

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2015 AND 2014

TABLE OF CONTENTS

| | <u>Page No.</u> |
|--|-----------------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
| FINANCIAL STATEMENTS: | |
| Statements of Financial Position | 3 |
| Statement of Activities, Year Ended December 31, 2015 | 4 |
| Statement of Activities, Year Ended December 31, 2014 | 5 |
| Statement of Functional Expenses, Year Ended December 31, 2015 | 6 |
| Statement of Functional Expenses, Year Ended December 31, 2014 | 7 |
| Statements of Cash Flows | 8 |
| Notes to the Financial Statements | 9 - 14 |



Independent Auditor's Report

To the Board of Directors of
Advancing Girls' Education In Africa, Inc.
Washington, D.C.

We have audited the accompanying financial statements of Advancing Girls' Education In Africa, Inc., a non-profit organization, which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and for presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report
Advancing Girls' Education In Africa, Inc.
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advancing Girls' Education In Africa, Inc. as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Jane Hanna & McQuade PA

Washington, DC
April 12, 2016

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

| | 2015 | 2014 |
|--|-------------------|-------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash | \$ 68,762 | \$ 91,825 |
| Grants and contributions receivable | 239,782 | 92,714 |
| Accounts receivable | 6,657 | 200 |
| Prepaid expenses | 5,347 | 2,934 |
| Total Current Assets | 320,548 | 187,673 |
| NON-CURRENT ASSETS | | |
| Furniture and equipment, net | 23,035 | 1,314 |
| Security deposits | 1,060 | 1,030 |
| Total Non-Current Assets | 24,095 | 2,344 |
| TOTAL ASSETS | \$ 344,643 | \$ 190,017 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 7,584 | 3,712 |
| Accrued expenses | 4,979 | 9,063 |
| Total Current Liabilities | 12,563 | 12,775 |
| NET ASSETS | | |
| Unrestricted | 38,488 | 59,892 |
| Temporarily restricted | 293,592 | 117,350 |
| Total Net Assets | 332,080 | 177,242 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 344,643 | \$ 190,017 |

See independent auditor's report and accompanying notes to the financial statements.

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

| | Unrestricted | Temporarily Restricted | Total |
|---|--------------|---------------------------|------------|
| REVENUE AND SUPPORT | | | |
| Grants and contributions | \$ 130,649 | \$ 408,139 | \$ 538,788 |
| Fundraising events | 138,555 | - | 138,555 |
| In kind contributions | 3,041 | - | 3,041 |
| Interest and other Income | 196 | - | 196 |
| Net assets released from restrictions | 231,897 | (231,897) | - |
| Total Revenue and Support | 504,338 | 176,242 | 680,580 |
| EXPENSES | | | |
| Program Services: | | | |
| Scholarships and mentoring | 93,154 | - | 93,154 |
| CHATS girls clubs | 102,684 | - | 102,684 |
| Program development, partnerships, monitoring & evaluation | 147,543 | - | 147,543 |
| Post-secondary transitions programming | 6,986 | - | 6,986 |
| Total Program Services | 350,367 | - | 350,367 |
| Support Services: | | | |
| General and administrative | 57,146 | - | 57,146 |
| Fundraising | 113,405 | - | 113,405 |
| Total Support Services | 170,551 | - | 170,551 |
| Total Expenses | 520,918 | - | 520,918 |
| CHANGE IN NET ASSETS FROM OPERATIONS | (16,580) | 176,242 | 159,662 |
| OTHER CHANGES | | | |
| Loss on foreign currency exchange | (4,824) | - | (4,824) |
| CHANGE IN NET ASSETS | (21,404) | 176,242 | 154,838 |
| NET ASSETS, beginning of year | 59,892 | 117,350 | 177,242 |
| NET ASSETS, end of year | \$ 38,488 | \$ 293,592 | \$ 332,080 |

See independent auditor's report and accompanying notes to the financial statements.

