (89,945)
Adjustments to Reconcile Increase in Net Assets to Cash Provided by Operating Activities:		
Depreciation	22,135	23,192
Allowance for Uncollectible Accounts	26,500	107,950
(Gain) Loss on Investments		243
(Increase) Decrease in Operating Assets:		
Receivables	(311,032)	(89,929)
Prepays	(11,878)	(2,380)
Deposits		197
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(10,320)	11,210
Accrued Payroll and Burden	13,958	1,100
Deferred Income	21,028	(19,000)
Accrued Liabilities	<u>(15,137)</u>	<u>(7,032)</u>
Cash Flows from Operating Activities	<u>(87,438)</u>	<u>(64,394)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan to Alliance Health Clinic, Inc. Payments for Property and Equipment Proceeds from Sales of Investment Loans to Refugees	(28,580)	(102,350)
	<u>(1,774)</u>	14,956
Cash Flows from Investing Activities	<u>(30,354)</u>	<u>(87,794)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of Credit - net Proceeds from Notes Payable Payments on Notes Payable	200,551	(99,196)
	<u>(12,143)</u>	364,938
Cash Flows from Financing Activities	<u>188,408</u>	<u>(18,546)</u>
NET CHANGE IN CASH	70,616	95,008
CASH BALANCES AT BEGINNING OF YEAR	<u>206,272</u>	<u>111,264</u>
CASH BALANCES AT END OF YEAR	<u>\$ 276,888</u>	<u>\$ 206,272</u>

See Notes to Financial Statements.

ALLIANCE FOR AFRICAN ASSISTANCE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Alliance for African Assistance (the Organization) is a nonprofit organization providing daily living assistance, support, job training and placement services to refugees and welfare recipients in the San Diego area. The Organization also provides community outreach services for commercial enterprises.

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.

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.

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.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful lives of depreciable assets using primarily the straight-line method. Amortization of leasehold improvements is expensed over the remaining life of the lease.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time

ALLIANCE FOR AFRICAN ASSISTANCE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

Contributed Services

The Organization receives a substantial amount of donated services in carrying out its objectives. No amounts have been reflected in the financial statements for those services.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)3 of the Internal Revenue Code, and from state franchise taxes.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

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.

2. RECEIVABLES

Receivables consist of the following:

Workforce Partnership	\$177,525
County of San Diego	128,760
City of San Diego	45,047
Ethiopian Community Development Council, Inc.	124,813
Home Start	7,198
First Five	18,878
Other	<u>18,099</u>
	<u>\$520,320</u>

ALLIANCE FOR AFRICAN ASSISTANCE

NOTES TO FINANCIAL STATEMENTS

3. PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

Buildings	\$583,163
Building improvements	21,700
Vehicles	79,490
Fixtures and equipment	82,767
Construction in progress	<u>22,593</u>
Less Accumulated Depreciation	789,713
	<u>269,492</u>
Land	520,221
	<u>407,956</u>
	<u>\$928,177</u>

4. LOANS TO REFUGEES

The Organization has advanced \$7,288 to refugees. The advances are unsecured and have various repayment terms. An allowance for uncollectible advances in the amount of \$5,114 has been provided.

5. MICRO LOANS RECEIVABLE

The Organization loans funds to refugee owned businesses. The loans are unsecured, bear interest at 9% and are payable over a period of one to three years. At June 30, 2009, the unpaid balance amounted to \$126,503. The loans have been funded through the Refugee Resettlement Microenterprise Development Program. An allowance for uncollectible loans in the amount of \$126,503 has been provided.

6. LONG-TERM DEBT

Long term debt is summarized as follows:

5.82% (variable) first mortgage payable	
\$5,371 monthly, including interest through	
May 2018	\$885,251
Less current maturities	<u>(12,550)</u>
	<u>\$872,701</u>

The mortgage payable is secured by the Organization's land and building. Interest is variable computed at 2.75% above the bank's LIBOR rate. The monthly payment is computed using a thirty year term with the unpaid balance due May 15, 2018.

Future maturities of long-term debt for years ended June 30, 2010 through 2014 are \$12,550, \$13,300, \$14,095, \$14,938 and \$15,831, respectively.

ALLIANCE FOR AFRICAN ASSISTANCE

NOTES TO FINANCIAL STATEMENTS

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of cash to be used for subsequent year activities.

8. GOVERNMENT APPROPRIATIONS

Government appropriations are summarized as follows:

US Department of Health and Human Services: Pass-through Programs from: Office of Refugee Resettlement: Ethiopian Community Development Council, Inc. (ECDC) County of San Diego:	\$1,031,963
Refugee Employment Services	309,247
Refugee Translation and Interpretation Homestart	75,575 56,782
US Department of Labor San Diego Workforce Partnership City of San Diego	359,595 <u>63,566</u>
Total	<u>\$1,896,728</u>

9. COMMITMENTS AND CONTINGENCIES

The Organization leases a retail building under a noncancelable operating lease that expires on May 31, 2010. Rental expense paid pursuant to this lease amounted to \$74,160 for the year ended June 30, 2009. Future minimum lease payments amount to \$67,980 for the year ended June 30, 2010.

