AFRICA DEVELOPMENT PROMISE

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

(With Independent Auditors' Report)

AFRICA DEVELOPMENT PROMISE

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DECEMBER 31, 2018

ICL, LLC

INDEPENDENT AUDITORS' REPORT

Board of Directors
Africa Development Promise
Denver, CO

We have audited the accompanying financial statements of Africa Development Promise, which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 organization'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 organization'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 Africa Development Promise as of December 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

ICL, LLC

ICL, LLC
Chicago, IL

April 29, 2019

AFRICA DEVELOPMENT PROMISE

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS

Cash and cash equivalents	$	57,213
Prepaid expenses		6,286
Property and equipment, net		60,196
Total assets	$	123,695

LIABILITIES AND NET ASSETS

Accounts payable	$	6,903
Corporate credit card		3,183
Accrued expenses		2,525
Total liabilities	$	12,611
Net Assets:		
Net assets without donor restrictions		60,084
Net assets with donor restrictions		51,000
Total net assets		111,084
Total liabilities and net assets	$	123,695

See accompanying notes to the financial statements.

AFRICA DEVELOPMENT PROMISE

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2018 Total
REVENUE AND SUPPORT:			
Foundation and corporate grants	$ 28,129	$ 181,000	$ 209,129
Individual contributions	39,535	-	39,535
Program income and other	5,680	-	5,680
Special events	63,392	-	63,392
In-kind contributions	5,450	-	5,450
Net assets released from restrictions	149,189	(149,189)	-
Total Revenue and Support	291,375	31,811	323,186
EXPENSES:			
Program services	174,677	-	174,677
Supporting services:			
Management and general	47,775	-	47,775
Fundraising	69,165	-	69,165
Total Expenses	291,617	-	291,617
CHANGE IN NET ASSETS	(242)	31,811	31,569
NET ASSETS, BEGINNING OF YEAR	60,326	19,189	79,515
NET ASSETS, END OF YEAR	$ 60,084	$ 51,000	$ 111,084

See accompanying notes to the financial statements.

AFRICA DEVELOPMENT PROMISE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Program	Management and General	Fundraising	2018 Total
Salaries, wages and taxes	$ 69,448	$ 4,890	$ 4,890	$ 79,228
In-kind consulting services	-	2,600	-	2,600
In-kind infrastructure support	2,850	-	-	2,850
Infrastructure support	5,078	-	-	5,078
Travel and meetings	24,572	12,622	131	37,325
Office and supplies	7,066	10,818	259	18,143
Farmer technical assistance	1,150	-	-	1,150
Conferences	15,241	-	-	15,241
Occupancy	1,471	2,978	-	4,449
Kiosks Operations	12,192	-	-	12,192
Bank charges and service charges	2,914	1,747	-	4,661
Meals	-	1,879	-	1,879
Leadership and management training	1,266	370	-	1,636
Local tax payments	261	-	25	286
Dues and registration fees	-	620	-	620
Advertising, printing, marketing	1,980	708	-	2,688
Consulting	2,813	-	12,194	15,007
Insurance	-	1,135	-	1,135
Direct special event fundraising expenses	-	-	51,666	51,666
Donations to other nonprofit organizations	-	298	-	298
Stipends and interns	19,556	1,250	-	20,806
Information technology	6,819	2,399	-	9,218
Interest	-	1,215	-	1,215
Depreciation	-	2,246	-	2,246
Total expenses	$ 174,677	$ 47,775	$ 69,165	$ 291,617

See accompanying notes to the financial statements.

AFRICA DEVELOPMENT PROMISE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2018

Cash Flows From Operating Activities:	
Change in net assets	$ 31,569
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	2,246
Change in assets and liabilities:	
Pledges receivable	2,279
Prepaid expenses	(972)
Employee advances	2,210
Accounts payable	6,903
Corporate credit card	(1,107)
Accrued expenses	1,852
Net cash provided by operating activities	44,980
Cash Flows From Investing Activities:	
Purchases of property and equipment	(13,335)
Cash Flows From Financing Activities:	-
Net increase in cash and cash equivalents	31,645
Cash and cash equivalents, Beginning of Year	25,568
Cash and cash equivalents, End of Year	$ 57,213

See accompanying notes to the financial statements.