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-------------------|
| REVENUE AND SUPPORT | | | |
| Grants and contributions | \$ 192,055 | \$ 117,350 | \$ 309,405 |
| Fundraising events | 135,293 | - | 135,293 |
| In kind contributions | 2,472 | | 2,472 |
| Interest and other income | 118 | - | 118 |
| Net assets released from restrictions | 51,410 | (51,410) | - |
| Total Revenue and Support | <u>381,348</u> | <u>65,940</u> | <u>447,288</u> |
| EXPENSES | | | |
| Program Services: | | | |
| Scholarships and mentoring | 88,677 | - | 88,677 |
| CHATS girls clubs | 52,039 | - | 52,039 |
| Program development, partnerships, monitoring & evaluation | 91,211 | - | 91,211 |
| Post-secondary transitions programming | 17,906 | - | 17,906 |
| Total Program Services | <u>249,833</u> | <u>-</u> | <u>249,833</u> |
| Support Services: | | | |
| General and administrative | 47,165 | - | 47,165 |
| Fundraising | 104,514 | - | 104,514 |
| Total Support Services | <u>151,679</u> | <u>-</u> | <u>151,679</u> |
| Total Expenses | <u>401,512</u> | <u>-</u> | <u>401,512</u> |
| CHANGE IN NET ASSETS FROM OPERATIONS | (20,164) | 65,940 | 45,776 |
| OTHER CHANGES | | | |
| Gain on foreign currency exchange | 158 | - | 158 |
| CHANGE IN NET ASSETS | (20,006) | 65,940 | 45,934 |
| NET ASSETS, beginning of year | <u>79,898</u> | <u>51,410</u> | <u>131,308</u> |
| NET ASSETS, end of year | <u>\$ 59,892</u> | <u>\$ 117,350</u> | <u>\$ 177,242</u> |

See independent auditor's report and accompanying notes to the financial statements.

ADVANCING GIRLS EDUCATION IN AFRICA, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2015

| | PROGRAM SERVICES | | | | SUPPORT SERVICES | | | |
|--------------------------|----------------------------|-------------------|--|--|------------------------|----------------------------|-------------|------------|
| | Scholarships and Mentoring | CHATS Girls Clubs | Program Development, Partnerships, Monitoring and Evaluation | Post-Secondary Transitions Programming | Total Program Services | General and Administrative | Fundraising | Total |
| Accounting | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 22,770 | \$ - | \$ 22,770 |
| Advertising | 146 | 410 | - | 146 | 702 | - | - | 702 |
| Bank fees | - | - | 1,335 | - | 1,335 | 132 | 937 | 2,404 |
| Depreciation | - | - | - | - | - | 1,427 | - | 1,427 |
| Employee benefits | 4,827 | 9,470 | 11,634 | 696 | 26,627 | 1,419 | 6,674 | 34,720 |
| Equipment | 5,225 | - | 925 | - | 6,150 | - | - | 6,150 |
| Events | - | - | - | - | - | - | 14,583 | 14,583 |
| Insurance | - | - | 127 | - | 127 | 2,780 | - | 2,907 |
| Licenses and fees | - | 49 | 1,359 | - | 1,408 | 1,339 | 6,710 | 9,457 |
| Meetings and conferences | 7,834 | 1,516 | 1,114 | 681 | 11,145 | 615 | 442 | 12,202 |
| Miscellaneous | 293 | - | 349 | - | 642 | 114 | 100 | 856 |
| Payroll taxes | 66 | 1,368 | 2,283 | 5 | 3,722 | 1,639 | 5,117 | 10,478 |
| Postage | - | 19 | - | 15 | 34 | 166 | 1,730 | 1,930 |
| Printing | 37 | 203 | 307 | - | 547 | 625 | 3,882 | 5,054 |
| Professional fees | 1,058 | 9,609 | 48,130 | 307 | 59,104 | 1,520 | 2,290 | 62,914 |
| Recruitment | - | - | 640 | - | 640 | - | - | 640 |
| Rent | 1,361 | 3,144 | 4,523 | 164 | 9,192 | 1,832 | 7,626 | 18,650 |
| Repairs and maintenance | - | 310 | 1,730 | - | 2,040 | - | - | 2,040 |
| Salaries | 11,822 | 37,185 | 47,386 | 1,900 | 98,293 | 17,327 | 58,919 | 174,539 |
| Stipends | 2,979 | 2,853 | 6 | 384 | 6,222 | - | - | 6,222 |
| Supplies | 51 | 1,464 | 2,375 | 2 | 3,892 | 702 | 92 | 4,686 |
| Telephone | 982 | 2,571 | 5,727 | 151 | 9,431 | 2,252 | - | 11,683 |
| Travel - Stakeholder | 1,415 | 11,060 | 2,324 | 672 | 15,471 | - | - | 15,471 |
| Travel - Staff | 8,288 | 15,981 | 14,383 | 554 | 39,206 | 487 | 4,303 | 43,996 |
| Travel - Students | 11,260 | 4,191 | 186 | 928 | 16,565 | - | - | 16,565 |
| Tuition and supplies | 35,482 | 1,281 | - | 353 | 37,116 | - | - | 37,116 |
| Utilities | 28 | - | 700 | 28 | 756 | - | - | 756 |
| Total Expenses | \$ 93,154 | \$ 102,684 | \$ 147,543 | \$ 6,986 | \$ 350,367 | \$ 57,146 | \$ 113,405 | \$ 520,918 |

See independent auditor's report and accompanying notes to the financial statements.

