

Financial Statements

Asante Africa Foundation, Inc.

December 31, 2015

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Independent Auditor's Report

FINANCIAL STATEMENTS

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as of December 31, 2015 and 2014

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CG DAVIS & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Asante Africa Foundation, Inc.
Livermore, CA

We have audited the accompanying financial statements of Asante Africa Foundation, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities, cash flows and expenses by functional area 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 audit. 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 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 the assessment of the risks 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 fair 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Asante Africa Foundation, 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.

CG Davis & Associates, P.A.
Certified Public Accountants

April 17, 2016

ASANTE AFRICA FOUNDATION, INC.STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 and 2014ASSETS

	<u>2015</u>	<u>2014</u>
<u>Current assets:</u>		
Cash	\$ 230,378	\$ 224,741
Accounts receivable	6,341	83,041
Marketable securities, at market value	39,887	22,362
Inventory	3,113	3,383
Prepaid expenses	-	324
	<hr/>	<hr/>
Total assets	\$ <u>279,719</u>	\$ <u>333,851</u>

LIABILITIES AND NET ASSETS

<u>Current liabilities:</u>		
Accounts payable and accrued expenses	\$ 1,537	\$ 8,997
Grants payable	-	75,000
	<hr/>	<hr/>
Total liabilities	1,537	83,997
<u>Net assets:</u>		
Unrestricted	157,662	111,139
Temporarily restricted	120,520	138,715
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Total net assets	278,182	249,854
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Total liabilities and net assets	\$ <u>279,719</u>	\$ <u>333,851</u>

See Independent Auditor's Report and Notes to Financial Statements

ASANTE AFRICA FOUNDATION, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015			2014
	Unrestricted	Temporarily Restricted	Total	
<u>Revenue:</u>				
Individual contributions	\$ 134,617	\$ 182,746	\$ 317,363	\$ 290,917
Corporate contributions	37,942	113,140	151,082	45,226
Grants	11,000	324,500	335,500	321,226
Other income	5,045	-	5,045	1,593
Unrealized gain (loss) in value of investments	(5,376)	-	(5,376)	(4,181)
Net assets released due to satisfaction of program requirements	638,581	(638,581)	-	-
Total	821,809	(18,195)	803,614	654,781
In-kind contributions (Note 3)	484,841	-	484,841	377,246
Total revenue	1,306,650	(18,195)	1,288,455	1,032,027
<u>Expenses:</u>				
Program services	690,876	-	690,876	540,888
Management and general	47,694	-	47,694	29,248
Fundraising	36,716	-	36,716	19,638
Total	775,286	-	775,286	589,774
In-kind contributions (Note 3)	484,841	-	484,841	377,246
Total expenses	1,260,127	-	1,260,127	967,020
Change in net assets	46,523	(18,195)	28,328	65,007
Net assets at beginning of year	111,139	138,715	249,854	184,847
Net assets at end of year	\$ 157,662	\$ 120,520	\$ 278,182	\$ 249,854

ASANTE AFRICA FOUNDATION, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
<u>Cash flows from operating activities:</u>		
Change in net assets per Exhibit "B"	\$ 28,328	\$ 65,007
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized (gain) loss in value of investments	5,376	4,181
<u>Changes in assets and liabilities:</u>		
(Increase) decrease in accounts receivable	76,700	(31,511)
Decrease in inventory	270	102
(Increase) decrease in prepaid expenses	324	(324)
Increase (decrease) in accounts payable	(7,460)	5,365
Increase (decrease) in grants payable	<u>(75,000)</u>	<u>75,000</u>
Net cash provided by operating activities	<u>28,538</u>	<u>117,820</u>
<u>Cash flows from investing activities:</u>		
Changes in marketable securities	<u>(22,901)</u>	<u>(11,053)</u>
Net cash used in financing activities	<u>(22,901)</u>	<u>(11,053)</u>
Net increase in cash	5,637	106,767
Cash balance at beginning of year	<u>224,741</u>	<u>117,974</u>
Cash balance at end of year	<u>\$ 230,378</u>	<u>\$ 224,741</u>

ASANTE AFRICA FOUNDATION, INC.

