

INDEGO AFRICA PROJECT

Financial Statements

For the years ended December 31, 2021 and 2020

(With Independent Auditor's Report Thereon)

INDEGO AFRICA PROJECT
Table of Contents
December 31, 2021 and 2020

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position	3
Statement of Activities For the year ended December 31, 2021	4
Statement of Activities For the year ended December 31, 2020	5
Statement of Functional Expenses For the year ended December 31, 2021	6
Statement of Functional Expenses For the year ended December 31, 2020	7
Statements of Cash Flows	8
Notes to Financial Statements	9

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Indego Africa Project

Opinion

We have audited the accompanying financial statements of Indego Africa Project (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indego Africa Project as of December 31, 2021 and 2020, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Indego Africa Project and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Indego Africa Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Indego Africa Project's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indego Africa Project's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



HOLMAN FRENIA ALLISON, PC.
Certified Public Accountants

May 17, 2022
Lakewood, New Jersey

INDEGO AFRICA PROJECT
Statements of Financial Position
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash	\$ 127,029	\$ 150,178
Accounts receivable, net of allowance	45,699	25,039
Merchandise for resale, net of allowance	55,724	63,244
Prepaid expenses	2,475	680
Total current assets	<u>230,927</u>	<u>239,141</u>
 Security deposit	 <u>5,850</u>	 <u>5,400</u>
 Total assets	 <u><u>\$ 236,777</u></u>	 <u><u>\$ 244,541</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 3,201	\$ -
Accrued expenses	25,713	25,934
Contract liabilities	63,995	47,803
Loans payable	-	15,000
Paycheck protection program loan - current portion	1,245	2,535
Total current liabilities	<u>94,154</u>	<u>91,272</u>
 Long-term liabilities:		
Paycheck protection program loan, net of current portion	<u>-</u>	<u>1,009</u>
Total long-term liabilities	<u>-</u>	<u>1,009</u>
Total liabilities	<u>94,154</u>	<u>92,281</u>
 Net assets:		
Without donor restrictions	137,642	135,080
With donor restrictions	4,981	17,180
Total net assets	<u>142,623</u>	<u>152,260</u>
 Total liabilities and net assets	 <u><u>\$ 236,777</u></u>	 <u><u>244,541</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

INDEGO AFRICA PROJECT
Statement of Activities
For the year ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support:			
Contributions			
Foundations, corporations and individuals	\$ 349,225	\$ -	\$ 349,225
Paycheck protection program	50,200	-	50,200
Product sales, net of expense totaling \$189,866	98,581	-	98,581
Fundraising events	1,312	-	1,312
Investment income	52	-	52
Currency exchange loss	(3,641)	-	(3,641)
Net assets released from restrictions	12,199	(12,199)	-
	<u>507,928</u>	<u>(12,199)</u>	<u>495,729</u>
Total revenue and other support			
Expenses:			
Program services	464,351	-	464,351
Management and general services	28,470	-	28,470
Fundraising	12,545	-	12,545
	<u>505,366</u>	<u>-</u>	<u>505,366</u>
Total expenses			
Change in net assets	2,562	(12,199)	(9,637)
Net assets, January 1	135,080	17,180	152,260
Net assets, December 31	<u>\$ 137,642</u>	<u>\$ 4,981</u>	<u>\$ 142,623</u>

The accompanying notes to the financial statements are an integral part of this statement.

INDEGO AFRICA PROJECT
Statement of Activities
For the year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support:			
Contributions			
Foundations, corporations and individuals	\$ 355,611	\$ 2,148	\$ 357,759
Paycheck protection program	46,656	-	46,656
Product sales, net of expense totaling \$144,517	106,276	-	106,276
Fundraising events	1,141	-	1,141
Investment Income	16	-	16
Currency exchange loss	(3,339)	-	(3,339)
Net assets released from restrictions	18,072	(18,072)	-
	<u>524,433</u>	<u>(15,924)</u>	<u>508,509</u>
Total revenue and other support			
Expenses:			
Program services	413,980	-	413,980
Management and general services	56,180	-	56,180
Fundraising	14,046	-	14,046
	<u>484,206</u>	<u>-</u>	<u>484,206</u>
Total expenses			
Change in net assets	40,227	(15,924)	24,303
Net assets, January 1	94,853	33,104	127,957
Net assets, December 31	<u>\$ 135,080</u>	<u>\$ 17,180</u>	<u>\$ 152,260</u>

The accompanying notes to the financial statements are an integral part of this statement.