Rental expense for year ended June 30, 2009, amounted to \$146,476, which includes \$72,316 of rent charged to programs (see Note 11).

10. BANK LINE OF CREDIT

The Organization has a \$100,000 revolving line of credit with a bank bearing interest at prime plus 1 1/4%, (4.25% at June 30, 2009). Borrowings on this line of credit are due on demand or if no demand is made, on December 10, 2014. The note is secured by the Organization's land and buildings. At June 30, 2009, \$100,366 was outstanding, including interest, under this credit line.

The Organization has a \$100,000 revolving line of credit with a bank bearing interest at prime plus 1 1/4%, (4.25% at June 30, 2009) of which \$100,185 was outstanding, including interest, at June 30, 2009. Borrowings on this line of credit are due on demand or if no demand is made, on June 25, 2011. The note is secured by substantially all assets of the Organization.

ALLIANCE FOR AFRICAN ASSISTANCE

NOTES TO FINANCIAL STATEMENTS

11. RENTAL INCOME

The Organization owns a 12,050 square-foot commercial building and an accompanying 1,278 square-foot house. The commercial building houses the administrative offices of the Organization as well as the office of many of the programs it administers. The house is rented to an unrelated party to supplement the income of the Organization. Rental income for the house amounted to \$21,400.

The Organization assesses a rental charge to the programs which are housed within the commercial building. During the year ended June 30, 2009, \$72,316 was assessed to the various programs and is included within the categories occupancy cost and rental income. The Organization also charged unrelated parties \$24,790 to store equipment and occupy office space within the commercial building during the year ended June 30, 2009.

The Organization provides space for medical facilities to the Alliance Health Clinic, Inc. The estimated value of the space is \$24,000 annually. The Organization has agreed to donate the space until the financial condition of the Clinic improves. Accordingly, the lease value of \$24,000 has been included in contribution expense and rental income.

12. UGANDA OFFICE

The Organization has opened an office in Uganda. During the year ended June 30, 2009, the Organization advanced \$6,067 to the Uganda office. This amount is included in program expenses in the accompanying financial statements.

The Uganda office also receives grant income and makes disbursements for program expenses. These amounts have not been determined and are not included in the accompanying financial statements.

ALLIANCE FOR AFRICAN ASSISTANCE

SUPPLEMENTAL SCHEDULE OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2009

(With Comparative Totals for 2008)

	MICRO Enterprise	Home Start	Work Force Partner- ship	ECDC	Refugee Interpre- tation Services	Refugee Employment Services	Other Programs	Thrift Store	Building	Manage- ment	Fund- raising	Total	6/30/08 Total All Funds (Memorandum Only)
Salaries	\$47,086	\$28,316	\$118,439	\$221,659	\$41,523	\$182,591	\$ 59,985	\$106,716		\$29,928	\$22,698	\$ 858,941	\$ 650,664
Payroll taxes	4,289	2,579	10,787	20,189	3,782	16,630	5,463	9,720		2,726	2,067	78,232	59,262
Employee benefits	2,870	943	4,766	19,801	2,512	10,511	1,997	1,998		1,554	1,248	48,200	47,558
Total Payroll	54,245	31,838	133,992	261,649	47,817	209,732	67,445	118,434		34,208	26,013	985,373	757,484
Purchases			219,969									219,969	
Individual assist.				511,897			3,000					514,897	326,942
Transportation	934	653	4,132	25,579	72	1,594	1,258	4,839		830	3,697	43,588	36,723
Printing	20	94	354	857		589	915	297			760	3,886	3,742
Travel				1,765						114		1,879	1,077
Contracts													20,508
Equipment			358			108	71					537	5,220
Depreciation & amortization						833	826	3,771	\$15,864	841		22,135	23,192
Bank charges													2,675
Donations							194,286					194,286	
Bad debts										26,500		26,500	124,574
Conf. & workshops				250		35						285	1,228
Insurance	2,329	517	5,149	9,055	799	3,622	1,806	2,070		669		26,016	27,267
Interest									51,590	6,541		58,131	104,502
Legal and prof.	657	146	1,765	2,555	438	1,022	365	584		3,628		11,160	7,800
Utilities	1,522	426	1,101	6,066	1,237	3,873	3,932	5,015				23,172	19,396
Interpretation	150				35,126		50,554			2,358		88,188	46,237
Repairs & maint.	92	90	420	7,970	147	658	882	13,312		136		23,707	14,437
Postage	347	66	151	771	140	630	396	19		283	564	3,367	1,077
Occupancy		2,578		27,068	4,511	20,025	24,443	67,851				146,476	127,525
Supplies	811	101	6,293	4,964	999	2,855	4,138	1,115		1,357	947	23,580	13,454
Communications	1,464	309	704	5,623	612	2,599	2,671	1,166		222	241	15,611	12,769
Property taxes							3,327		6,256			9,583	9,383
Miscellaneous	51	83		98		650	52,459	3,604	(758)	3,047	801	60,035	58,262
TOTAL EXPENDITURES	\$62,622	\$36,901	\$374,388	\$866,167	\$91,898	\$248,825	\$412,774	\$222,077	\$72,952	\$80,734	\$33,023	\$2,502,361	\$1,745,474