

**EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.**

**Seattle, Washington**

**FINANCIAL STATEMENTS**

**As of**

**DECEMBER 31, 2009 and 2008**

**TOGETHER WITH**

**ACCOUNTANTS' REPORT**

**Schnauffer & Walker, P.C.**  
*Certified Public Accountants*  
**Dallas, Texas**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**East African Center for the Empowerment of Women and Children, Inc.**  
Seattle, Washington

We have audited the accompanying statements of financial position of **East African Center for the Empowerment of Women and Children, Inc.** (a Washington not-for-profit corporation) as December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years 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 the 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 **East African Center for the Empowerment of Women and Children, Inc.** as of December 31, 2009 and 2008, and the changes in its activities and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Schnauffer & Walker, P.C.*

Dallas, Texas  
January 5, 2011

**EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 27,615	\$ 50,310
Prepaid expenses	-	500
<b>Total current assets</b>	<u>27,615</u>	<u>50,810</u>
Long-term assets:		
Equipment	5,662	5,662
Less: accumulated depreciation	<u>(3,671)</u>	<u>(2,538)</u>
<b>Total long-term assets</b>	<u>1,991</u>	<u>3,124</u>
<b>TOTAL ASSETS</b>	<u>\$ 29,606</u>	<u>\$ 53,934</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ -	\$ 600
<b>TOTAL LIABILITIES</b>	<u>-</u>	<u>600</u>
Commitments and contingencies	-	-
<b>NET ASSETS</b>		
Unrestricted	<u>\$ 29,606</u>	<u>\$ 53,334</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 29,606</u>	<u>\$ 53,934</u>

See accompanying notes and accountants' report.

**EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.**  
**STATEMENT OF ACTIVITIES**  
**For The Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>CHANGES IN UNRESTRICTED NET ASSETS</b>		
Revenue and other support:		
Fundraising events	\$ 40,701	\$ -
Individual and corporate contributions	33,409	24,363
Foundations and grants	16,350	2,518
Sponsorships	15,475	16,973
Sewing club sales	2,745	2,476
Other income	3,328	3,505
Interest income	4	386
Temporarily restricted net assets released	10,000	1,850
<b>Total revenue and other support</b>	<u>122,012</u>	<u>52,071</u>
Expenses:		
Program services	105,299	84,101
Supporting services:		
Management and general	16,864	12,702
Fundraising	23,577	-
Total supporting services	<u>40,441</u>	<u>12,702</u>
<b>Total expenses</b>	<u>145,740</u>	<u>96,803</u>
<b>Deficiency of operating revenue over expenses</b>	(23,728)	(44,732)
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>		
Temporarily restricted contributions	10,000	1,850
Net assets released from restrictions	(10,000)	(1,850)
<b>Increase in temporarily restricted net assets</b>	<u>-</u>	<u>-</u>
<b>DECREASE IN NET ASSETS</b>	(23,728)	(44,732)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>53,334</u>	<u>98,066</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 29,606</u>	<u>\$ 53,334</u>

See accompanying notes and accountants' report.

EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.  
 STATEMENT OF FUNCTIONAL EXPENSES  
 For The Year Ended December 31, 2009

	Program services	Supporting services			Total
	Program Services	Management and General	Fundraising	Total	
Accounting	\$ -	\$ 1,900	\$ -	\$ 1,900	\$ 1,900
Bank fees	2,324	289	-	289	2,613
Books and supplies	500	218	-	218	718
Compensation and benefits	4,035	757	252	1,009	5,044
Computer and technology	-	1,082	-	1,082	1,082
Consultants	7,558	449	2,000	2,449	10,007
Conferences and meetings	124	123	-	123	247
Contract Labor	17,418	3,266	1,089	4,355	21,773
Depreciation	849	283	-	283	1,132
Direct program expenses - Kenya	64,949	-	-	-	64,949
Entertainment	-	-	2,000	2,000	2,000
Food and beverage	-	5	554	559	559
Insurance	160	-	-	-	160
Internet	-	444	-	444	444
Licenses and fees	-	140	-	140	140
Office supplies	-	175	-	175	175
Payroll processing fees	733	553	-	553	1,286
Postage	178	153	218	371	549
Printing & Copying	-	580	586	1,166	1,166
Rent	-	6,000	-	6,000	6,000
Rentals - event	-	-	7,228	7,228	7,228
Supplies	538	-	-	-	538
Telephone	80	75	-	75	155
Travel	5,274	372	-	372	5,646
Trips auctioned	-	-	9,600	9,600	9,600
Volunteers	-	-	50	50	50
Website	579	-	-	-	579
Totals	\$ 105,299	\$ 16,864	\$ 23,577	\$ 40,441	\$ 145,740

**EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended December 31, 2008**

	<b>Program services</b>	<b>Management and general</b>	<b>Total</b>
Accounting	\$ -	\$ 600	\$ 600
Bank fees	201	428	629
Books and supplies	302	341	643
Compensation	11,853	2,115	13,968
Computer and technology	-	549	549
Conferences and meetings	300	709	1,009
Contract labor	2,675	420	3,095
Depreciation	744	234	978
Direct program expenses - Kenya	61,549	-	61,549
Insurance	23	-	23
Internet	-	186	186
Licenses and fees	-	10	10
Miscellaneous	-	203	203
Office supplies	-	533	533
Payroll processing fees	1,086	465	1,551
Postage	1,004	111	1,115
Printing	-	13	13
Rent	-	3,500	3,500
Rent - storage	-	578	578
Software	-	534	534
Supplies	444	-	444
Telephone	454	114	568
Travel	2,942	1,059	4,001
Website	524	-	524
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Totals	\$ 84,101	\$ 12,702	\$ 96,803
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See accompanying notes and accountants' report.