ADVANCING GIRLS EDUCATION IN AFRICA, INC
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2014

| | PROGRAM SERVICES | | | | | SUPPORT SERVICES | | |
|--------------------------|----------------------------|-------------------|--|--|------------------------|----------------------------|-------------|------------|
| | Scholarships and Mentoring | CHATS Girls Clubs | Program Development, Partnerships, Monitoring and Evaluation | Post-Secondary Transitions Programming | Total Program Services | General and Administrative | Fundraising | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Accounting | - | - | - | - | - | 23,780 | - | 23,780 |
| Advertising | 74 | - | 62 | - | 136 | - | - | 136 |
| Bank fees | - | - | 992 | - | 992 | 120 | 925 | 2,037 |
| Depreciation | - | - | - | - | - | 1,332 | - | 1,332 |
| Employee benefits | 1,881 | 3,255 | 4,738 | 689 | 10,563 | 498 | 5,939 | 17,000 |
| Equipment | 19 | 6,157 | 221 | - | 6,397 | 107 | - | 6,504 |
| Events | - | - | - | - | - | - | 8,692 | 8,692 |
| Insurance | - | - | - | - | - | 4,017 | - | 4,017 |
| Licenses and fees | 14 | - | 1,614 | - | 1,628 | 769 | 3,619 | 6,016 |
| Meetings and conferences | 9,266 | 204 | 500 | 14 | 9,984 | 657 | 145 | 10,786 |
| Miscellaneous | - | - | 36 | - | 36 | 124 | - | 160 |
| Payroll taxes | 264 | 719 | 2,545 | 268 | 3,796 | 636 | 5,144 | 9,576 |
| Postage | - | - | - | 19 | 19 | 440 | - | 2,533 |
| Printing | 174 | 574 | 223 | 37 | 1,008 | 366 | 3,657 | 5,031 |
| Professional fees | 2,935 | 2,550 | 845 | 267 | 6,597 | 2,040 | 1,450 | 10,087 |
| Recruitment | - | - | 150 | - | 150 | - | 180 | 330 |
| Rent | 1,586 | 2,063 | 3,694 | 575 | 7,918 | 693 | 7,013 | 15,624 |
| Repairs and maintenance | 314 | 62 | 21 | 57 | 454 | - | - | 454 |
| Salaries | 17,180 | 24,266 | 47,929 | 6,209 | 95,584 | 8,375 | 62,785 | 166,744 |
| Stipends | 1,435 | 2,683 | - | 759 | 4,877 | - | - | 4,877 |
| Supplies | 138 | 597 | 2,275 | - | 3,010 | 894 | 208 | 4,112 |
| Telephone | 316 | 1,170 | 6,852 | 402 | 8,740 | 2,278 | - | 11,018 |
| Travel - Staff | 4,464 | 4,674 | 17,564 | 64 | 26,766 | 39 | 2,683 | 29,488 |
| Travel - Students | 10,454 | 2,395 | 173 | 4,608 | 17,630 | - | - | 17,630 |
| Tuition and supplies | 38,163 | 607 | 417 | 3,897 | 43,084 | - | - | 43,084 |
| Utilities | - | 63 | 360 | 41 | 464 | - | - | 464 |
| Total Expenses | \$ 88,677 | \$ 52,039 | \$ 91,211 | \$ 17,906 | \$ 249,833 | \$ 47,165 | \$ 104,514 | \$ 401,512 |

See independent auditor's report and accompanying notes to the financial statements.