INDEGO AFRICA PROJECT
Statement of Functional Expenses
For the year ended December 31, 2021
(With comparative totals for the year ended December 31, 2020)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 244,311	\$ 10,396	\$ 5,198	\$ 259,905
Office rent	49,684	1,035	1,035	51,754
Rwanda educational programs	43,627	-	-	43,627
Professional fees	15,901	14,311	1,590	31,802
Payroll taxes & fees	21,861	831	844	23,536
Marketing & advertising expense	19,552	-	2,173	21,725
Employee benefits	16,642	555	1,294	18,491
Market access program	14,030	-	-	14,030
Ghana education programs & expansion	11,053	-	-	11,053
Travel & lodging	5,000	-	263	5,263
Communications	4,756	250	-	5,006
Office expense	3,949	82	82	4,113
Bad debt	3,561	-	-	3,561
Bank charges	3,467	-	-	3,467
Insurance	1,954	838	-	2,792
Inventory management system	2,388	-	-	2,388
Inventory Obsolescence	1,700	-	-	1,700
License & permits	915	172	57	1,144
Fundraising expenses	-	-	9	9
Total	<u>\$ 464,351</u>	<u>\$ 28,470</u>	<u>\$ 12,545</u>	<u>\$ 505,366</u>
Comparative totals for the year ended December 31, 2020	<u>\$ 413,980</u>	<u>\$ 56,180</u>	<u>\$ 14,046</u>	<u>\$ 484,206</u>

The accompanying notes to the financial statements are an integral part of this statement.

INDEGO AFRICA PROJECT
Statement of Functional Expenses
For the year ended December 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 259,157	\$ 9,855	\$ 10,002	\$ 279,014
Office rent	50,400	-	-	50,400
Professional fees	-	43,035	-	43,035
Rwanda educational programs	20,863	-	-	20,863
Payroll taxes & fees	18,565	706	717	19,988
Marketing & advertising expense	11,114	-	1,961	13,075
Employee benefits	11,691	390	909	12,990
Market access program	11,451	-	-	11,451
Contract labor	6,359	-	-	6,359
Communications	4,433	233	-	4,666
Insurance	2,578	1,719	-	4,297
Travel & lodging	3,959	-	208	4,167
Bank charges	3,354	-	-	3,354
Ghana education programs & expansion	2,886	-	-	2,886
Bad debt	2,845	-	-	2,845
Inventory management system	2,189	-	-	2,189
Office expense	1,174	62	-	1,236
License & permits	962	180	60	1,202
Fundraising expenses	-	-	189	189
Total	<u>\$ 413,980</u>	<u>\$ 56,180</u>	<u>\$ 14,046</u>	<u>\$ 484,206</u>

The accompanying notes to the financial statements are an integral part of this statement.

INDEGO AFRICA PROJECT
Statements of Cash Flows
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Change in net assets	\$ (9,637)	\$ 24,303
Bad debt expense	3,561	2,845
Allowance for obsolete inventory	1,700	-
Changes in operating assets and liabilities:		
Accounts receivable	(24,221)	(12,634)
Merchandise for resale	5,820	7,740
Prepaid expenses	(1,795)	3,416
Deposits	(450)	-
Accounts payable	3,201	-
Accrued expenses	(221)	268
Contract liabilities	<u>16,192</u>	<u>1,918</u>
Net cash flows from operating activities	(5,850)	27,856
Cash flows from financing activities		
Proceeds received from loans payable	15,000	15,000
Principal payments on paycheck protection program loan	(2,299)	-
Cash received from PPP Loan	-	3,544
Principal payments on loans payable	<u>(30,000)</u>	<u>-</u>
Net cash flows from financing activities	<u>(17,299)</u>	<u>18,544</u>
Net change in cash and cash equivalents	(23,149)	46,400
Cash and cash equivalents, beginning of year	<u>150,178</u>	<u>103,778</u>
Cash and cash equivalents, end of year	<u><u>\$ 127,029</u></u>	<u><u>\$ 150,178</u></u>
Supplemental cash flow disclosure		
Cash paid for interest	<u><u>\$ 32</u></u>	<u><u>\$ -</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

INDEGO AFRICA PROJECT

Notes to Financial Statements

NOTE 1: ORGANIZATION AND PURPOSE

Indego Africa Project (the Organization) was formed in 2006. The Organization is an innovative social enterprise that partners with female artisans in Rwanda and Ghana on a fair-trade basis to drive forward a sustainable, long-term solution to systematic poverty in Africa. The Organization's support comes primarily through product sales, contributions and fundraisers.