NOTE 1 – NATURE OF ORGANIZATION

Africa Development Promise (the "Organization") is Colorado nonprofit corporation that was formed in 2013. The Organization works to build thriving rural African communities where everyone has the opportunity to realize their full potential through sustained economic development. Africa Development Promise works to stimulate economic activity by building strong, well-managed, and profitable agricultural cooperatives that strengthen local economies to achieve long-term positive outcomes. We are committed to the cooperative-enterprise model that is democratically owned and controlled and provides benefit to its members and the greater community.

Within the countries of Rwanda and Uganda, the Organization operates the following programs:

Cooperative Governance and Management Training – The Organization believes that education is the foundation of effective cooperative governance. Members are best served when cooperative leaders understand the basic democratic principles of running a co-op; their functions and responsibilities and those of members; the importance of financial management and record keeping; and strategic planning to name a few. Working with local Business Development Services we train the cooperative on the following topics:

- Introduction to cooperative principles and democratic governance process
- Business managing/planning with short-term and long-term actions
- Basic record keeping system
- Financial management and accounting system
- Internal controls
- Marketing and communications
- Leaders acquire "soft skills" —problem solving, critical thinking, negotiating, prioritizing, consensus building, conflict management, and partnership building

Agricultural Technical Assistance – In order for the cooperative to be competitive, the Organization offers specialized, hands-on technical training that addresses topics such as soil fertility and water resource management strategies, climate adaptation, use of reduced-toxicity pesticides, as well as techniques for successful harvests and post-harvest storage. In this case we will hire a local agronomy consultant who specializes in mushroom cultivation to build member capacity to increase their production to take advantage of the available market for their product.

NOTE 1 – NATURE OF ORGANIZATION - Continued

Building Networks and Coordinating Efforts **–** The Organization encourages the cooperative to see themselves as part of a larger network or eco-system that includes other businesses, cooperatives, government agencies, etc. As such, the Organization works with them to build their networks allowing them to work together to share market information; supplier, demand and distribution channels; and storage facilities. The Organization also link them microfinance institutions.

This bundle of services will translate into increased benefit for all members in form of increased productivity, maximize land use, guaranteed market, more competitive process and some modules are designed to benefit them in their personal life.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Financial Statement Presentation

The Organization presents financial information pursuant to FASB Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities: Presentation of Financial Statements,* which establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified into distinct net asset categories according to externally (donor) imposed restrictions. In addition, the Organization is required to present a statement of cash flows.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions are net assets without donor restrictions. These assets include the revenues and expenses of the primary operations of the Organization. Donor restricted contributions and grants whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Statement Presentation

Net Assets With Donor Restrictions – Net assets subject to donor or grant-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time are classified as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers short-term, highly liquid instruments that are both readily convertible to cash on demand without penalty, and having maturities of three months or less, when purchased, to be cash equivalents.

Cash and cash equivalents held in the United States are insured according to FDIC regulations. Cash amounts maintained overseas are largely unsecured. Cash and cash equivalents held in the United States as of December 31, 2018 was $28,565. Cash and cash equivalents held outside of the United States as of December 31, 2018 was $28,648.

Accounts and Pledges Receivable

Accounts and pledges receivable represents unconditional commitments made by donors. Receivables that are expected to be collected in less than one year are reported at net realizable value. Receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. Amortization of the resulting discount is recognized as additional contribution revenue. Management determines a reserve for doubtful contributions receivable based on estimates of collectability with certain donors with past experience as well as a general reserve for the remaining amount. There were no such receivable balances outstanding as of December 31, 2018.

Revenue Recognition

All contributions are considered to be available for unrestricted use unless specified by the donor. Contributions are recognized as revenues when the contributions or pledges are received.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

Property and equipment are recorded at cost. Additions and improvements to existing property and equipment and leasehold improvements over $5,000 during the year are capitalized, while general maintenance and repairs are charged to expense. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets. These lives range up to 3 years for computers and equipment.