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014

| | 2015 | 2014 |
|---|------------|-----------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 154,838 | \$ 45,934 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities | | |
| Depreciation | 1,427 | 1,332 |
| Decrease (increase) in assets: | | |
| Grants and contributions receivable | (147,068) | (39,666) |
| Accounts receivable | (6,457) | (200) |
| Prepaid expenses | (2,413) | 2,934 |
| Security deposits | (30) | (180) |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 3,872 | 1,389 |
| Accrued expenses | (4,084) | 3,589 |
| Net Cash Provided by Operating Activities | 85 | 15,132 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of furniture and equipment | (23,148) | (845) |
| NET INCREASE (DECREASE) IN CASH | (23,063) | 14,287 |
| CASH, Beginning of year | 91,825 | 77,538 |
| CASH, End of year | \$ 68,762 | \$ 91,825 |

See independent auditor's report and accompanying notes to the financial statements.

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE A – NATURE OF ORGANIZATION

Advancing Girls' Education In Africa, Inc. (“AGE Africa”) is a non-profit organization that was incorporated in the state of Maryland, and has offices in Washington, D.C. and Malawi. AGE Africa’s mission is to provide life-changing opportunities to young women in Malawi through targeted initiatives in education, mentoring, and leadership development. AGE Africa operates in multiple districts of Malawi’s southern region, providing scholarships for girls to attend secondary school, wrap around extracurricular programming to support girls’ success both in and out of school, and post-secondary transitions planning for recent graduates.

Program Services

AGE Africa’s program services encompass a multi-pronged approach that ensures that disadvantaged young women in Malawi have the resources to complete secondary school, as well as the knowledge to access opportunities beyond high school, and to self-advocate for their own life choices. Program services are as follows:

1. ***Scholarships and Mentoring*** - Annually AGE Africa supports comprehensive scholarships for girls to attend public secondary schools in Malawi. In 2015, AGE Africa’s scholarship programs supported 200 comprehensive scholarships for needy girls at twenty two public secondary schools across five districts in Malawi’s southern region. Additionally, AGE Africa’s scholars receive access to AGE Africa’s extracurricular program, CHATS throughout the school year, and attend an annual week-long girl empowerment retreat where they engage in intensive leadership workshops and cultivate important peer communities of support. Whereas less than 6% of Malawian women hold a high school diploma, nearly 90% of AGE Africa scholars complete four years of high school, and 50% go on to pursue tertiary education.
2. ***CHATS (Creating Healthy Approaches to Success) Girls Clubs*** - is AGE Africa’s flagship extracurricular program that provides sexual and reproductive health education, gender based violence awareness and prevention, gender rights education, career guidance and leadership development training to help improve health and academic outcomes for girls. CHATS is delivered as weekly after school Girls’ Clubs at each participating school partner. In 2015, AGE Africa worked closely with the Malawi Ministry of Education - Science and Technology to deliver CHATS Girls Clubs at 22 rural government schools in Zomba, Machinga, Balaka, Mangochi, and Mulanje districts serving approximately 655 girls throughout the year.

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(continued)

NOTE A – NATURE OF ORGANIZATION– continued

Program Services - continued

3. ***Program Development, Partnerships, Monitoring and Evaluation*** - In 2015, AGE Africa conducted its first external evaluation of their programs, through a grant funded by the United Nations Girls' Education Initiative. AGE Africa worked with a consulting team from the International Center for Research on Women who spent ten days in the field with our staff interviewing girls, analyzing data, and producing an assessment of our CHATS program. Additionally, in 2015 AGE Africa officially adopted and launched a strategy for scaling the CHATS Girls' Clubs program to serve thousands of girls in Malawi in the coming five years. AGE Africa's scaling work in 2015 included site visits to peer organizations in the region, convening communities of key stakeholders throughout the winter and spring, and hosting ongoing workshops with the Malawi Ministry of Education - Science and Technology.
4. ***Post-Secondary Transitions Programming*** - Supports new graduates and current alumnae to build critical work skills and access ongoing educational, career and entrepreneurship opportunities. In 2015, AGE Africa supported twenty eight alumnae's access to higher education through application support and starter-packs for new university entrants. Additionally, AGE Africa provided entrepreneurship training workshops for 40 recent graduates through the annual alumnae retreat and piloted an office internship program for current university attendees.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Therefore, revenues and related assets are recognized when earned and expenses and related liabilities are recognized as the obligations are incurred.

Financial Statement Presentation

Financial statement presentation follows Financial Standards Accounting Board ("FASB") Accounting Standards Codification ("ASC") Topic *Not-for-Profit Entities*. In accordance with the topic, AGE Africa is required to report information regarding its financial position and activities according to three classes of net assets. Accordingly, the net assets of AGE Africa and changes therein are classified and reported as follows:

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of Presentation - continued

Unrestricted net assets – net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – net assets subject to donor-imposed stipulations that may or will be met either by actions of AGE Africa and/or the passage of time.