IAR Innovations Ltd., a Rwandan company of Indego Africa Project, was formed in May 2012, and is a Rwandan company limited by shares pursuant to and in accordance with The Companies Act of the Republic of Rwanda.

Indego Africa Project, a Ghanaian company of Indego Africa Project, was formed in January 2016, and is a Ghanaian company limited by guarantee pursuant to and in accordance with The Companies Act of the Republic of Ghana.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting and Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor imposed (or certain grantor imposed) restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents includes all cash balances and highly liquid investments with a maturity of three months or less. The Organization places its temporary cash investments with high credit quality financial institutions.

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable are recorded for uncollected product sales and are reported at net realizable value if the amounts are due within one year. On a periodic basis, management evaluates its receivables to determine if any portion is uncollectible based on an analysis of expected collection rates determined from experience. Management has recorded an allowance for doubtful accounts totaling \$-0- and \$1,190 as of December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, accounts receivable, net totaled 45,699 and \$25,039, respectively.

Merchandise for Resale

Merchandise held for sale consists of artisan products for wholesale and retail sale. Merchandise is stated at cost and valued using the average cost method at the lower of cost or market. Shipping and handling costs are included in costs of goods sold. As of December 31, 2021 and 2020, the Organization's entire merchandise inventory is produced in the countries of Rwanda and Ghana. Management has recorded an allowance for obsolete inventory totaling \$1,700 and \$-0- as of December 31, 2021, and 2020, respectively.

Prepaid Expenses

Prepaid expenses are amounts paid in the current year which benefit future periods.

Contract Liabilities

The Organization recognizes revenue in the period in which the related program or activity is performed. Contributions are evaluated to determine if they are a contribution or an exchange transaction, and if considered an exchange transaction, they are recognized in accordance with Accounting Standards Codification (ASC) 606, *Revenue for customers with contracts*. If a contribution has a condition attached to it, revenue is recorded as conditions are met. For product sales, any amounts received from customers in advance, such as deposits for unshipped orders, are recorded as a contract liability until the Organization ships the order, which serves as the performance obligations being satisfied.

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense for the years ended December 31, 2021 and 2020 totaled \$21,725 and \$13,075, respectively. Advertising expense includes amounts for marketing as well as costs towards the gift fairs and trade shows.

Revenue and Other Support

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts.

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Other Support (continued)

Fundraising Events

The Organization conducts fundraising events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event- the exchange component, and a portion represents a contribution to the Organization. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at fundraising events is measured at the actual cost to the Organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the fundraising events, which ultimately benefit the donor rather than the Organization, are recorded as costs of direct donor benefits in the statement of activities and changes in net assets or the notes to financial statements. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The event fee is set by the Organization. FASB ASU 2014-09 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Organization separately presents in its notes to financial statements the exchange and contribution components of the gross proceeds from fundraising events.

Product Sales

In accordance with Financial Accounting Standards Board (FASB) ASC 606, *Revenue from Contracts with Customers*, revenue is recognized when the Organization ships the order, which is when the customer obtains control of promised goods or services (performance obligation), in an amount that reflects the consideration the Organization expects to be entitled to in exchange for those products or services (transaction price). The Organization exchange revenue is primarily derived from sale of handmade products. Sales and other taxes the Organization collects concurrent with revenue-producing activities are excluded from revenue. Shipping and handling fees charged to customers are reported within revenue. Incidental items that are immaterial in the context of the contract are recognized as expense. The Organization does not have any significant financing components as payment is received at or shortly after the point of sale.

Income Taxes

The Organization is a non-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Accordingly, there is no provision for income taxes.

The Organization is required to file Form 990, *Return of Organization Exempt from Income Tax*, with the Internal Revenue Service. The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to tax on unrelated business income taxes.

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and fees, employee benefits, communications, insurance, travel and lodging, office expense, marketing advertising expense, office rent, professional fees, and license & permits, which are allocated based on estimates of time and effort.

Foreign Currency Translation

Foreign currency transactions entered into by the Organization included in the financial statements are translated into the functional currency at the exchange rate prevailing at the transaction date. Monetary assets and liabilities are translated at the applicable exchange rate at each reporting date. The exchange rate gains and losses resulting from these items are reported in the statements of activities under revenue and other support.