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, prepaid expenses, accounts receivable, pledges receivable and accounts payable and accrued expenses approximate fair value because of the short term maturity of these financial instruments.

Use of 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 and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The Organization classifies its expenses into their functional categories. Expenses directly identified with a functional area are charged to that area and, where expenses affect more than one area, they are allocated to the respective areas based on estimates made by management.

Subsequent Events

The Organization has evaluated subsequent events for potential recognition and/or disclosures through April 29, 2019, the date the financial statements were available to be issued.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Tax-Exempt Status

The Organization is a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and the related State of Colorado statutes, respectively.

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains bank cash balances, which at times could exceed the $250,000 insurance coverage provided by the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts and believes that it is not exposed to any significant risk on cash and cash equivalents.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2018, consists of the following:

Land	$	19,920
Buildings		33,337
Computers and equipment		5,186
Vehicles		4,000
		62,443
Less: accumulated depreciation		(2,247)
Property and equipment, net	$	60,196

Depreciation expense in 2018 was $2,247 as included in the statement of functional expenses.

NOTE 5 – LEASE COMMITMENTS

The Organization is currently operating on a month to month lease arrangement for office space at a rate of $248 per month. Rent expense was approximately $2,978, which is included in occupancy costs in the statement of functional expenses for the year ended December 31, 2018.

NOTE 6 – IN-KIND CONTRIBUTIONS

In-kind contributions for the year ended December 31, 2018 consisted of $2,600 of professional services and $2,850 for a solar water pump.

NOTE 7 – LIQUIDITY AND AVAILABILITY

The Organization has $57,213 of financial assets available within one year of the statement of financial position date consisting of cash and cash equivalents. Financial assets subject to donor restrictions consist of donated funds ($51,000) that is scheduled for expenditure for programmatic purposes in 2019.

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were expended for the following purposes in 2018:

IEEE Smart Village Project	$ 134,189
IEEE Developing Technical and Vocational Skills for Rural Communities Project	15,000
Total	$ 149,189

Net assets with donor restrictions are available for the following purposes in 2019:

IEEE Smart Farming in Uganda Project	$ 16,000
IEEE Developing Technical and Vocational Skills for Rural Communities Project	35,000
Total	$ 51,000

NOTE 9 – NEW ACCOUNTING PRONOUNCEMENTS

On January 1, 2018, the Organization adopted ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, ASU 2016-14 represents phase 1 of FASB's Not-for-Profit financial reporting project and results in reducing the number of net asset classes, requires presentation by functional and natural classification, requires quantitative and qualitative information on liquidity, retains the option to present the cash flow statement on a direct or indirect method as well as includes various other additional disclosure requirements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This standard requires increased transparency and comparability among organizations by requiring them to recognize lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The provisions of this standard are effective for fiscal years beginning after December 15, 2019 and early adoption is permitted. Management is currently evaluating the impact of adopting this standard.

NOTE 9 – NEW ACCOUNTING PRONOUNCEMENTS - Continued

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230)* - *Restricted Cash*. This standard requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The provisions of this standard are effective for fiscal years beginning after December 15, 2017 for public business entities and December 31, 2018 for all other entities and early adoption is permitted. Management is currently evaluating the impact of adopting this standard.

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, ASU 2018-08 clarified the guidance in ASC 958 on how entities determine whether to account for a transfer of assets as an exchange transaction under other guidance (e.g., ASC 606) or a contribution. The FASB also clarified that a contribution is conditional if the agreement includes both a barrier (or barriers) that must be overcome for the recipient to be entitled to the assets transferred and a right of return for the transferred assets or a right of release of the promisor's obligation to transfer assets. ASU 2018-08 is effective for transactions in which the entity serves as the resource recipient in annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. Early adoption of ASU 2018-08 is permitted. The requirements of this statement are effective for the Organization for the year ending December 31, 2019. Management is currently evaluating the impact of adopting this standard.