

AFRICA DEVELOPMENT PROMISE
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2015
(With Independent Auditors' Report)

AFRICA DEVELOPMENT PROMISE

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DECEMBER 31, 2015

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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, 2015, 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, 2015, 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

May 4, 2016

AFRICA DEVELOPMENT PROMISE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS

Cash and cash equivalents	\$ 27,116
Accounts receivable	625
	<hr/>
Total assets	\$ 27,741
	<hr/> <hr/>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 8,183
	<hr/>
Total liabilities	\$ 8,183
	<hr/>
Net Assets:	
Unrestricted	19,558
Temporarily restricted	-
	<hr/>
Total net assets	19,558
	<hr/>
Total liabilities and net assets	\$ 27,741
	<hr/> <hr/>

See accompanying notes to the financial statements.

AFRICA DEVELOPMENT PROMISE

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>
REVENUE AND SUPPORT:			
Individual contributions	\$ 36,598	\$ -	\$ 36,598
Foundation grants	13,500	-	13,500
Special events	26,998	-	26,998
In-kind contributions	35,764	-	35,764
Net assets released from restrictions	18,700	(18,700)	-
Total Revenue and Support	<u>131,560</u>	<u>(18,700)</u>	<u>112,860</u>
EXPENSES:			
Program services	42,056	-	42,056
Supporting services:			
Management and general	17,636	-	17,636
Fundraising	52,069	-	52,069
Total Expenses	<u>111,761</u>	<u>-</u>	<u>111,761</u>
CHANGE IN NET ASSETS	19,799	(18,700)	1,099
NET ASSETS, BEGINNING OF YEAR	<u>(241)</u>	<u>18,700</u>	<u>18,459</u>
NET ASSETS, END OF YEAR	<u>\$ 19,558</u>	<u>\$ -</u>	<u>\$ 19,558</u>

See accompanying notes to the financial statements.

AFRICA DEVELOPMENT PROMISE

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2015

	Program	Management and General	Fundraising	2015 Total
Salaries and wages	\$ 8,084	\$ 1,732	\$ 1,732	\$ 11,548
In-kind consulting services	4,284	2,500	23,983	30,767
In-kind special event fundraising expenses	-	-	11,781	11,781
Direct special event fundraising expenses	-	-	11,877	11,877
Farmer technical assistance	14,869	-	-	14,869
Stipends and interns	6,610	500	-	7,110
Consulting	2,950	-	-	2,950
Supplies	1,348	3,511	-	4,859
Travel	922	2,364	-	3,286
Printing, marketing, social media	-	-	2,696	2,696
Occupancy	-	2,070	-	2,070
Educational development	1,913	-	-	1,913
Meals	-	1,895	-	1,895
Insurance	-	886	-	886
Bank charges and service charges	369	502	-	871
Information technology	43	657	-	700
Postage and shipping	-	549	-	549
Advertising, printing, marketing	473	-	-	473
Accounting and audit fees	-	450	-	450
Other expenses	191	20	-	211
Total expenses	<u>\$ 42,056</u>	<u>\$ 17,636</u>	<u>\$ 52,069</u>	<u>\$ 111,761</u>

See accompanying notes to the financial statements.

AFRICA DEVELOPMENT PROMISE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>
Cash Flows From Operating Activities:	
Change in net assets	\$ 1,099
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in assets and liabilities:	
Pledges receivable	1,010
Accounts receivables	(625)
Accounts payable	8,183
Net cash provided by operating activities	<u>9,667</u>
Cash Flows From Investing Activities:	<u>-</u>
Cash Flows From Financing Activities:	
Net payments of unsecured note payable	<u>(1,760)</u>
Net increase in cash and cash equivalents	7,907
Cash and cash equivalents, Beginning of Year	<u>19,209</u>
Cash and cash equivalents, End of Year	<u>\$ 27,116</u>

See accompanying notes to the financial statements.

AFRICA DEVELOPMENT PROMISE

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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.

AFRICA DEVELOPMENT PROMISE

NOTES TO FINANCIAL STATEMENTS

(Continued)

YEAR ENDED DECEMBER 31, 2015

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.

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions. Unrestricted net 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 unrestricted support.

AFRICA DEVELOPMENT PROMISE

NOTES TO FINANCIAL STATEMENTS

(Continued)

YEAR ENDED DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Financial Statement Presentation

Temporarily restricted net assets – 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. When a 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.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization does not have any funds or net assets which would be classified as permanently restricted.

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, 2015 was \$26,634. Cash and cash equivalents held outside of the United States as of December 31, 2015 was \$482.

Accounts & Pledges Receivable

Accounts and pledges receivable are reported at their discounted value reduced by the allowance for doubtful accounts, if any. At December 31, 2015, accounts receivable are due within the next fiscal year. Based on the review of outstanding receivables, management determined that an allowance for doubtful accounts was not necessary at December 31, 2015.

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.

AFRICA DEVELOPMENT PROMISE

NOTES TO FINANCIAL STATEMENTS

(Continued)

YEAR ENDED DECEMBER 31, 2015

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, accounts receivable, pledges receivable and accounts payable 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 May 4, 2016, the date the financial statements were available to be issued.

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.

AFRICA DEVELOPMENT PROMISE

NOTES TO FINANCIAL STATEMENTS

(Continued)

YEAR ENDED DECEMBER 31, 2015

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 – PLEDGES RECEIVABLE

As of December 31, 2015, pledges receivable (\$625) consisted of amounts due from a variety of donors. Management has determined that no reserve for doubtful accounts is required at December 31, 2015.

NOTE 5 – LEASE COMMITMENTS

The organization is currently operating on a month to month lease arrangement for office space at a rate of \$173 per month. Rent expense was approximately \$2,070, which is included in occupancy costs in the statement of functional expenses for the year ended December 31, 2015.

NOTE 6 – RELATED PARTY TRANSACTIONS

During fiscal 2015, the Organization paid off the \$1,760 unsecured note payable to an officer of the organization for accumulated operating expenses.

NOTE 7 – IN-KIND CONTRIBUTIONS

In-kind contributions for the year ended December 31, 2015 consisted of \$35,764 of consulting services and donated items for the Organization's fundraising events.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets of \$18,700 has been released for the Rwanda farming project in fiscal 2015 as the donor's restrictions have been met.