Recently Issued Accounting Pronouncements Not Yet Adopted

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. This ASU will require lessees to recognize for all leases (with terms of more than 12 months) at the commencement date the following a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and b) a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. The new lease guidance also simplified the accounting for sale and lease back transactions primarily because lessees must recognize lease assets and lease liabilities. Lessees will no longer be provided with a source of off-balance sheet financing. This standard will be effective for nonpublic businesses for fiscal years beginning after December 15, 2021. Early implementation will be permitted. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statement and related disclosures.

In September 2020, the FASB issued ASU 2020-07, *Not for Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in this update improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets for not-for-profits, including additional disclosure requirements for recognized contributed services. The amendments will not change the recognition and measurement requirements in Subtopic 958-605 for those assets. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted. The Organization has not yet implemented this ASU and is currently evaluating the impact of the adoption of this standard on the financial statements and related disclosures.

Subsequent Events

The Organization has evaluated subsequent events occurring after December 31, 2021 through the date of May 17, 2022, which is the date the financial statements were available to be issued.

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)

NOTE 3: CASH

The deposits held by Organization and reported at fair value, consisted of demand deposits totaling \$127,029 and \$150,178 as of December 31, 2021 and 2020, respectively.

Custodial Credit Risk

The Organization maintains its cash and cash equivalents in financial institution accounts, which may, at times, exceed the federally insured limit of \$250,000 set by the Federal Deposit Insurance Corporation. Deposits in financial institutions, reported as components of cash, had bank balances of \$118,259 and \$145,048 at December 31, 2021 and 2020, respectively. Of these balances, \$114,170 and \$140,807 was fully insured by depository insurance at December 31, 2021 and 2020, respectively. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash held in such institutions.

NOTE 4: LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations.

	<u>2021</u>	<u>2020</u>
Current financial assets:		
Cash and cash equivalents	\$ 127,029	\$ 150,178
Accounts receivable, net	<u>45,699</u>	<u>25,039</u>
Total financial assets	172,728	175,217
Less amounts not available to be used within one year:		
Net assets with donor restrictions for purpose	<u>(4,981)</u>	<u>(17,180)</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 167,747</u></u>	<u><u>\$ 158,037</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Organization has a goal to maintain financial assets on hand to meet 45 days of normal operating expenses, which are, on average, approximately \$62,100. To manage liquidity, the Organization has received verbal commitments to borrow from the Board of the Directors, as needed.

NOTE 5: PAYCHECK PROTECTION PROGRAM

In May 2020, the Organization was granted proceeds of \$50,200, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act. The PPP, which was in the form of a Note dated May 3, 2020, matures in May 3, 2022 and bears interest at a rate of 1.00% per annum, with interest payments commencing November 3, 2020. The Note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Proceeds from the PPP may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred. Under the terms of the PPP, certain amounts of the PPP may be forgiven if they are used for such qualifying expenses during the eligibility period as described in the CARES Act. The Organization received forgiveness of \$46,656 in December 22, 2020, and has been making monthly payments toward the remaining balance subject to the terms described above. The remaining balance for this loan consisted of \$1,245 and \$3,544 as of December 31, 2021 and 2020, respectively.

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)

NOTE 5: PAYCHECK PROTECTION PROGRAM (continued)

In January 2021, the Organization was granted a second PPP loan of \$50,200. This loan was forgiven in full on September 13, 2021. Paycheck Protection Program contribution revenue totaling \$50,200 was recognized during the year ended December 31, 2021.

NOTE 6: NOTES PAYABLE

On October 12, 2020, the Organization received a loan from a Board Member totaling \$15,000 to be used for operations, maturing on June 30, 2021. On October 8, 2021, the Organization received another loan from a separate Board Member totaling \$15,000 to be used for operations, maturing on November 8, 2021. Both loans are non-interest bearing and unsecured. As the imputed interest would be de minimis, the Organization did not impute. The outstanding balance for these loans consisted of \$-0- and \$15,000 as of December 31, 2021 and 2020, respectively.

NOTE 7: CONTRACT LIABILITIES

Contract liabilities consisted of the following as of December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Conditional contributions not yet earned	\$ -	\$ 47,803
Product sales not yet shipped	63,995	-
Total contract liabilities	<u>\$ 63,995</u>	<u>\$ 47,803</u>

NOTE 8: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31,:

	<u>2021</u>	<u>2020</u>
Rwanda mental health program	\$ 4,981	\$ 11,126
Vocational and business training	-	2,148
Yoga training	-	3,906
Total net assets with donor restriction	<u>\$ 4,981</u>	<u>\$ 17,180</u>

Net assets released from donor restrictions by incurring expenses specified by the donors totaled \$12,199 and \$18,072 for the years ended December 31, 2021 and 2020, respectively.