Permanently restricted net assets – net assets subject to donor-imposed stipulations that they be maintained permanently by AGE Africa. There were no permanently restricted net assets as of December 31, 2015 and 2014.

Grants, Contributions and Accounts Receivable

Grants, contributions and accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Annually, management determines if an allowance for doubtful accounts is necessary based upon a review of outstanding receivables, historical collection of information and existing economic conditions. Accounts deemed uncollectible are charged off based on specific circumstances of the parties involved. Management believes all grants, contributions and accounts receivable are fully collectible within one year or less; therefore, an allowance for uncollectible accounts was not established as of December 31, 2015 and 2014.

Furniture and Equipment

Furniture and equipment are recorded at cost. Expenditures that extend the life of an asset are capitalized while repairs and maintenance are expensed. Depreciation expense for furniture and equipment is provided on a straight-line basis over the estimated useful lives of the assets which is typically three years.

Grants and contributions

Unconditional grants and contributions are recorded as revenue in the year notification is received from the donor. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. When a restriction expires, (that is, when a stipulated time 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.

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(continued)

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Use of Estimates

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

In-Kind Contributions

In-kind contributions represent food and travel and are recorded at fair value of the goods received. For the years ended December 31, 2015 and 2014, the total amount recorded was \$3,041 and \$2,472, respectively. No volunteer services are recorded.

Functional Allocation of Expenses

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

Foreign Currency Translation

The U.S. dollar is the functional currency used in the preparation of the annual financial statements for AGE Africa. All assets and liabilities reported in foreign currencies at year-end have been translated to U.S. dollars using the exchange rate in effect at year-end.

NOTE C - INCOME TAXES

AGE Africa is a 501(c)(3) organization exempt from Federal income taxes under Section 501(a) of the Internal Revenue Code, except on unrelated business income. AGE Africa is not considered a private foundation. No provision for income taxes has been made in the accompanying financial statements.

AGE Africa believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(continued)

NOTE C - INCOME TAXES - continued

AGE Africa's information returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. AGE Africa's information returns for the years 2012 through 2014 are open for a tax examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE D - FURNITURE AND EQUIPMENT

Furniture and equipment consisted of the following at December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|--------------------------------|------------------|-----------------|
| Furniture | \$ 3,692 | \$ 2,265 |
| Equipment | 23,665 | 1,944 |
| Total | <u>27,357</u> | <u>4,209</u> |
| Less: accumulated depreciation | (4,322) | (2,895) |
| Furniture and equipment, net | <u>\$ 23,035</u> | <u>\$ 1,314</u> |

Depreciation expense totaled \$1,427 and \$1,332 respectively, for the years ended December 31, 2015 and 2014.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following as of December 31, 2015 and 2014:

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| Scholarships | \$ 37,960 | \$ - |
| <i>CHATS</i> | 235,632 | - |
| Program development, partnerships, monitoring and evaluation | - | 47,350 |
| Time restricted | 20,000 | 70,000 |
| Total | <u>\$ 293,592</u> | <u>\$ 117,350</u> |

ADVANCING GIRLS' EDUCATION IN AFRICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(continued)

NOTE F - OPERATING LEASE

AGE Africa leases office space in Washington, D.C. under an annual lease agreement that began in August 2015, and expires in July 2016. Monthly payments under the current lease are \$1,060. Future minimum lease payments for 2016 total \$7,420.

In addition, AGE Africa rents an office in Malawi and subsidizes rent for employee housing particularly in the most remote districts of operation. Rent expense for the years ended December 31, 2015 and 2014 totaled \$18,650 and \$15,624, respectively.

NOTE G - PENSION PLAN

AGE Africa established a pension fund for employees in Malawi effective November 2014. All employees whose salary is at least the equivalent of \$30 monthly are eligible to participate in the Plan. Participants contribute a minimum of 5% of salary up to the maximum allowable amount, and AGE Africa contributes 10% of participants' eligible salary to the Plan. Pension expense for the years ending December 31, 2015 and 2014 totaled \$5,138 and \$731, respectively.

NOTE H - SUBSEQUENT EVENTS

In preparing these financial statements, AGE Africa's management has evaluated events and transactions for potential recognition or disclosure through April 12, 2016 the date the financial statements were available to be issued. There were no additional events or transactions that were discovered during the evaluation that required further recognition or disclosure.