STATEMENTS OF EXPENSES BY FUNCTIONAL AREAS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015						2014
	Kenya	Tanzania	US Program	Total	Management & General	Fund Raising	
Safe & Healthy Learning Environment	\$ 14,849	\$ 231	\$ -	\$ 15,080	\$ -	\$ -	\$ 50,780
Enhanced Learning-Quality Teaching	77,885	48,155	-	126,040	-	-	50,020
Teacher Training	-	202,778	-	202,778	-	-	136,639
Girls Program	105,944	36,034	-	141,978	-	-	104,159
Scholarships	57,702	60,003	-	117,705	-	-	98,090
Staffing costs	11,550	11,550	21,710	44,810	7,100	-	88,452
Program-Other	18,618	18,618	-	37,236	2,807	-	17,252
Fundraising	-	-	-	-	-	36,716	19,638
General and administrative	1,714	1,714	1,821	5,249	37,787	-	24,744
Total Expenses	\$ 288,262	\$ 379,083	\$ 23,531	\$ 690,876	\$ 47,694	\$ 36,716	\$ 589,774

ASANTE AFRICA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization – Asante Africa Foundation, Inc. (AAF) is a 501(c)(3), non-profit organization, incorporated in California in late 2006. Today, Asante Africa Foundation, Inc. has NGO status in three countries (Kenya, Tanzania and the United States) and is dedicated to improving education and creating opportunities for underserved rural youth in East Africa.

They cultivate skilled, educated and resilient youth who are the generation of leaders, entrepreneurs and employees in their communities and countries. Their programs target the root issues inhibiting success for youth in remote communities. Programs are in three areas: accelerated learning in the classroom, girls advancement programs and preparation for life beyond the classroom.

b. Basis of accounting - Effective January 1, 2011 Asante Africa Foundation, Inc. transitioned from cash based accounting practices to accrual based accounting practices. The accompanying financial statements are presented on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America applicable to nonprofit organizations, including the Statement of Financial Accounting Standards *Financial Statements of Not-for-Profit Organizations*. Under the provisions of SFAS 117, net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Net assets of Asante Africa Foundation, Inc. and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions, but may be designated for specific purposes by action of the Board of Directors or otherwise limited by contractual arrangements with outside parties. For the years ended December 31, 2015 and 2014, AAF had \$157,662 and \$111,139 in Unrestricted Net Assets.

Temporarily Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that can be fulfilled either by actions pursuant to those stipulations and/or expire with the passage of time. For the years ended December 31, 2015 and 2014, AAF had \$120,520 and \$138,715 in Temporarily Restricted Net Assets.

Permanently Restricted Net Assets – Net assets that are subject to donor-imposed restrictions that Asante Africa Foundation maintains. Generally, the donors of these assets permit Asante Africa Foundation to use all or part of the income earned on related investments for general or specific purposes. For the years ended December 31, 2015 and 2014, AAF had no Permanently Restricted Net Assets.

c. Revenue recognition – Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions.

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. In accordance with the Statement of Financial Accounting Standards (SFAS) No. 116, *Accounting for Contributions Received and Contributions Made*, contributions that are restricted by the donor are reported as increases in unrestricted net assets only if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted.

Asante Africa Foundation, Inc. recognizes pledges in accordance with FAS No. 116, at fair value (as revenue and receivable) when the promise is received, even if the donor restricts the promised contribution to use in a future period, and even if the promise will not be paid until a future period. The total amount of any conditional pledges, which are not recognized in the financial statements, should also be disclosed.

ASANTE AFRICA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

c. Revenue recognition – continued

The fair value of a promise that is expected to be collected in less than one year is measured at net realizable value, which in most cases would be the face value of the promise net of any estimated uncollectible amount. Asante Africa Foundation, Inc. lists pledges to be collected in three categories; less than one year, one to five years, and more than five years.

Although not recorded as revenue, Asante Africa-Kenya obtained grants and funds of \$4,825 in 2015 and Asante Africa-Tanzania obtained corporate funds of \$3,648 in 2015. As a global organization these will be included in organizational documents, but are not included as a part of this audit.

d. Cash and cash equivalents – Asante Africa Foundation, Inc. considers instruments with maturities of three months or less to be cash equivalents. AAF's financial instruments consist principally of cash and cash equivalents, prepaid expenses, notes receivables, other assets, accounts payable, and accrued expenses. Asante Africa Foundation, Inc. believes all of the financial instruments' recorded values approximate current fair value.

e. Trading securities – Investments in marketable trading securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

f. Fair value measurements

The fair value of financial assets and liabilities is measured according to the *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification 820-10. Fair value is required to be evaluated and adjusted according to the following valuation techniques:

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities.

Level 3 – Fair value is determined using unobservable market prices in a market that is typically inactive.

All of AAF's investments are in securities of public companies that are measured using quoted prices in active markets (Level 1).

g. Management estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Such estimates include the useful life of depreciable assets, estimates of uncollectible accounts receivables, exchange gains and losses, and the value of donated books and services. Accordingly, actual results could differ from those estimates.

h. Functional allocation of expenses – Expenses are charged to programs and supporting services on the basis of material and human resources allocated towards the implementation of various programs as well as estimates made by AAF's management.