NOTE 9: LEASES

The Organization leases office space in Kigali, Rwanda. The lease term was initially three years from January 1, 2019 to December 31, 2021, at a monthly rental payment of \$840. In August 2021, the lessor canceled the lease effective November 1, 2021. The Organization entered into a new office space lease on October 22, 2021 with a lease term of November 1, 2021 to October 31, 2023, at a monthly rental payment of \$442.

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)

NOTE 9: LEASES (continued)

The Organization leases shared office space in Kumasi, Ghana on a month-to-month basis. Monthly rental payments are approximately \$100.

The Organization leases office space in Long Island City, NY. The lease term is for five years from May 1, 2019 to April 30, 2024, with rent increasing each year. Average monthly rent expense is \$2,807.

Future minimum lease payments are as follows for the years ended December 31,:

2022	\$	38,762
2023		38,080
2024		11,330
	\$	<u>88,172</u>

Rent expense for the years ended December 31, 2021 and 2020 totaled \$51,754 and \$50,400, respectively.

NOTE 10: FUNDRAISING EVENT REVENUE

Gross receipts from fundraising events recorded by the Organization consist of exchange transaction revenue and contribution revenue. In accordance with FASB ASU 2014-09, the Organization is required to separately present the components of this revenue.

See below for approximated contribution and exchange component revenues recorded in accordance with fundraising events held during the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Contributions	\$ 1,312	\$ 1,141
Event revenue - exchange component	<u>-</u>	<u>-</u>
Event revenue - gross	1,312	1,141
Less - direct expenses	<u>(9)</u>	<u>(189)</u>
Fundraising event revenue/(loss), net of direct expenses	<u>\$ 1,303</u>	<u>\$ 952</u>

NOTE 11: RISKS, CONCENTRATIONS AND UNCERTAINTIES

Credit Risk

Financial instruments which potentially subject the Organization to significant concentrations of credit risk consist principally of cash. The Organization maintains cash balances in various financial institutions located in the United States, Rwanda and Ghana. The Organization's policy is designed to limit exposure to any one institution, and it performs periodic evaluations of the relative credit standing of these financial institutions that are considered in the Organization's investment strategy.

INDEGO AFRICA PROJECT
Notes to Financial Statements (continued)

NOTE 11: RISKS, CONCENTRATIONS AND UNCERTAINTIES (continued)

Foreign Currency & International Operations Risk

A significant portion of the Organization's programs are conducted in Rwanda and Ghana in addition to operations and administration in the United States of America. Because the Organization operates in Rwanda and Ghana, its cash flows are denominated not only in U.S. dollars, but also in Rwandan francs and Ghanaian cedis. Changes in exchange rates may affect operations outside of the United States. In addition, the Organization is subject to various geographical risks and potential disruptions related to its international operations.

Contributions

For the year ended December 31, 2021, there were no material concentrations of contributions. For the year ended December 31, 2020, one donor accounted for 19% of total contributions.

Sales

For the year ended December 31, 2021, there were no material concentrations of sales. For the year ended December 31, 2021, one customer accounted for 14% of total sales.

COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The pandemic and the related government-required shutdowns in the US and Africa adversely impacted the Organization's sales and donations revenue in the first half of 2020, although both partially recovered in the second half. Through a variety of expense control measures, the Organization was able to achieve a small profit for the year and a positive net cash position during the remainder of 2020, and through 2021. In addition to the impact on sales and donations, the government mandated shutdowns in Rwanda to reduce the spread of the virus caused the artisan training programs for refugees to be suspended for 10 months. Training and local production activities have largely resumed at this point, but are still subject to government requirements. While pandemic conditions have improved in 2022, the pandemic is still not over, and risks to the Organization's operations will remain until conditions in the US, Rwanda and Ghana return more completely to normal. However, as of the first quarter of 2022, with vaccinations more widely available in Africa and the latest Omicron variant subsiding, the Organization is cautiously optimistic that the worst of the 2020 pandemic is over.

NOTE 12: SOURCES AND TIMING OF REVENUE

The Organization's recognized net revenue from product sales with customers transferred at a point in time totaling \$98,581 and \$106,276 during the years ended December 31, 2021 and 2020, respectively. The company operates out of New York, however, they sell products globally.