

# African Child Care Association, Inc.

## **Financial Statements** for the year ending December 31, 2009

**and**

**Reports thereon**

# ECC GROUP, LLC

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November 19, 2010

✓ The Board of Directors  
African Child Care Association, Inc.  
1325 G Street NW Suite 500  
Washington, DC 20005

We have audited the accompanying consolidated statements of financial position of African Child Care Association, Inc. (ACCAINC) as of December 31 2009, and the related consolidated statements of activities and financial position, changes in net assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of ACCAINC'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 consideration of internal control over financial reporting as basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose on expressing an opinion on the effectiveness of ACCAINC's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 consolidated financial statement referred to the above present fairly, in all material respects, the financial position of African Child Care Association, Inc. as of December 31, 2009 and the changes in its net assets and its cash flows for the year ended, in conformity with accounting principles generally accepted in the United States of America.



Jerry Eboh, CPA  
Managing Consultant

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EXHIBIT "A"

Consolidated Statements of Financial Position

Year ended December 31, 2009

<u>Assets</u>	2009	2008
Current assets		
Cash and cash equivalents	13,819	37,715
Contributions and Other receivables	116,131	142,713
Prepaid expenses		
Total current assets	129,950	180,428
<u>Liabilities and Net Assets</u>		
Current		
Accounts payable	-	-
accrued expenses	-	-
Total current liabilities	0,00	0,00
<u>Net assets</u>		
Unrestricted	129,950	180,428
Temporarily restricted	-	
Total Net Assets	129,950	180,428
Total Liabilities and Net Assets	129,950	180,428

*See accompanying summary of accounting policies and notes to consolidated financial statements.*

## Consolidated Statement of Activities

Year ended December 31, 2009

	Unrestricted	Temporary restricted	Total 2009	Total 2008
<u>REVENUE</u>				
Contributions	70,919	-	70,919	99,351
Net assets release from restrictions	-	-	-	-
Total revenue	70,919	-	70,919	99,351
<u>EXPENSES</u>				
Program services	78,517	-	78,517	87,322
Management & general	19,474	-	19,474	21,316
Marketing & fundraising	27,890	-	27,890	62,774
Total expenses	125,881	-	125,881	171,412
Change in net assets for the year	(50,478)		(50,478)	(125,583)
Change in net assets				
Total Change in assets	(50,478)		(50,478)	(125,583)
Net assets, beginning of year	180,428		180,428	306,011
Net assets, end of year	129,950		129,950	180,428

*See accompanying summary of accounting policies and notes to consolidated financial statements.*

## Consolidated Statement of Cash Flow

Year ended December 31, 2009

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2009</b>	<b>2008</b>
Change in net assets	50,478	125,583
<b>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:</b>		
Depreciation and amortization		
Donated property and equipment		
<b>(Increase) Decrease in assets</b>		
Contributions and other receivables	70,919	99,351
Inventory receivable		
Product inventory		
<b>Increase (decrease) in liabilities</b>		
Accounts payable and accrued expenses	125,881	171,412
<b>Net cash (used in) provided by operating activities</b>	<b>(50,478)</b>	<b>(125,583)</b>
Cash flows from financing activities		
Repayments on note payable		
<b>Net cash provided by (used in) financing activities</b>		
<b>Increase in cash &amp; cash equivalents</b>	<b>(50,478)</b>	<b>(125,583)</b>
<b>Cash and cash equivalents, beginning of the year</b>	<b>180,428</b>	<b>306,011</b>
<b>Cash and cash equivalents, ending of the year</b>	<b>129,950</b>	<b>180,428</b>

*See accompanying summary of accounting policies and notes to consolidated financial statements.*

## Consolidated Statements of Functional Expenses

Year ended December 31, 2009

	Program Service expenses	Management & General	Fund Raising	Total 2009	Total 2008
Supplies					
Rent	17,440	12,400		29,840	29,840
Postage and Shipping					
Telephone and fax					
Printing and Publication	1,852	500		2,352	2,200
Conference and meeting	29,441	2,403		31,844	32,614
Travel					
Interest					
Equipment rental & maintenance					
Other expenses	10,251	843		11,094	20,860
Fees for services (Non-employees)					
- Management	8,557	1,237		9,794	10,378
- Professional fundraising	2,849		27,890	27,890	62,774
Advertising and promotion	8,127	2,091		10,218	2,243
Office expenses					10,503
<b>Total expenses</b>	<b>78,517</b>	<b>19,474</b>	<b>27,890</b>	<b>125,881</b>	<b>171,412</b>

See accompanying summary of accounting policies and notes to consolidated financial statements

# Summary of Accounting Policies

## ORGANIZATION

African Child Care Association, Inc. (ACCAINC) is a not-for-profit organization incorporated in Georgia on October 31, 2002. ACCAINC has received an exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC).

The mission of ACCAINC is to provide assistance, support and awareness education to children affected by HIV and infected by AIDS in sub-Saharan Africa, in order to slow and reverse the spread of HIV/AIDS infections. ACCAINC provides direct assistance where needed; reinforces the capacity of families and communities to support, protect, and care for the children. ACCAINC's goal is to help those vulnerable kids to meet their diverse and special needs, to bring joy and fun into their lives and the lives of their loved ones, and to increase awareness about HIV/AIDS epidemic, its transmission, as well as its prevention among youth.

## BASIC OF ACCOUNTING

The consolidated financial statements of ACCAINC have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

## CASH AND CASH EQUIVALENTS

ACCAINC considers all cash, all major bank certificate of deposit and securities, which are to be used for current operations and which have an original maturity of three months or less, to be cash and cash equivalents.

## PRODUCT INVENTORY

Product inventory is recorded at the fair value on the date received. Fair value is determined taking into account any applicable discounts that would have been received by ACCAINC, including discounts based on quantity, if the assets has been acquired in exchange transactions.

Product inventory includes items on hand at various sub-warehouses that have not been distributed to the ultimate recipients and are still under the control of ACCAINC. Management periodically adjusts the fair value for slow moving or obsolete inventory. The distribution of the product inventory is based on the specific identification method.

## UNRESTRICTED NET ASSETS

Unrestricted net assets are available for use in general operations.

## TEMPORARILY RESTRICTED ASSETS

ACCAINC reports gifts of cash and other assets as restricted support if they are received with donors stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

## REVENUE RECOGNITION

ACCAINC reports products donations received at fair value. Fair value is determined taking into account any applicable discount that would have been received by AFAID, including discounts based on quantity, if the assets has been acquired in exchange transactions.

## FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing various programs and supporting activities have been summarized on a functional basis in the consolidated statement at the fair value of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

## USE OF ESTIMATES

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

## FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject ACCAINC to concentrations of credit risk consist principally of cash and cash equivalents held at credit worthy financial institutions; by policy, the said balance are kept within limits designed to prevent risks caused by concentration.

Notes to consolidated financial statements

### 1. INCOME TAXES/TAX STATUS

ACCAINC has been granted exemption by the Internal Revenue Service (IRS) from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has also determined that ACCAINC is not a private foundation. ACCAINC is required to report unrelated business income to the Internal Revenue Service and the state of Georgia. ACCAINC did not have any unrelated business income for the year ended December 31, 2009.

### 2. COMMITMENTS

ACCAINC has commitments under operating leases for office space and equipment expiring at various times.

### 3. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2009, ACCAINC received approximately 60% of its total product contributions and 90% cash grants from its Board of Directors.