ASANTE AFRICA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

i. Concentrations of risk - Asante Africa Foundation, Inc. maintain its cash balances at banks and brokerage houses in the United States. U.S. bank balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Asante Africa Foundation, Inc. also maintains cash balances in other countries (currently in Kenya and Tanzania) in order to facilitate programs and operations in those countries. Balances are generally below \$1,000 each.

j. Donations in kind - Donations in kind are reflected on the financial statements and in Note 3. These donations are shown at their estimated fair value on the date of receipt.

k. Property and equipment - All assets created or established in partnership with various communities are considered as community-owned and as such are not maintained on the AAF balance sheet. As of December 31, 2015 and 2014, Asante Africa Foundation, Inc. did not own any capitalized property or equipment.

Property and equipment are recorded at cost when purchased. Donated property and equipment are recorded at the fair value on the date of donation. Maintenance and repairs are charged to expense as incurred. Expenditures that increase the value or productive capacity of assets are capitalized. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the asset, which is generally three to five years. When property and equipment are retired, sold, or otherwise disposed of the asset's carrying amount and related depreciation are removed from the accounts and any gain or loss is recognized in operations.

l. Foreign currency translation - Financial statements of foreign branch offices and affiliates, where the local currency is the functional currency, are translated into U.S. dollars using period-end exchange rates for assets and liabilities and average exchange rates during the period for income and expenses. Cumulative translation adjustments associated with net assets or liabilities are reported in the Changes in Net Assets. Exchange rate gains or losses related to foreign currency transactions are recognized in the statement of activities as incurred, and are not material for any year shown.

m. Subsequent events - In preparing these financial statements, Asante Africa Foundation, Inc. has evaluated events and transactions for potential recognition or disclosure through April 16, 2016 which is the date the financial statements were available to be issued.

n. Endowment policy - Subsequent to the end of the year the Foundation adopted a new endowment policy. An endowment was created in the investment account. Effective January 1, 2016, each month a stipulated percentage of revenue will be deposited into that account. Additionally, the account will be funded by donors who wish to support the endowment. The endowment is to be utilized for strategic projects when approved by the Board of Directors.

ASANTE AFRICA FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

NOTE 2 – TAX EXEMPTION MATTERS

Asante Africa Foundation, Inc. is exempt from federal and state income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and California Revenue and Taxation Code Section 23701d. In addition, Asante Africa Foundation, Inc. has received a ruling from the Internal Revenue Service that it is not classified as a private foundation under Section 509(a) of the Internal Revenue Code.

AAF follows the guidance of the Financial Accounting Standards Board Accounting Standards Codification 740-10, *Accounting for Uncertainty in Income Taxes* which clarifies the accounting for the recognition and measurement of the benefits of individual tax positions in the financial statements, including those of non-profit organizations. Tax positions must meet a recognition threshold of more-likely-than-not in order for the benefit of those tax positions to be recognized in the financial statements.

AAF analyzes tax positions taken, including those related to the requirements set forth in IRC Sec. 501(c) to qualify as a tax exempt organization, activities performed by volunteers and board members, the reporting of unrelated business income, and its status as a tax-exempt organization under California statute. AAF does not know of any tax benefits arising from uncertain tax positions and there was no effect on the organization's financial position or changes in net assets as a result of analyzing its tax positions. Fiscal years ending on or after December 31, 2012 remain subject to examination by federal and state authorities.

NOTE 3 – IN-KIND CONTRIBUTIONS

During the years ended December 31, 2015 and 2014 AAF received in-kind contributions as follows:

	<u>2015</u>	<u>2014</u>
Google Adwords (public relations and advertising)	\$459,066	\$286,094
Contributed services	15,198	57,000
Travel, material and supplies	10,577	25,152
Salesforce license	<u>0</u>	<u>11,000</u>
Total	<u>\$484,841</u>	<u>\$377,246</u>

The values were determined based on available criteria, such as, invoices from the vendors or from published prices in catalogues or on the internet.

NOTE 4 – PRIOR PERIOD ADJUSTMENT

During the year, management determined that a certain grant in the amount of \$175,000, which had been reflected on the 2014 financial statements as a receivable and as grant income, should have been reflected as 2015 revenue and not as 2014 revenue. Since the program for which the grant was awarded was a 2015 activity the grant revenue was included in and a part of Temporarily Restricted Net Assets as of December 31, 2014. Accordingly, AAF is restating its 2014 financial statements to reflect a \$175,000 reduction in its revenue which also results in a similar reduction in accounts receivable and Temporarily Restricted Net Assets as of December 31, 2014. The financial information for 2014, which is a part of the accompanying financial statements have been changed to reflect the restatement. That revenue is now reflected in the accompanying 2015 financial statements.