**EAST AFRICAN CENTER FOR THE EMPOWERMENT OF WOMEN AND CHILDREN, INC.**  
**STATEMENT OF CASH FLOWS**  
**For The Years Ended December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Decrease in net assets	\$ (23,728)	\$ (44,732)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	1,133	978
Change in operating assets and liabilities:		
Decrease in accounts receivable	-	19,390
Decrease (increase) in prepaid expenses	500	(500)
(Decrease) in accounts payable	(600)	(1,581)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(22,695)</u>	<u>(26,445)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of equipment	-	(2,149)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>-</u>	<u>(2,149)</u>
<b>NET DECREASE IN CASH</b>	(22,695)	(28,594)
<b>BEGINNING CASH AND CASH EQUIVALENTS</b>	<u>50,310</u>	<u>78,904</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 27,615</u>	<u>\$ 50,310</u>

See accompanying notes and accountants' report.

**NOTE A – ORGANIZATION AND NATURE OF ACTIVITIES**

The **East African Center for the Empowerment of Women and Children, Inc. (EAC)** (the Organization) is a Washington not-for-profit corporation and is located in Seattle, Washington. The Organization's mission is to help communities, primarily in Kenya, achieve empowerment by increasing literacy for women and children, improving health status, and eradicating poverty. Programs include women's literacy and business skills training, children's education, maternal and child health, technology education, and agricultural and livestock development. The Organization's revenue primarily comes from individual and corporate contributions, sponsorships, and grants from foundations.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, prepaids, payables and accrued expenses, other assets and other liabilities. Under the accrual method of accounting, revenues are recorded when earned and expenses are recorded when incurred. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

Income Taxes

The Organization is a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. The Organization is required to file annual reports with the Internal Revenue Service, Form 990, and Return of Organizations Exempt from Federal Income Tax. EAC is in compliance with all Federal Tax filings.

Basis of Presentation

Financial statement presentation follows the recommendations of the Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* (SFAS No. 117), superseded by FASB ASC 958 – codified September 15, 2009. Under FASB ASC 958, an organization is required to report information regarding its financial position and activities to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less, when purchased, to be cash equivalents.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$250. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method, ranging from three to seven years. Expenditures for repairs and maintenance are charged to operating expense as incurred.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

Net Assets

The Organization's net assets, revenues and gains, and expenses are classified as temporarily restricted and unrestricted net assets based on the existence or absence of donor imposed restrictions. Temporarily restricted net assets contain donor imposed restrictions that permit the Organization to use or expend the donated assets as specified and are satisfied by either the passage of time or the actions of the Organization, depending upon the stipulation of the donor. Unrestricted net assets are not restricted by donors, or the donor imposed restrictions have expired.

Recognition of Revenue

Contributions, sponsorships, and grant revenue are recognized when received and are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the contribution is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Noncash Donations

Donated material, fixed assets and certain services are reflected as contributions at their estimated fair value on the date of receipt and are recorded in the appropriate asset or expense account. Services are recorded if they create or enhance nonfinancial assets or require special skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Classification of Revenue and Expense

Operating activities include items which are directly related to the Organization or are essential support elements of those programs. The cost of providing the various programs and other activities has been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among program activities and supporting services as shown in the Statement of Functional Expenses.

Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents. Cash and cash equivalents are stated at fair value.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE C – TEMPORARILY RESTRICTED CONTRIBUTIONS**

Temporarily restricted contributions are net assets subject to restrictions imposed by the Organization or donor that may or will be met by actions of the Board and/or passage of time. When the restriction expires (i.e., when a stipulated time restriction ends or the Board fulfills the purpose for which the net assets were restricted), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. For the year ended December 31, 2009, there were \$10,000 temporarily restricted contributions given to the Organization for computers for students in a school in Takaungu, Kenya. For the year ended December 31, 2008, there were \$1,850 temporarily restricted contributions given to the Organization for school construction in Takaungu, Kenya.

**NOTE D – NET ASSETS RELEASED FROM RESTRICTIONS**

Temporarily restricted net assets of \$10,000 and \$1,850 were released from donor restrictions by incurring expenses satisfying the restricted purposes for the years ended December 31, 2009 and 2008, respectively. In 2009, \$10,000 was spent for computers for students at a school in Takaungu, Kenya and in 2008; \$1,850 was spent on school construction in Takaungu, Kenya.