

TANZANIA EDUCATION FUND, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2009 AND 2008

TANZANIA EDUCATION FUND, INC.

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TANZANIA EDUCATION FUND, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

<i>Years ended December 31,</i>	2009	2008
Revenue and support:		
Contributions	\$ 69,542	\$ 75,332
USAID Grant	-	300,000
Investment income	12,679	6,358
Total revenue and support	82,221	381,690
Expenses:		
Funds sent to school	199,857	124,826
Bank service charges	645	424
Accounting fees	1,000	1,000
Fundraising events	1,763	-
Total expenses	203,265	126,250
Increase (decrease) in net assets	(121,044)	255,440
Net assets, beginning	740,977	485,537
Net assets, ending	\$ 619,933	\$ 740,977

See accompanying notes and accountants' report.

TANZANIA EDUCATION FUND, INC.

STATEMENTS OF FINANCIAL POSITION

<i>Years ended December 31,</i>	2009	2008
Assets		
Current assets:		
Cash and savings	\$ 15,125	\$ 50,381
Money market funds	17,573	111,596
Securities	108,330	-
Certificates of deposit	100,000	100,000
Interest receivable	762	-
Total current assets	241,790	261,977
Grants receivable - USAID	379,143	480,000
Total Assets	620,933	741,977
Liabilities and Net Assets		
Current liabilities:		
Accounting fees	1,000	1,000
Total current liabilities	1,000	1,000
Net Assets:		
Unrestricted	240,790	260,977
Temporarily restricted	379,143	480,000
Total net assets	619,933	740,977
Total Liabilities and Net Assets	\$ 620,933	\$ 741,977

See accompanying notes and accountants' report.

TANZANIA EDUCATION FUND INC.

STATEMENTS OF CASH FLOWS

<i>Years ended December 31,</i>	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ (121,044)	\$ 255,440
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized loss in fair market value of investments	265	-
Unrealized (gain) loss in fair market value of investments	(7,087)	11
Changes in operating assets and liabilities:		
(Increase) decrease in interest receivable	(762)	2,300
(Increase) decrease in grants receivable - USAID	100,857	(238,033)
Net cash (used) provided by operating activities	(27,771)	19,718
Cash flows from investing activities:		
Purchase of investments	(400,000)	(300,000)
Sales of investments	397,525	300,000
Income reinvested	(5,010)	(8,570)
Net cash used by investing activities	(7,485)	(8,570)
Net (decrease) increase in cash	(35,256)	11,148
Cash, beginning of year	50,381	39,233
Cash, end of year	\$ 15,125	\$ 50,381

See accompanying notes and accountants' report.

TANZANIA EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS

Note A Summary of Significant Accounting Policies

Nature of Activities

Tanzania Education Fund, Inc. raises and provides the funds necessary for the construction and development of Nianjema Secondary and High School in Bagamoyo, Tanzania in order to provide a quality education.

The Internal Revenue Service has determined the Organization is a not-for-profit organization and is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The financial statements of the Tanzania Education Fund, Inc. have been prepared on the accrual basis of accounting in conformity with standards promulgated by the American Institute of Certified Public Accountants.

Revenue Recognition

Revenue and support for the activities of the Organization are currently derived from multiple grants from the United States Agency for International Development (USAID) and from the community by contributions. Revenue and support is recognized when cash or pledges are received.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets: To be used for continuing operations of the organization.

Temporarily restricted net assets: Represent resources currently available for use, but expendable only for those operating purposes specified by the donor. At the present time, temporarily restricted net assets consist of multiple grants from USAID.

Permanently restricted net assets: Represents contributions and investment gain and losses, which are permanently restricted by the donor. At the present time, the Organization has no permanently restricted net assets.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all investments with a maturity of three months or less, when purchased, to be cash equivalents.

Contributions

Contributions are recognized as revenue when they are received or unconditionally pledged. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and nature of any donor restrictions. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

TANZANIA EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS

Note A Summary of Significant Accounting Policies

(continued)

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 these estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities.

Note B

Income Taxes

The Organization is exempt from income taxes under Code Section 501(c)(3) of the Internal Revenue Code. The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management is not aware of any circumstances or transactions that would jeopardize its tax exempt status

Note C

Contributions In-Kind

A number of people have contributed significant amounts of time to the activities of the Organization without compensation. The Organization has also been provided in-kind donations by various members of the community it serves. These items are not reflected in the financial statements. If the items were recorded as additional support received, there would be offsetting expenses recorded.

Note D

Significant Concentrations of Risk

The Organization is dependent on general contributions for its operations. Currently, 59% of its revenue is made up of multiple grants from USAID. The eligibility to receive these grants is reviewed annually. If this eligibility is denied, the activity of the Organization may be affected.

TANZANIA EDUCATION FUND, INC.

NOTES TO FINANCIAL STATEMENTS

Note E

Temporarily Restricted Net Assets / Grants Receivable - USAID

Temporarily restricted net assets consist of the balance in the Grants Receivable – USAID account. The cumulative balance in the Grants Receivable – USAID account at December 31, 2009 consists of the following:

Grant for staff houses awarded on September 21, 2004	\$ 75,000
Grant for hostels awarded on September 28, 2005	125,000
Grants for high school buildings awarded on September 21, 2006	200,000
Grant for dorms and all-purpose building awarded on September 25, 2008	300,000
Less: Amounts received and disbursed to Tanzania	(320,857)
Temporarily restricted net assets	\$ 379,143

Note F

Fair Value Measurements

The Organization's investments are valued using a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy defines three levels of inputs, giving the highest priority to unadjusted quoted prices in active markets for identical assets and the lowest priority to unobservable inputs.

Investments valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Investments valued using Level 2 inputs are based on observable market-based inputs other than quoted prices for identical assets in active markets. Investments valued using Level 3 inputs are based on management's assumptions and unobservable inputs.

The Organization's investments in money market funds, certificates of deposit and securities are measured at fair value as of December 31, 2009 on a recurring basis, using Level 1 inputs.



GEORGEN SCARBOROUGH

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Tanzania Education Fund, Inc.

We have audited the accompanying statements of financial position of the Tanzania Education Fund, Inc. (a nonprofit Organization) as of December 31, 2009 and 20078, and the related statements of activities, changes in net assets 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 audits.

We conducted our audits 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 audits provide 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 Tanzania Education Fund, Inc. as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Georgen Scarborough Associates, PC

October 26, 2010